
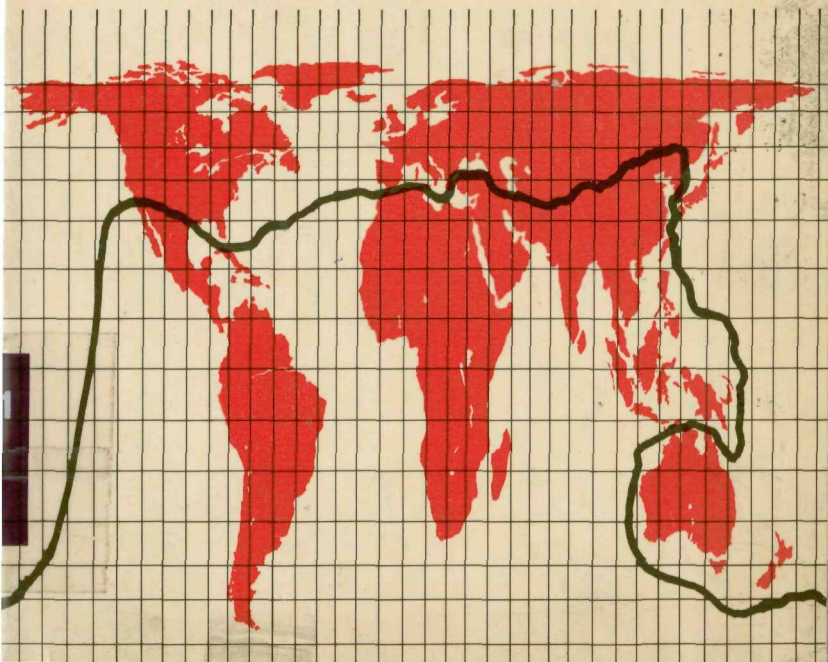


Pan  World Affairs

NORTH- SOUTH:

A PROGRAMME FOR SURVIVAL

The Report of the Independent
Commission on International
Development Issues under the
Chairmanship of Willy Brandt



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Annexe 1

Summary of Recommendations

The Poorest Countries

An action programme must be launched comprising emergency and longer-term measures, to assist the poverty belts of Africa and Asia and particularly the least developed countries. Measures would include large regional projects of water and soil management; the provision of health care and the eradication of such diseases as river-blindness, malaria, sleeping sickness and bilharzia; afforestation projects; solar energy development; mineral and petroleum exploration; and support for industrialization, transport and other infrastructural investment.

Such a programme would require additional financial assistance of at least \$4 billion per year for the next two decades, at grant or special concessional terms, assured over long periods and available in flexibly usable forms. New machinery is required on a regional basis to coordinate funding and to prepare plans in cooperation with lending and borrowing countries. Greater technical assistance should be provided to assist such countries with the preparation of programmes and projects.

Hunger and Food

There must be an end to mass hunger and malnutrition. The capacity of food-importing developing countries, particularly the low-income countries, to meet their food requirements should be expanded and their mounting food import bill reduced through their own efforts and through expanded financial flows for agricultural development. Special attention should be given to irrigation, agricultural research, storage and increased use of fertilizer and other inputs, and to fisheries development.

Agrarian reform is of great importance in many countries both

to increase agricultural productivity and to put higher incomes into the hands of the poor.

International food security should be assured through the early establishment of an International Grains Arrangement, larger international emergency reserves, and the establishment of a food financing facility.

Food aid should be increased and linked to employment promotion and agricultural programmes and projects without weakening incentives to food production.

Liberalization of trade in food and other agricultural products within and between North and South would contribute to the stabilization of food supplies.

Support for international agricultural research institutions should be expanded with greater emphasis given to regional cooperation.

Population: Growth, Movement and the Environment

In view of the vicious circle between poverty and high birth rates, the rapid population growth in developing countries gives added urgency to the need to fight hunger, disease, malnutrition and illiteracy.

We also believe that development policies should include national population programmes aiming at a satisfactory balance between population and resources and making family planning freely available. International assistance and support of population programmes must be increased to meet the unmet needs for such aid.

The many migrant workers in the world should be assured fair treatment, and the interests of their home countries and the countries of immigration must be better reconciled. Governments should seek bilateral and multilateral cooperation to harmonize their policies of emigration and immigration, to protect the rights of migrant workers, to make remittances more stable and to mitigate the hardships of unanticipated return migration.

The rights of refugees to asylum and legal protection should be strengthened. We also believe that commitments to international cooperation in the resettlement of refugees in the future will be necessary to protect countries of first asylum from unfair burdens.

