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AGENDA Item 4

August 1978

CHAIRMAN'S REPORT

1. President Carter's letter

I would like to start my report on some activities and development in the past three months by referring to a letter that President Carter sent to me recently. Apart from some remarks about the Bonn summit in July where -- according to Carter -- "many of the issues affecting developing countries were explored" the President also wrote: "I am deeply interested in your efforts to identify the mutual interests between developed and developing countries" and "I deeply regret the fact that my schedule will not permit me to meet with you and the other members of the Commission while you are in the United States."

2. International Conferences

2.1. As far as the Bonn summit is concerned I wrote to its Chairman Helmut Schmidt and pointed out how important it was to emphasize the mutuality of interest and how essential it also was to give the Third World the feeling that their manifold problems are seriously considered by this forum of industrialized countries. In so addressing the German Chancellor I was also comforted by the opportunity to deliver a message to the above effect of the Tidewater Conference in Norway, at which some of us took part in April. In this message it was stated that the present economic crisis had brought this (neglected) aspect of North/South relations namely mutuality of interest -- into focus.

2.2. About a month prior to this summit all industrialized countries of the "Western part of the North" -- that is to say of OECD -- in their ministerial meeting in Paris also were fully aware of this growing interdependence. As the Communiqué put it: "Trade with developing countries has brought positive benefits to both partners and there is a mutual interest in continued expansion of such trade". Furthermore the commitment to an open multilateral trading system and the readiness to adjust to changes in the pattern of world production and trade was reiterated.

While the disappointing overall recent level of aid flows was noted, the Ministers "reaffirmed the intention ... to increase their ODA effectively and substantially."

Of course, the results of all these commitments still have to come but undoubtedly the awareness of the globality of problems is growing as well as the necessity for increased efforts. In this connection, OECD is following up these commitments by programmes already under work for "Stepped-up Investment in Developing Countries" (Title of a Paper as of end of June).

- 2.3. The same conclusion of increased efforts can perhaps -- even though under a different angle -- cautiously be drawn from the July conference of the Non-Aligned Countries in Belgrade.

Those who have worked themselves through the voluminous communiqué (of more than 200 paragraphs) will note that the Minister:

there also pointed out the growing significance of mutual cooperation amongst developing countries and the need to strengthen collective self-reliance.

One should also note with interest that ^{unsatisfying} the/official development assistance of both the Western and Communist countries was deplored.

- 2.4. To mention another international conference in recent months: The UN Special Session on Disarmament (that we had mentioned twice in the press releases about previous meetings): Of course, one could not expect a great breakthrough already at this first conference, but after all, the three resolutions are a basis for a continuation of this subject so that slow -- but hopefully - continuous progress can be achieved

2.5. Finally, also a ministerial conference in Brussels in July is worth mentioning even though both sides seemed to be far apart at the outset. I mean the meeting of the European Community and more than 50 partner countries from the Third World about a new Lomé Convention. This contractual relationship with mutual rights and duties seems to me an interesting and -- at the same time -- encouraging experience. A possible new aspect in this cooperation may be increased efforts in the field of energy (a master plan, new forms of energy, etc.), all this clearly based on the mutuality of interest.

3. Non-Governmental Forces

To turn from governmental to non-governmental international forces which are equally increasingly concerned with North/South issues:

- 3.1. During my recent trip to European capitals (to which I shall come back later) I also had an occasion to discuss these questions with Pope Paul VI as well as with his closest advisers. I was struck by his statement that "The Commission is a hope for us and the progress of the peoples". And I was impressed by the affinity of our main views since for him -- as he put it -- "development is another word for peace". The Vatican showed a great interest in direct contacts with the Commission.

3.2. Increasing awareness of North/South problems also in the International Trade Union Movement

Our friend Joe Morris took part -- immediately after the Mali meeting -- in a conference in Hamburg of the International Confederation of Free Trade Unions where a voluminous Development Charter was adopted. The Malaysian President formally handed over the text to me and I had this document sent to all of you.

Of course, I am far from overemphasizing the immediate practical value of all these international resolutions and charters, etc. But nonetheless, I attribute a certain political importance to the fact that things are moving on a broad front. But I also agree with those who say: We do not have much time for substantial changes and, therefore, a speedy implementation is urgent.

As far as the Trade Unions are concerned, at a recent North/South meeting in Turkey -- at which Jan Pronk and Goran Ohlin took part -- a suggestion was made to have a joint meeting with our Commission. Maybe Joe Morris and others can further elaborate on this and make suggestions.

- 3.3. To mention a third and also very powerful non-governmental force: the mass media. At this stage just a footnote: In my view we should start soon to give serious consideration as to preparing for adequate publicity efforts for our final report. Maybe a small group of Commission members could look into it more closely and suggest ways and means to maximize general attention on the result of our work. Everyone who has been in this business knows that this field requires a long lead time.

3.4. On my trip through Europe before the summer break I also got to realize how important private organizations can be for our work. One example: Outside Vienna there is a highpowered International Institute for Applied Systems Analysis, which is working on global scenarios for various areas such as energy, agriculture, climatic changes, etc. The uniqueness of this body is that also prominent experts from communist countries are part of the team.

