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TO IMMEDIATE FCO

TELEGRAM NUMBER 976 OF 28 NOVEMBER 1983

M.S.P.T.

CHOGM : NEW DELHI STATEMENT ON ECONOMIC ACTION

1. TEXT OF STATEMENT FOLLOWS. BEGINS.

\*\* THE NEW DELHI STATEMENT ON ECONOMIC ACTION, 28 NOVEMBER 1983.

WE, THE HEADS OF GOVERNMENT OF THE COMMONWEALTH MEETING IN NEW DELHI, ADDRESSED OURSELVES TO THE GLOBAL ECONOMIC CRISIS. WE CONSIDERED HOW, AS A GROUP, WE MIGHT TRY TO RESOLVE OUR COMMON PROBLEMS THROUGH URGENT ACTION BY THE INTERNATIONAL COMMUNITY.

**BACKGROUND**

OUR APPROACH TO INTERNATIONAL ECONOMIC QUESTIONS HAS BEEN MOULDED BY A SHARED EXPERIENCE OF THE MOST SERIOUS AND PERVASIVE RECESSION SINCE THE SECOND WORLD WAR AND A CONCERN ABOUT LONG-TERM STRUCTURAL PROBLEMS. MOST COUNTRIES HAVE SUFFERED FROM ECONOMIC STAGNATION, UNEMPLOYMENT AND INFLATION. WORLD TRADE HAS DECLINED. THE INTERNATIONAL MONETARY, FINANCIAL AND TRADING SYSTEM HAS BEEN FURTHER WEAKENED. MANY COUNTRIES HAVE BEEN SEVERELY AFFECTED AND HAVE IMMEDIATE ANXIETIES ARISING FROM DEPRESSED COMMODITY

BEEN FURTHER WEAKENED. MANY COUNTRIES HAVE BEEN SEVERELY AFFECTED AND HAVE IMMEDIATE ANXIETIES ARISING FROM DEPRESSED COMMODITY PRICES, PROTECTIONISM, INADEQUATE RESOURCE FLOWS, AND DEBT AND BALANCE OF PAYMENTS PROBLEMS. FOR DEVELOPING COUNTRIES, THIS COMMON CRISIS HAS BEEN SUPERIMPOSED ON DEEPSEATED PROBLEMS OF POVERTY AND HUNGER. THE SMALL STATES, WITH THEIR EXPOSED ECONOMIES, HAVE HAD PARTICULAR PROBLEMS OF THEIR OWN.

SINCE WE MET IN MELBOURNE THERE HAVE BEEN SOME SIGNS OF RECOVERY. BUT THE RECOVERY REMAINS UNEVEN AND FRAGILE, AND ITS OVERALL PACE HAS BEEN DISAPPOINTING. ITS IMPACT CONTINUES TO ELUDE THE DEVELOPING WORLD. MOREOVER, THERE ARE CONSIDERABLE DANGERS IN THE PRESENT SITUATION. RECOVERY REMAINS AT RISK BECAUSE OF CONTINUING HIGH REAL INTEREST RATES, EXCESSIVE BUDGETARY DEFICITS, INFLATIONARY EXPECTATIONS, AND RISING PROTECTIONISM.

#### THE REPORT

IN TRYING TO UNDERSTAND THE ORIGINS OF THESE PROBLEMS, AND IN SEEKING SOLUTIONS, WE HAVE NOTED WITH APPRECIATION THE COMMONWEALTH REPORTS ON "PROTECTIONISM: THREAT TO INTERNATIONAL ORDER", "THE NORTH-SOUTH DIALOGUE: MAKING IT WORK" AND "TOWARDS A NEW BRETTON WOODS". THE LAST REPORT WAS FIRST SUBMITTED TO FINANCE MINISTERS AT THEIR MEETING IN PORT-OF-SPAIN IN SEPTEMBER, AND THE PRIME MINISTER OF TRINIDAD AND TOBAGO HAS GIVEN US AN ACCOUNT OF THEIR DISCUSSIONS. WE COMMENT THE AUTHORS FOR THEIR VALUABLE REPORTS AND WE HAVE TAKEN NOTE OF THE CONCLUSIONS OF COMMONWEALTH FINANCE MINISTERS AT THEIR LAST MEETING.

