

*Αποκρίση - Αδελφ*

Paris, 13th May 1987

MEETING OF THE COUNCIL AT MINISTERIAL LEVEL

12th and 13th MAY 1987

**GREECE**

Statement by

Mr. Constantinos SIMITIS

Minister of National Economy

12 - 13 May 1987

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A COMPREHENSIVE APPROACH TO STRUCTURAL ADJUSTMENT :

THE ROLE OF TRADE AND OTHER POLICIES

I would like to congratulate the Secretary General and his Staff for the amount and quality of work they have done in the last two years in response to our request for a study of the structural aspects of our economies. The conclusions of the study and the recommendations are indeed very useful.

They point to the need for structural change in order to improve the efficiency of our economies in various areas. They also point to the need for international cooperation so as to avoid potential conflicts which may arise from unconcerted reforms in certain sectors, especially those that have an international trade orientation.

There is no doubt that structural reforms are needed in our economies. International economic developments in the last twenty years produced not only serious macro-economic disequilibria but also a number of distortions and rigidities in the functioning of a number of key markets in our domestic economies. Progress, therefore, towards removing or at least mitigating these distortions will certainly improve the overall efficiency of our economies as well as the efficiency of macro-economic policies, in particular.

However, there is a fundamental remark I want to make on the Secretary General's Synthesis Report, and that is that the underlying analysis is based on the assumption that a properly functioning market mechanism is the best if not the only way to resolve a broad range of problems. Important as the efficient operation of markets is for a better and more efficient allocation of resources, for sustainable growth and high employment, the particular



responsibility and the role that governments must assume for creating a favourable economic climate and exploiting the existing potential to achieve these objectives must be also recognised.

A more pragmatic and balanced approach may be politically more relevant. There is another remark I want to make, and that is that while micro-economic measures will no doubt tend to help growth and employment, these medium-term measures are unlikely to produce immediate effects and would perhaps be on their own insufficient to achieve faster growth. Macro-economic policy should therefore have an important role to play for easing the present problems.

In this respect the contribution of the leading industrial countries would be of paramount importance.

Such contribution will also facilitate the implementation of structural reforms in our countries, which in turn will gradually reinforce the medium-term prospects for growth and employment.

The changes required are bound to vary from country to country because of different structures, different characteristics and traditions. The transitional economic and social problems as well as the benefits, resulting from the implementation of reforms, will also differ among countries and between sectors of the same economy. A common programme for action should therefore be as flexible as possible as to the nature, the magnitude and the timing of the reforms to be undertaken.