The strain on the global environment derives mainly from the growth of the industrial economies, but also from that of the world's population. It threatens the survival and development opportunities of future generations. All nations have to cooperate more urgently in international management of the atmosphere and

other global commons, and in the prevention of irreversible ecological damage.

Ocean resources outside the 'exclusive economic zones' of 200 miles should be developed under international rules in the balanced interests of the whole world community.

Disarmament and Development

The public must be made more aware of the terrible danger to world stability caused by the arms race, of the burden it imposes on national economies, and of the resources it diverts from peaceful development.

The mutual distrust which stimulates the arms race between East and West calls for continuing the process of *détente* through agreements on confidence-building measures. All sides should be prepared for negotiations (including those on the regional level) to get the arms race under control at a time before new weapons systems have been established.

The world needs a more comprehensive understanding of security which would be less restricted to the purely military aspects.

Every effort must be made to secure international agreements preventing the proliferation of nuclear weapons.

A globally respected peace-keeping mechanism should be built up - strengthening the role of the United Nations. In securing the integrity of states such peace-keeping machinery might free resources for development through a sharing of military expenditures, a reduction in areas of conflict and of the arms race which they imply.

Military expenditure and arms exports might be one element entering into a new principle for international taxation for development purposes. A tax on arms trade should be at a higher rate than that on other trade.

Increased efforts should be made to reach agreements on the disclosure of arms exports and exports of arms-producing facilities. The international community should become more seriously concerned about the consequences of arms-transfers or of exports of arms-producing facilities and reach agreement to restrain such deliveries to areas of conflict or tension.

More research is necessary on the means of converting arms production to civilian production which could make use of the highly skilled scientific and technical manpower currently employed in arms industries.

The Task of the South

In any assault on international poverty, social and economic reforms within developing countries must complement the critical role to be played by the international environment for development, which itself needs to be made more favourable.

In countries where essential reforms have not yet taken place, redistribution of productive resources and incomes is necessary. A broader package of policy improvements would include expansion of social services to the poor, agrarian reform, increased development expenditures in rural areas, stimulation of small-scale enterprises and better tax administration. Such measures are important both for satisfying elementary needs and for increasing productivity, particularly in rural areas.

The full potential of the informal sector to contribute to economic development requires the provision of increased resources in the form of easier access to credit, and expanded training and extension services.

The strengthening of indigenous technological capacity often requires a more scientific bias in education, the encouragement of a domestic engineering industry, increased emphasis on intermediate technology and the sharing of experience.

Improved economic management and the increased mobilization of domestic resources are essential to the promotion of development. In many countries there is scope for improvements in such fields as taxation policies, public administration and the operation of the pricing system.

Wider participation in the development process should be encouraged; measures to achieve this could include decentralized governmental administrative systems and support for relevant voluntary organizations.

Regional and sub-regional integration, or other forms of close cooperation, still offer a viable strategy for accelerated economic development and structural transformation among developing countries especially the smaller ones. It supports industrialization and trade expansion and provides opportunities for multi-country ventures.

Developing countries should take steps to expand preferential trade schemes among themselves. This could be encouraged by such measures as the untying of aid.

Developing countries should give special attention to the establishment and extension of payments and credit arrangements among themselves to facilitate trade and to ease balance of payments problems.

The emergence of capital-surplus developing countries provides special scope for the establishment of projects on the basis of tripartite arrangements involving developing countries alone or in partnership with industrialized countries. Such arrangements should be supported by both developed and developing countries. Tripartite projects – including, when appropriate, industrialized countries – should be encouraged by nations with complementary resources such as capital and technology.

Developing countries should consider what forms of mutual assistance organization might help them to participate more effectively in negotiations and in the work of international organizations and to promote economic cooperation among themselves.

Commodity Trade and Development

The commodity sector of developing countries should contribute more to economic development through the greater participation of these countries in the processing, marketing and distribution of their commodities. Action for the stabilization of commodity prices at remunerative levels should be undertaken as a matter of urgency.

Measures to facilitate the participation of developing countries in processing and marketing should include the removal of tariff and other trade barriers against developing countries' processed products, the establishment of fair and equitable international transport rates, the abolition of restrictive business practices, and improved financial arrangements for facilitating processing and marketing.

Adequate resources should be provided to enable the Common Fund to encourage and finance effective International Commodity Agreements which would stabilize prices at remunerative levels; to finance national stocking outside ICAs; and to facilitate the carrying out of Second Window activities such as storage, processing, marketing, productivity improvement and diversification.

Greater efforts should be made to bring to a rapid and successful conclusion negotiations on individual commodity agreements wherever these are feasible.

Compensatory financing facilities should be expanded and improved to provide more adequately for shortfalls in real commodity export earnings.