#### NATIONAL AND INTERNATIONAL POLICY

ALL COUNTRIES HAVE A RESPONSIBILITY FOR PURSUING PRUDENT DOMESTIC ECONOMIC POLICIES. AT THE SAME TIME WE ARE DEEPLY CONSCIOUS OF THE CRUCIAL INTERNATIONAL DIMENSION TO OUR PROBLEMS. THE DOMESTIC POLICIES OF MAJOR COUNTRIES MAKE AN IMPACT ON THE WELL-BEING OF OTHERS. MUTUALLY ACCEPTABLE PRINCIPLES GOVERNING TRADE AND FINANCIAL FLOWS MUST BE FOUND BY THE INTERNATIONAL COMMUNITY. WE SHARE A COMMON BELIEF THAT THE BRETTON WOODS INSTITUTIONS NEED TO BE ADAPTED AND BETTER EQUIPPED TO HELP COPE WITH THE FULL MAGNITUDE OF THE GLOBAL CRISIS. THESE INSTITUTIONS NEED THE RESOURCES AND OPERATIONAL FLEXIBILITY TO MEET THE CHANGING REQUIREMENTS OF THE INTERNATIONAL ECONOMY. IN PARTICULAR, THE ADJUSTMENT EFFORTS OF THE DEVELOPING COUNTRIES MUST BE SUPPORTED BY ADEQUATE RESOURCES ON APPROPRIATE TERMS AND CONDITIONS FROM THE INTERNATIONAL FINANCIAL INSTITUTIONS. WE BELIEVE THAT THESE INSTITUTIONS MUST DEVELOP AND ADAPT TO THE CONDITIONS OF THE 1980S AND BEYOND. THEY MUST HELP SUSTAIN RESOURCE FLOWS TO DEVELOPING COUNTRIES. WE ESPECIALLY RECOGNISE THE NEED FOR INCREASING CONCESSIONAL FLOWS TO DEVELOPING COUNTRIES, ESPECIALLY THE LEAST DEVELOPED. ACCESS TO THE INTERNATIONAL AND REGIONAL FINANCIAL INSTITUTIONS BY THE SMALL STATES MUST BE IMPROVED.

#### REFORM

WE RECOGNISE THAT THERE ARE SOME DIFFERENCES CONCERNING THE NATURE AND SCALE OF THE REFORMS AND ADAPTATIONS REQUIRED IN

## REFORM

WE RECOGNISE THAT THERE ARE SOME DIFFERENCES CONCERNING THE NATURE AND SCALE OF THE REFORMS AND ADAPTATIONS REQUIRED IN THE INTERNATIONAL ECONOMIC SYSTEM. THESE HAVE BEEN REFLECTED IN DIFFERENT FORMULATIONS OF THE PROBLEM. THE COMMONWEALTH REPORT "TOWARDS A NEW BRETTON WOODS" RECOGNISED THAT THERE ARE MANY DEFICIENCIES IN THE SYSTEM, AND RECOMMENDED THAT THE INTERNATIONAL COMMUNITY SHOULD WORK TOWARDS AN INTERNATIONAL CONFERENCE ON THE WORLD'S FINANCIAL AND TRADING SYSTEM. THE NON-ALIGNED SUMMIT HAS PROPOSED AN INTERNATIONAL CONFERENCE ON MONEY AND FINANCE FOR DEVELOPMENT WITH UNIVERSAL PARTICIPATION. THE WILLIAMSBURG SUMMIT HAS INVITED FINANCE MINISTERS TO DEFINE THE CONDITIONS FOR IMPROVING THE INTERNATIONAL MONETARY SYSTEM AND TO CONSIDER THE PART WHICH MIGHT IN DUE COURSE BE PLAYED IN THIS PROCESS BY A HIGH LEVEL INTERNATIONAL MONETARY CONFERENCE.

WE BELIEVE THAT THE SITUATION CALLS FOR A COMPREHENSIVE REVIEW OF THE INTERNATIONAL MONETARY, FINANCIAL AND RELEVANT TRADE ISSUES. AN IMMEDIATE PROCESS OF PREPARATORY CONSULTATION IS NEEDED TO IDENTIFY AREAS OF AGREEMENT, POTENTIAL AGREEMENT AND AREAS REQUIRING FURTHER CONSIDERATION. ALL THE COUNTRIES AFFECTED MUST BE DIRECTLY INVOLVED IN THE DISCUSSIONS AND DECISION-MAKING. THERE IS A WIDESPREAD BELIEF AMONG US THAT IT WILL BE NECESSARY TO DISCUSS THESE ISSUES AT AN INTERNATIONAL CONFERENCE WITH UNIVERSAL PARTICIPATION. THE PREPARATORY PROCESS COULD RESULT IN A CONSENSUS ON CONVENING SUCH A CONFERENCE.

### ROLE OF THE COMMONWEALTH

WE HAVE CAREFULLY CONSIDERED HOW THE COMMONWEALTH CAN MAKE A DISTINCTIVE PRACTICAL CONTRIBUTION TO REMOVE DIFFERENCES AND MISUNDERSTANDINGS. WE BELIEVE WE CAN BE PARTICULARLY EFFECTIVE WHEN, AS A REPRESENTATIVE GROUP OF DEVELOPING AND DEVELOPED NATIONS, WE CAN SPEAK WITH A COMMON VOICE TO THE REST OF THE WORLD. WE HAVE FOUND A COMMON VOICE ON CERTAIN SPECIFIC AND IMMEDIATE ISSUES AND WE BELIEVE WE CAN POINT THE WAY FORWARD ON THE MORE COMPLEX, LONGER-TERM QUESTIONS.