4. My Visit of European Capitals

This brings me to my trip through Europa where I could also discuss with Mssrs. Ramphal, Heath, Pronk and Mendès France. I can be brief on this trip since a more substantial report is available for you on an extra table.

However, I was struck by the interest in our work and by the consent to our basic guidelines. It was also interesting to learn that many organizations increasingly focus on the year 2000 and that their findings may be useful for our report.

Since in recent months I also met with the Australian Prime Minister Fraser I have largely "covered" most of the Western countries and I might be meeting with more of these political leaders in the months to come.

5. Contacts with Communist Countries

5.1. I could also largely conclude my talks with communist leaders since I met with Ceaucescu from Roumania and Schiwkoff from Bulgaria. Both countries being somewhat in between North and South are particularly interested to make their experience available to us; especially Bulgaria pointed out her (undoubted) achievements in fostering agricultural production.

5.2. In the beginning of July three members of our Secretariat, introduced by my friend Egon Bahr, could open up a discussion with Soviet experts in Moscow. Mr. Ohlin and Mr. Avramović might wish to further elaborate on it when I have finished my statement. In view of our modest expectations this first meeting seems to have been rather satisfactory and the changes are not so bad for a continuation.

5.3. After a possible second meeting we might seriously attempt to establish similar contacts with China. I have talked with Mr. Echeverria about it in Paris, who has been there twice and is interested in assisting (as are friends within the Commission also).

There seem to be several indications that China might open up a "learning overture" to Western countries, perhaps comparable to the efforts of Japan in the 19th century. Thus, we recently heard about plans to send several thousand students to our universities (at China's costs). The Italian Minister for External Trade Ossola told me about three Chinese missions coming to Italy within only a few months, etc.

5.4 At last, I would briefly mention the fact that Jan Pronk recently had a chance to talk to Fidel Castro about our Commission and he might wish to say a few words about it, all the more so since Cuba will be presiding over the non-aligned movement.

6. Contacts with Political Leaders from the South

6.1. I also continued my contacts with leaders from the "South", and I use this word deliberately, perhaps for the last time since Prime Minister Manley of Jamaica wrote me this about it: "I suggest that the Phrase 'North/South', which was invented by journalists attending the Paris talks in 1976/77, is very controversial in some quarters and, perhaps, a little counterproductive as a result."

For me it was also of great interest that he supported us "to look beyond current problems" and also strongly supported the following points:

- the necessity for increased cooperation amongst developing countries,

- the importance of greater participation of the communist states,
- the linkage between armaments and development.

Given some (strong) reservations against the creation of our Commission prior to its launching I was particularly satisfied to read also that Jamaica now extended an invitation to the whole Commission to hold a meeting there.

6.2. A similar invitation was extended to us by President Sadat, and this more strongly: "The Commission will not get by without having been in Egypt".

Also the government of Kuwait was kind enough to invite us (and I am very grateful to our friend Al-Hamad). So did Jordan by a letter of Crown Prince Hassan, who accepted to be an Eminent Person.

You may recall that we had largely agreed to primarily consider Saudi Arabia as a venue for such a meeting. Thus, I was glad to receive a spontaneous invitation by Crown Prince Fahd when I met him in Bonn and mentioned this to him.

Let me finally, in this respect, also mention my talk with President Boumedienne from Algeria, whom I met upon my return from Mali. I am particularly grateful to our friend Yaker, who was so helpful to us and made my stay there so pleasant. (I may also speak on behalf of Mrs. Khatijah and Mr. Frei as well as Mr. Ohlin, who - as stopover passengers in Algeria --
care
were so generously taken of by him).

7. Eminent Persons

I mentioned already one new Eminent Person: Crown Prince Hassan of Jordan. I am glad to inform you that Mr. Jayawardena (Sri Lanka) and Mr. Iglesias (in his case I better say: of Latin America) have equally accepted as did Mr. Carli from Italy. The up-to-date list -- which should be fairly final, I think -- is on your table before you.

8. World Development Report, 1978

You have equally received the World Development Report of the World Bank.

I am sure a lot can be said about it.

Thus, I would only say this:

- I think it very well supplements our discussions with interesting statistics and findings.
- It is a useful attempt to cover a lot of areas in not too voluminous a book, which is also readable.
- It contains certain elements of hopes (in evaluating past progress and forecasting certain future developments), although some might say it is too timid in its remarks.
- At any rate, I think this Report of the Bank gives us a good chance to supplement it with perhaps bolder political suggestions.

8. Final Report of the Commission

This brings me to the last item of my introduction: structure of our own Report. Apart from Mr. Peterson's ideas, we have all received -- and are grateful for these and the comments by Governor Jha and Mr. Al-Hamad

I must say all three papers are extremely illuminating and helpful. Since other Commission members might wish to put their ideas down also, I suggest -- what we had envisaged in Bamako already -- that the Secretariat come up with a workable synopsis at our meeting in Malaysia, and I shall be glad to assist in these efforts.