

December 9, 1980 - 80/244

The Chairman's Summing Up at the Conclusion of the
1980 Article IV Consultation with Western Samoa
Executive Board Meeting 80/177 - December 8, 1980

Directors agreed with the thrust of the staff appraisal. In the past two years, the rate of economic growth had been satisfactory but pressures on prices and the balance of payments had been strong, in large part as the result of highly expansionary financial policies.

Directors noted that measures had been taken in the course of 1980 to tighten domestic financial policies, in particular through credit restraint and greater expenditure discipline. However, they stressed that it was necessary to generate additional budget resources if reasonable external and internal balance is to be regained. In this regard, the policies announced in the 1981 budget in terms of further expenditure restraint and tax revenue measures are welcome, as is the intended increase in interest rates.

Strong measures to increase the agricultural production and exports are needed. It is particularly important that policies bearing on external payments, including the high external debt position, be kept under review.