### IMMEDIATE ISSUES

AS TO THE FORMER, WE URGE CALLING FOR PROMPT AND SUBSTANTIAL ADDITIONAL RESOURCES TO BE MADE AVAILABLE TO THE INTERNATIONAL FINANCIAL INSTITUTIONS, AND IN PARTICULAR TO IDA UNDER THE SEVENTH REPLENISHMENT. WE STRESS THE NEED FOR THE NEGOTIATIONS ON THE REPLENISHMENT TO BE COMPLETED URGENTLY TO ENSURE THAT IDA WILL BECOME EFFECTIVE BY 1 JULY 1984. THE NEGOTIATIONS SHOULD TAKE INTO ACCOUNT THE NEED TO ACCOMMODATE AN EXPANDED RECEIPT COMMUNITY AND THE CRITICAL IMPORTANCE OF ENHANCING THE GROWTH PROSPECTS OF DEVELOPING COUNTRIES. WE PLEDGE OUR COMMITMENT TO PLAY A POSITIVE ROLE TO THIS END. WE URGE THE COMMONWEALTH DONOR COUNTRIES TO CONVEY TO ALL OTHER DONOR COUNTRIES THE STRENGTH OF OUR SUPPORT FOR THE IDA VII REPLENISHMENT. WE ALSO CONCUR IN DEPLORING THE RISING LEVEL OF PROTECTIONISM. WE WELCOME, IN THIS CONNECTION, THE STRONG STANCE TAKEN IN DEFENCE OF MULTILATERAL TRADING RULES BY THE COMMONWEALTH REPORT - "PROTECTIONISM: THREAT

CONNECTION, THE STRONG STANCE TAKEN IN DEFENCE OF MULTILATERAL TRADING RULES BY THE COMMONWEALTH REPORT - "PROTECTIONISM: THREAT TO INTERNATIONAL ORDER". WE REAFFIRM OUR SUPPORT NOT ONLY FOR A STANDSTILL IN THE ADOPTION OF FURTHER PROTECTIONIST MEASURES BUT ALSO FOR A PROGRESSIVE RELAXATION OF THOSE NOW IN FORCE. WE SEE THIS, ALONG WITH SUSTAINED WORLD RECOVERY, AS CRUCIAL TO THE RESOLUTION OF THE DEVELOPING COUNTRY DEBT PROBLEM. WE HAVE CONSEQUENTLY REQUESTED THE SECRETARIAT, WITH THE AID OF A GROUP OF EXPERTS TO EXAMINE THE DEVELOPING COUNTRY DEBT PROBLEM IN ALL ITS ASPECTS AND TO REPORT TO THE TORONTO MEETING OF COMMONWEALTH FINANCE MINISTERS.

#### THE PROCESS

AS TO LONGER-TERM QUESTIONS, WE ARE ENCOURAGED BY THE GROWING RECOGNITION THAT MORE CO-OPERATIVE RELATIONS MUST BE ESTABLISHED BETWEEN THE DEVELOPED AND THE DEVELOPING COUNTRIES (SEMICOLON) GROWING INTERDEPENDENCE AND MUTUAL INTERESTS MAKE RENEWED EFFORTS TO ESTABLISH SUCH RELATIONS IMPERATIVE. WE BELIEVE THAT THE WAY IN WHICH THE COMMONWEALTH FUNCTIONS AS, IN ITSELF, EVIDENCE THAT DIALOGUE IS NOT ONLY POSSIBLE BUT FRUITFUL. WE ENDORSE THE PRACTICAL AND BUSINESS-LIKE APPROACH TO THE NEGOTIATIONS RECOMMENDED IN THE COMMONWEALTH REPORT "NORTH-SOUTH DIALOGUE: MAKING IT WORK". WE BELIEVE THE COMMONWEALTH CAN PERFORM A USEFUL ROLE IN STIMULATING A MORE RESPONSIVE DIALOGUE.

WE HAVE ACCORDINGLY DECIDED TO ESTABLISH A COMMONWEALTH CONSULTATIVE GROUP FOR THE PURPOSE OF PROMOTING A CONSENSUS ON THE ISSUES COVERED BY THIS STATEMENT. IT WILL CONSULT AS APPROPRIATE ON THE MOST EFFECTIVE WAY OF TAKING ACTION, TAKING FULL ACCOUNT OF INTERNATIONAL CONSULTATIONS GOING ON ELSEWHERE AND OF OUR DISCUSSIONS IN NEW DELHI. THE GROUP WILL BE COMPOSED OF REPRESENTATIVES OF GOVERNMENTS FROM BRITAIN, CANADA, FIJI, INDIA, NEW ZEALAND, TANZANIA, TRINIDAD AND TOBAGO AND ZIMBABWE, TOGETHER WITH THE SECRETARY-GENERAL. WE ASK THE GROUP TO REPORT TO FINANCE MINISTERS IN GOOD TIME BEFORE THEY MEET NEXT YEAR IN TORONTO.