The mutual interest of producing and consuming countries in

the development of mineral resources requires the creation of new financial arrangements leading to more equitable and stable mineral development agreements, greater assurance of world mineral supplies and increased developing-country participation in their resource development. A new financing facility, whose primary function will be to provide concessional finance for mineral exploration, should be established on the basis of a global responsibility for investment in mineral development.

Energy

An orderly transition is required from high dependence on increasingly scarce non-renewable energy sources.

Immediate steps towards an international strategy on energy should be taken as part of the Emergency Programme recommended in the final chapter of the Report.

Prices which reflect long-term scarcities will play an important role in this transition; orderly and predictable price changes are important to facilitate a smooth development of the world economy.

Special arrangements including financial assistance should be made to ensure supplies to the poorer developing countries.

International and regional financial agencies must increase substantially their financing of exploration and development of energy sources including the development of renewable energy resources.

A global energy research centre should be created under UN auspices to coordinate information and projections and to support research on new energy resources.

Industrialization and World Trade

The industrialization of developing countries, as a means of their overall development efforts, will provide increasing opportunities for world trade and need not conflict with the long-term interests of developed countries. It should be facilitated as a matter of international policy.

Protectionism threatens the future of the world economy and is inimical to the long-term interests of developing and developed countries alike. Protectionism by industrialized countries against the exports of developing countries should be rolled back; this should be facilitated by improved institutional machinery and new trading rules and principles.

Adjustment to new patterns of world industrial production

should be accepted as a necessary and desirable process. Industrialized countries should vigorously pursue positive and time-bound adjustment programmes developed through international consultation and subject to international surveillance.

Safeguard measures must be internationally negotiated and should be taken only on the basis of established need. They should be non-discriminatory, of limited duration and subject to international surveillance.

The Generalized System of Preferences should be eased in respect of its rules of origin, its exceptions and its limits. It should be extended beyond its present expiration and not be liable to unilateral termination.

Financial support and technical assistance should be given to the poorer countries to facilitate their establishment of improved commercial infrastructure and their participation in international trade negotiations.

Fair labour standards should be internationally agreed in order to prevent unfair competition and to facilitate trade liberalization.

An international trade organization incorporating both GATT and UNCTAD is the objective towards which the international community should work. Meanwhile, there is need for improvement in existing arrangements including wider development of trade cooperation in such matters as the establishment and administration of rules, principles and codes covering restrictive business practices and technology transfer.

Transnational Corporations, Investment and the Sharing of Technology

Effective national laws and international codes of conduct are needed to govern the sharing of technology, to control restrictive business practices, and to provide a framework for the activities of transnational corporations.

The investment regime we propose would include:

- 1 Reciprocal obligations on the part of host and home countries covering foreign investment, transfer of technology, and repatriation of profits, royalties and dividends.
- 2 Legislation, coordinated in home and host countries, to regulate transnational corporation activities in matters such as ethical behaviour, disclosure of information, restrictive business practices and labour standards.
- 3 Intergovernmental cooperation in regard to tax policies and the monitoring of transfer pricing.

4 Harmonization of fiscal and other incentives among host developing countries.

In addition to improved access to international development finance the bargaining capacity of developing countries, particularly of the smaller and least developed countries, *vis-à-vis* the transnational corporations should be strengthened with the technical assistance now increasingly available from the UN and other agencies.

Permanent sovereignty over natural resources is the right of all countries. It is necessary, however, that nationalization be accompanied by appropriate and effective compensation, under *internationally comparable principles which should be embodied in national laws*. Increasing use should also be made of international mechanisms for settling disputes.

Greater international, regional and national efforts are needed to support the development of technology in developing countries and the transfer of appropriate technology to them at reasonable cost.

There should be increased efforts in both rich and poor countries to develop appropriate technology in the light of changing constraints regarding energy and ecology; the flow of information about such technology should be improved. The international aid agencies should change those of their practices which restrict the recipients' freedom to choose technology, and should make more use of local capacities in preparing projects.

The World Monetary Order

The reform of the international monetary system should be urgently undertaken by all interested parties building on the large measure of consensus which emerged in the Committee of Twenty, and taking account of current difficulties and dangers. Reform involves improvements in the exchange rate regime, the reserve system, the balance of payments adjustment process, and the overall management of the system which should permit the participation of the whole international community.

Mechanisms should be agreed for creating and distributing an international currency to be used for clearing and settling outstanding balances between central banks. Such a currency would replace the use of national currencies as international reserves. It could take the form of an improved Special Drawing Right, and could be facilitated by an appropriately designed 'substitution account'.