ENDS

WADE-GERY

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THE NEW DELHI STATEMENT  
ON  
ECONOMIC ACTION

Mr. Goldsmith  
Sir R. Amstutz  
PUS  
Sir J. Leahy  
Mr. Thomas  
Mr. Amisano

Mr. Goldsmith  
Deputy Secretary

Jeremy 12/28/4  
two under the  
tables copies -  
not to be  
revealed we have  
them until issued  
to the press later  
this evening.  
Jeremy  
28/11

We, the Heads of Government of the Commonwealth Meeting in New Delhi, addressed ourselves to the global economic crisis. We considered how, as a group, we might try to resolve our common problems through urgent action by the international community.

### Background

Our approach to international economic questions has been moulded by a shared experience of the most serious and pervasive recession since the Second World War and a concern about long-term structural problems. Most countries have suffered from economic stagnation, unemployment and inflation. World trade has declined. The international monetary, financial and trading system has been further weakened. Many countries have been severely affected and have immediate anxieties arising from depressed commodity prices, protectionism, inadequate resource flows, and debt and balance of payments problems. For developing countries, this common crisis has been superimposed on deepseated problems of poverty and hunger. The small states, with their exposed economies, have had particular problems of their own.

Since we met in Melbourne there have been some signs of recovery. But the recovery remains uneven and fragile, and its overall pace has been disappointing. Its impact continues to elude the developing world. Moreover, there are considerable dangers in the present situation. Recovery remains at risk because of continuing high real interest rates, excessive budgetary deficits, inflationary expectations, and rising protectionism.

### The Report

In trying to understand the origins of these problems, and in seeking solutions, we have noted with appreciation the Commonwealth reports on "Protectionism: Threat to International Order", "The North-South Dialogue: Making it Work" and "Towards a New Bretton Woods". The last report was first submitted to Finance Ministers at their meeting in Port-of Spain in September, and the Prime Minister of Trinidad and Tobago has given us an account of their discussions. We commend the authors for their valuable reports and we have taken note of the conclusions of Commonwealth Finance Ministers at their last meeting.

## **National and International policy**

All countries have a responsibility for pursuing prudent domestic economic policies. At the same time we are deeply conscious of the crucial international dimension to our problems. The domestic policies of major countries make an impact on the well-being of others. Mutually acceptable principles governing trade and financial flows must be found by the international community. We share a common belief that the Bretton Woods institutions need to be adapted and better equipped to help cope with the full magnitude of the global crisis. These institutions need the resources and operational flexibility to meet the changing requirements of the international economy. In particular, the adjustment efforts of the developing countries must be supported by adequate resources on appropriate terms and conditions from the international financial institutions. We believe that these institutions must develop and adapt to the conditions of the 1980s and beyond. They must help sustain resource flows to developing countries. We especially recognise the need for increasing concessional flows to developing countries, especially the least developed. Access to the international and regional financial institutions by the small states must be improved.

## **Reform**

We recognise that there are some differences concerning the nature and scale of the reforms and adaptations required in the international economic system. These have been reflected in different formulations of the problem. The Commonwealth Report "Towards a New Bretton Woods" recognised that there are many deficiencies in the system, and recommended that the international community should work towards an international conference on the world's financial and trading system. The Non-Aligned Summit has proposed an international Conference on Money and Finance for Development with universal participation. The Williamsburg Summit has invited Finance Ministers to define the conditions for improving the international monetary system and to consider the part which might in due course be played in this process by a high level international monetary conference.

We believe that the situation calls for a comprehensive review of the international monetary, financial and relevant trade issues. An immediate process of preparatory consultation is needed to identify areas of agreement, potential agreement and areas requiring further consideration. All the countries affected must be directly involved in the discussions and decision-making. There is a widespread belief among us that it will be necessary to discuss these issues at an international conference with universal participation. The preparatory process could result in a consensus on convening such a conference.

## **Role of the Commonwealth**

We have carefully considered how the Commonwealth can make a distinctive practical contribution to remove differences and misunderstandings. We believe we can be particularly effective when, as a representative group of developing and developed nations, we can speak with a common voice to the rest of the world. We have found a common voice on certain specific and immediate issues and we believe we can point the way forward on the more complex, longer-term questions.

As to the former, we unite in calling for prompt and substantial additional resources to be made available to the international financial institutions, and in particular to IDA under the Seventh Replenishment. We stress the need for the negotiations on the replenishment to be completed urgently to ensure that IDA VII becomes effective by 1 July 1984. The negotiations should take into account the need to accommodate an expanded recipient community and the critical importance of enhancing the growth prospects of developing countries. We pledge our commitment to play a positive role to this end. We invite the Commonwealth donor countries to convey to all other donor countries the strength of our support for the IDA VII replenishment. We also concur in deploring the rising level of protectionism. We welcome, in this connection, the strong stance taken in defence of multilateral trading rules by the Commonwealth Report - "Protectionism: Threat to International Order". We reaffirm our support not only for a standstill in the adoption of further protectionist measures but also for a progressive relaxation of those now in force. We see this, along with sustained world recovery, as crucial to the resolution of the developing country debt problem. We have consequently requested the Secretariat, with the aid of a group of experts to examine the developing country debt problem in all its aspects and to report to the Toronto Meeting of Commonwealth Finance Ministers.

### **The Process**

As to longer-term questions, we are encouraged by the growing recognition that more co-operative relations must be established between the developed and the developing countries; growing interdependence and mutual interests make renewed efforts to establish such relations imperative. We believe that the way in which the Commonwealth functions is, in itself, evidence that dialogue is not only possible but fruitful. We endorse the practical and business-like approach to the negotiations recommended in the Commonwealth Report "North-South Dialogue: Making it Work". We believe the Commonwealth can perform a useful role in stimulating a more responsive dialogue.

We have accordingly decided to establish a Commonwealth consultative group for the purpose of promoting a consensus on the issues covered by this Statement. It will consult as appropriate on the most effective way of taking action, taking full account of international consultations going on elsewhere and of our discussions in New Delhi. The group will be composed of representatives of Governments from Britain, Canada, Fiji, India, New Zealand, Tanzania, Trinidad & Tobago and Zimbabwe, together with the Secretary-General. We ask the Group to report to Finance Ministers in good time before they meet next year in Toronto.

Statement on Economic Action

Private Secretary  
from

J. Thomas

1. The working party finally agreed the text ad referendum.
2. The final version is, I believe, acceptable to us.
3. The opening para. on an international conference now reads:

"We believe that the situation calls for a comprehensive review of the international monetary, financial and relevant trade issues. A process of preparatory consultation is needed, to identify areas of agreement, potential agreement, and areas requiring further consideration. All the countries affected must be directly involved in the discussions and decision making. There is a widespread belief among us that it will be necessary to discuss these issues at an international conference with universal participation. The preparatory process could result in a consensus on convening such a conference."

J.T. 28/11



DRAFT SPEAKING NOTES FOR USE BY THE PRIME MINISTER DURING  
THE DISCUSSION OF THE ECONOMIC ITEM OF THE AGENDA

cc

Mr. Butler ✓  
Sir R. Armstrong  
Sir A. Acland  
Mr. Ainscow  
Mr. Goldsmith

1. In our Commonwealth approach to these great international economic issues, I believe we must be guided by some basic propositions.
2. We need to restore a sense of multilateral economic cooperation.
3. We must proceed by way of a consensus. All of us have our own legitimate interests to consider. We have to take full account of each other's preoccupations.
4. We must be realistic in what we, as a Commonwealth, attempt. We need practical results, not endless debates and conferences.
5. We should draw on the work done by the three reports before the Conference, and, not least, follow the advice on improving our negotiating methods.
6. Our domestic economic policies must be consistent with our international economic policies. We cannot have the benefits of an interdependent open trading system if we all go our own way.
7. We must build upon and adapt our international financial

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and economic institutions and mechanisms. We must ensure that they have adequate resources. We must ensure that they operate flexibly. We must not undermine confidence in the capacity of those institutions to do their job. We must strengthen the linkage between the handling of financial and trading issues and recognise the interdependence between the two. /we must explore the means of promoting a greater convergence between our respective financial and economic policies.

8. Britain is determined to work, for the common good, on these lines.

9. It will not, therefore, surprise you to know that we welcome much of the analysis in the report "Towards a New Bretton Woods". We have long advocated the central importance of achieving sustained non-inflationary growth; and the need to encourage direct private investment. We act on the basis that, in our aid and trading policies we share an obligation to give priority to helping the poorest. We base our policy on the imperative of maintaining an open international trading system. We want to see interest rates come down. We recognise the reality of economic interdependence and we endorse the dominating theme of the report that in shaping our /financial

financial and economic policies, we must work towards an international consensus.

10. In our work together on the international economic agenda, we are also resolved to ensure that our international institutions and mechanisms operate efficiently to serve all our interests. It is quite right that we should examine these instruments of our economic well-being both critically and constructively.