New SDRs should be created to the extent called for by the need for non-inflationary increases in world liquidity. The distribution of such unconditional liquidity should favour the developing countries who presently bear high adjustment burdens. Such a distribution – often referred to as an SDR link – would also assist the adjustment process of the international monetary system.

There should be agreement on an adjustment process which will not increase contractionist pressures in the world economy. The adjustment process of developing countries should be placed in the context of maintaining long-term economic and social development. The IMF should avoid inappropriate or excessive regulation of their economies, and should not impose highly deflationary measures as standard adjustment policy. It should also improve and greatly extend the scope of its compensatory financing facility, for example by relaxing quota limits, measuring shortfalls in real terms and making repayment terms more flexible. Surplus countries should accept greater responsibility for payments adjustments, and IMF measures to encourage this should be considered.

Increased stability of international exchange rates, particularly among key currencies, should be sought through domestic discipline and coordination of appropriate national policies.

The participation of developing countries in the staffing, management and decision-making of the IMF should be enlarged.

In furthering the demonetization of gold, the bulk of the IMF gold stock should, after the completion of the present sales arrangements, be used as collateral against which the IMF can borrow from the market for onward lending particularly to middle-income developing countries. Staggered sales should also be undertaken and accruing profits of such sales should be used as interest subsidy on loans to low-income developing countries.

A New Approach to Development Finance

There must be a substantial increase in the transfer of resources to developing countries in order to finance:

- 1 Projects and programmes to alleviate poverty and to expand food production, especially in the least developed countries.
- 2 Exploration and development of energy and mineral resources.
- 3 Stabilization of the prices and earnings of commodity exports and expanded domestic processing of commodities.

The flow of official development finance should be enlarged by:

1 An international system of universal revenue mobilization, based on a sliding scale related to national income, in which East European and developing countries – except the poorest countries – would participate.

2 The adoption of timetables to increase Official Development Assistance from industrialized countries to the level of 0.7 per cent of GNP by 1985, and to one per cent before the end of the century.

3 Introduction of automatic revenue transfers through international levies on some of the following: international trade, arms production or exports; international travel; the global commons, especially sea-bed minerals.

Lending through international financial institutions should be improved through:

1 Effective utilization of the increased borrowing capacity of the World Bank resulting from the recent decision to double its capital to \$80 billion.

2 Doubling the borrowing-to-capital ratio of the World Bank from its present gearing of 1:1 to 2:1, and similar action by Regional Development Banks.

3 Abstaining from the imposition of political conditions on the operations of multilateral financial institutions.

4 Channelling an increasing share of development finance through regional institutions.

5 A substantial increase in programme lending.

6 The use of IMF gold reserves either for further sales, whose profits would subsidize interest on development lending, or as collateral to borrow for on-lending to developing countries.

7 Giving borrowing countries a greater role in decision-making and management.

Resource transfers should be made more predictable by long-term commitments to provide ODA, increasing use of automatically mobilized revenues, and the lengthening of the IDA replenishment period.

Consideration should be given to the creation of a new international financial institution – a World Development Fund – with universal membership, and in which decision-making is more evenly shared between lenders and borrowers, to supplement existing institutions and diversify lending policies and practices. The World Development Fund would seek to satisfy the unmet needs in the financing structure, in particular that of programme lending. Ultimately it could serve as a channel for such resources as may be raised on a universal and automatic basis.

There is need for major additional multilateral finance to support mineral and energy exploration and development in developing countries. Some of this will come from existing institutions, but we believe there is a case for a new facility for this purpose.

The flow of lending from commercial banks and other private financial bodies to developing countries must be strengthened. Middle-income countries need special measures to lengthen the maturity of their debt structures and poorer developing countries should be enabled to borrow more easily in the market. The World Bank and other international financial institutions should assist this process by co-financing, by the provision of guarantees, and by using concessional funds to improve lending terms and reduce interest rates.

Measures should be adopted to facilitate the placing of bonds by developing countries in international markets. These should include the removal of restrictions and the provision of guarantees and adequate arrangements for the assessment of risks.

International Organizations and Negotiations

Policies, agreements and institutions in the field of international economic, financial and monetary cooperation should be guided by the principle of universality.

The UN system, which faces ever-expanding tasks, needs to be strengthened and made more efficient. This calls for more coordination of budgets, programmes and personnel policies, to avoid duplication of tasks and wasteful overlapping.

The performance of the various multilateral organizations in the field of international development should be regularly monitored by a high-level advisory body.

There needs to be a review of the present system of negotiations to see whether more flexible, expeditious and result-oriented procedures can be introduced without detracting from cooperation within established groups.

Increased attention should be paid to educating public opinion and the younger generation about the importance of international cooperation.

The occasional use of limited summit meetings should be considered to advance the cause of consensus and change.