11. The techniques of international financial management are in fact evolving and adapting all the time. The IMF has been developing a central role in the management of debt. The effective resources of the Fund last year were greatly enlarged while Sir Geoffrey Howe was Chairman of the Interim Committee. The links between the institutions themselves are becoming much closer. And the Helleiner report has suggested other areas where we need to consider further change.

12. Britain will play its full part in this process. Last May, at Williamsburg, the Economic Summit partners invited their Ministers of Finance to define the conditions for improving the international monetary system and to consider the part which might, in due

/course

course, be played in this process by a high-level international monetary conference.

13. The Helleiner report similarly suggests that an international conference could be the culmination of a process of careful preparation. And it was on this basis that Commonwealth Finance Ministers welcomed the Report when they discussed it at Trinidad in September.

14. I agree on the need for careful study of these issues by our governments. And I can agree with the New Zealand Prime Minister's proposal that a Commonwealth group should be set up to consult with other members of the international community about the trade and payments system. We must, of course, be sure that there exists a genuine consensus within the Commonwealth on how we should follow up the ideas in the studies submitted to us. And this, I suggest, should be the first task of the group.

15. It may be that, as the culmination of the process of consultation and if all were so agreed, an international conference could be appropriate. But I would not want to commit myself to an international monetary conference at this stage. We all know

/how

how difficult it is to reach agreed conclusions at global meetings where so much is at stake. We must be careful lest we tie ourselves now to a procedure which might, in practice, delay the very <sup>major work</sup> reforms we want to see. The other report before us, "The North-South dialogue: Making it Work", usefully calls our attention to the desirability of getting away from unworkable <sup>and negotiating methods</sup> conferences on a massive scale.

16. I believe that we in the Commonwealth can help to improve international economic cooperation. We can act together to keep our trade open; to press for lower interest rates; for adequate resources for the international financial institutions. We have much to contribute to strengthening the framework of economic partnership and getting away from sterile confrontation. In this joint process, Britain will play its full part.

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 2/11/83 from 2/11/83

THE NEW DELHI STATEMENT ON ECONOMIC ACTION

We, the Heads of Government of the Commonwealth meeting in New Delhi, addressed ourselves to the global economic crisis. We considered how, as a group, we might try to resolve our common problems.

Background

Our approach to international economic questions has been moulded by a shared experience of the most serious and pervasive recession since the Second World War. Our people have suffered from economic stagnation and unemployment. World trade has declined. The international financial system has been further weakened by the debt crisis. Many countries have been severely affected and have immediate anxieties arising from depressed commodity prices, protectionism, inadequate resource flows, and debt and balance of payments problems. For developing countries, this common crisis has been superimposed on deepseated problems of poverty and hunger. *Redl > 2/11/83*

Since we last met in Melbourne there have been some signs of recovery. But the recovery remains narrowly-based and its overall pace has been disappointing. Its impact continues to elude the developing world. Moreover, there are considerable dangers in the present situation. Recovery remains at risk because of continuing high real interest rates, excessive budgetary deficits *inflationary expectations* and rising protectionism.

Report

In seeking to understand the origins of these problems, and in seeking solutions, we have noted with appreciation the report "Towards a New Bretton Woods" which was first submitted to Finance Ministers at their meeting in Port-of-Spain in September, and on the account of their discussion given to us by the Prime Minister of Trinidad and Tobago. We commend the authors on their report which has made a valuable contribution to the search for solutions.

National  
and  
Inter-  
national  
policy.

While acknowledging our responsibility for pursuing prudent domestic economic policies, we are deeply conscious of the crucial international dimension to our problems. There is the impact made by the domestic policies of major countries on the well-being of others. It is within the international domain that mutually acceptable principles governing trade and financial flows must be found. We share a common belief that Bretton Woods institutions should be better equipped to help cope with the full magnitude of the global crisis. The Bretton Woods institutions need the resources and operational flexibility to meet the changing requirements of the international economy. In particular the adjustment efforts of the developing countries must be supported by adequate resources from the international financial institutions. We believe

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that these institutions must develop and adapt. They must be used to sustain resource flows to developing countries. In particular we recognise the need for increasing concessional flows to poorer developing countries, especially the least developed.

Reform

We recognise some differences on the nature and scale of the reforms and adaptations required in the international economic system. These have been reflected in different formulations of the problem. The Commonwealth Report "Towards a New Bretton Woods" recognised that there are many deficiencies in the system. The Non-Aligned Summit has proposed an International Conference on Money and Finance for Development with universal participation. The Williamsburg Summit has decided to undertake a study of the international monetary system by Finance Ministers and the part which a high level international monetary conference might in due course play in this process.

We believe that the situation calls for comprehensive examination of the trade and payments system. A process of preparatory consultation is needed to clarify the areas of agreement. At the appropriate time all the countries affected must be directly involved in the discussions and decision making. It may thus emerge that an international conference with universal participation will be desirable.

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Role of the  
Commonwealth

We have carefully considered how the Commonwealth can make a distinctive practical contribution to remove differences and misunderstandings. We believe we can be particularly effective when, as a representative group of developing and developed nations, we can speak with a common voice to the rest of the world. We have found a common voice on certain specific and immediate issues and we believe we can point the way forward on the more complex, longer-term, questions.

Immediate  
Issues

A Short Win

As to the former, we unite in calling for prompt and substantial additional resources to be made available to the international financial institutions, and in particular to IDA under the 7th Replenishment. We stress the need for IDA 7 to be completed urgently to ensure that the Seventh Replenishment becomes effective by 1 July 1984. The negotiations should take into account the need to accommodate an expanded recipient community and the critical importance of enhancing the growth prospects of developing countries. We pledge our commitment to play a positive role to this end. We invite.....to convey to all donor countries the strength of our support for the IDA 7 replenishment. We also concur in deploring the rising level of protectionism. We welcome, in this connection, the strong stance taken in defence of

multilateral trading rules by the Commonwealth Report - 'Protectionism: Threat to International Order'. We reaffirm our support not only for a standstill in the adoption of further protectionist measures but also for a progressive relaxation of those now in force.

The Process

B. Low

As to longer-term questions, we are encouraged by the growing recognition that more co-operative relations must be established between the developed and the developing countries - growing interdependence and mutual interests make renewed efforts to establish such relations imperative. We believe that the way in which the Commonwealth functions is in itself evidence that dialogue is not only possible but fruitful. We endorse the practical and business-like approach to the negotiations recommended in the Commonwealth Report 'North-South Dialogue: Making it Work'. We believe the Commonwealth can perform a useful role in stimulating a more responsive dialogue.

We have accordingly decided to establish an intergovernmental group at the level of..... composed of..... assisted by the Secretary-General, for the purpose of promoting a consensus on the issues covered by this Statement, and consulting as appropriate on the most effective way of taking action on the basis of agreed priorities. We also ask the Group to report to Finance Ministers in good time before they meet next year in Toronto.

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TEXT OF DRAFT PROPOSED BY INDIA  
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1. THE WORLD TODAY IS DEVIDED INTO EXTREMES OF AFFLUENCE AND POVERTY, OVER-PRODUCTION ( OVER-PRODUCTION) AND HUNGER(.) THE CURRENT WORLD ECONOMIC CRISIS WHICH DEVELOPED OUT OF THE IMBALANCES IN SOME MAJOR INDUSTRIALISED COUNTRIES HAS NOW BECOME TRULY GLOBAL(.) IN MANU DEVELOPED COUNTRIES IT HAS LED TO ECONOMIC STAGNATION AND RISING UNEMPLOYMENT WHICH IS SOUGHT TO BE OVERCOME THROUGH RESTRICTIVE AND PROTECTIONIST POLICIES WITHOUT REGARD TO THEIR IMPACT ON OTHER COUNTRIES(.) INEVITALY( IENVITABLY) WORLD TRADE HAS DECLINED(.) IN DEVELOPING COUNTRIES WHOSE ECONOMICS ARE SPECIALLY VULNERABLE, THE ECONOMIC CRISES HAS LED TO INTOLERABLE BALANCE OF PAYMENTS DEFICITS MOUNTING DEBT BRUDENS, DECLINE IN EXPORTS AND WORSENING TERMS OF TRADE(.) THE SITUATION IS AGGRAVATED BY THE DECLINE IN THE FLOW OF RESOURCES(.) MANU OF THESE COUNTRIES ARE ON THE BRINK OF DESASTER(.)
2. THE PRESIDENT CRISIS HAS DEMONSTRATED THE INADEQUACY OF EXISTING STRUCTURES TO DEAL WITH THE PROBLEMS OF DEVELOPMENT(.)ADHOC ( AD HOS) AND AND PIECEMEAL SOLUTIONS ARE NO LONGER SUFFICIENT TO MEET THE CRISIS(.) A COHERENT AND INTEGRATED APPROACH IS NECESSARY(.) THE REACTIVATION OF GROWTH IN THE DEVELOPING COUNTRIES MUST BE AN IMPORTANT ELEMENT OF THIS APPROACH(.) IMMEDIATE MEASURES ARE NEEDED IN SEVERAL AREAS ESPECIALLY A SUBSTANTIAL INCREASE IN I D A (.) SPECIAL EMPHASIS MUST BE PLACED ON ENABLING DEVELOPING COUNTRIES PARTICULARLY THE LEAST DEVELOPED COUNTRIES, TO SOLVE THEIR ACUTE PAYMENT AND DEBT PROBLEMS WITHOUT INTERRUPTING THEIR DEVELOPMENT PROCESS(.) THE BASIC NEEDS OF FOOD AND ENERGY ENHANCED ACCESS TO MARKETS AND FAIR PRICES FOR COMMODITIES MUST BE ENSUED AND IMMEDIATE MEASURED TO DISMANTLE TRADE BARRIERS IMPLEMENTED(.)
3. THERE IS NOW INCREASING AWARENESS OF THE NEED FOR IMPROVEMENT AND REFORMoTHE INTERNATIONAL FINANCIAL AND MONETARY SYSTEM(.) THE PRESENT INSTITUTIONS WERE CREATED AKMOST 40 YEARS AGO AND SINCE THEN A NUMBER OF CHANCES HAVE OCCURED IN THE WORLD ECONOMIC SYSTEM(.)
4. THE COMMONWEALTH FINANCE MINISTERS REALISING THIS AT THEIR MEETING IN 1982 CONSTITUTED AN EXPERT GROUP TO STUDY AND COMMENT ON THESE MATTERS(.) THAT GROUP HAS SUBMITTED A REPORT CALLED " TOWARDS A NEW BRETDON WOODS" IN WHICH IT IS CLEARLY RECOGNISED THAT THERE ARE MANY DEFICIENCIES IN THE SYSTEM (.) THE NONALIGNED SUMMIT HAS PROPOSED AN INTERNATIONAL CONFERENCE ON MONEY AND HAS PROPOSED AN INTERNATIONAL CONFERENCE ON MONEY AND FINANCE FOR DEVELOPMENT WITH UNIVERSAL PARTICIPATION(.) THE WILLIAMSBURG SUMMIT

HAS DECIDED TO UNDERTAKE AS A STUDY OF THE INTERNATIONAL MONETARY SYSTEM BY FINANCE MINISTERS AND THE PART WHICH A HIGH LEVEL INTERNATIONAL MONETARY CONFERENCE MIGHT IN DUE COURSE PLAY IN THIS PROCESS(.) WORK AND STUDIES ON THIS SUBJECT HAVE ALSO BEEN COMMISSIONED BY OTHER ORGANISATIONS(.)

5. WE RECOGNISED THAT THERE ARE DIFFERENCES ON THE NATURE OF CHANGES REQUIRED(.) WE BELIEVE THAT CONSCIOUS EFFORTS MUST BE MADE TO HARMONISE THE DIFFERENT POSITIONS AND TO FIND AN ACCEPTABLE WAY OF MOVING FORWARD(.) ALL THE COUNTRIES TOGETHER WOULD NEED TO MEET AT A CONFERENCE TO DECIDE ON THE CHANGES TO BE BROUGHT ABOUT WHICH WILL HAVE TO BE PRECEDED BY A GREAT DEAL OF PREPARATION TAKING INTO ACCOUNT THE CONCERNS OF ALL(.) WE BELIEVE THAT THE TIME HAS COME FOR MORE INTENSIVE WORK AT THE LEVEL OF GOVERNMENTS TO PROMOTE A CONSENSUS ON THESE ISSUES, INCLUDING PREPARATORY PROCESS AND THE SCOPE AND MODALITIES OF THE PROPOSED INTERNATIONAL CONFERENCE(.) THE COMMONWEALTH AS A FORUM, WHICH INCLUDES INDUSTRIALISED AS WELL AS DEVELOPING COUNTRIES HAS AN IMPORTANT ROLE IN PROMOTING A DIALOGUE BETWEEN THE NORTH AND SOUTH ON THESE ISSUES (.) WE HAVE ACCORDINGLY DECIDED TO ESTABLISH AN INTER-GOVERNMENTAL GROUP AT THE LEVEL OF SENIOR OFFICIALS AND TO BE ASSISTED BY THE SECRETARY GENERAL FOR THE PURPOSE OF PREPARING MORE DETAILED SUGGESTIONS IN THIS REGARD.

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*Ferry*

COMMONWEALTH  
HEADS OF GOVERNMENT MEETING  
NEW DELHI 1983

27 November 1983

... Following consultations between the Chairperson and the Secretary-General the attached copy of a letter from the Rector of the UN University to the Prime Minister of India is circulated for the information of Heads of Delegation.

*Hugh Craft*

Hugh Craft  
Conference Secretary

Commonwealth Secretariat  
Vigyan Bhavan  
Delhi



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HE Shrimati Indira Gandhi  
The Prime Minister  
Government of India  
New Delhi  
INDIA

12 September 1983

Dear Madame Prime Minister,

Further to my letter to you of August 24 1983, I have much pleasure in bringing to your attention the World Institute for Development Economic Research (WIDER) which the UN University is seeking to establish under its medium-term strategy of institutional development to help make a distinctive contribution to the solution of problems of the global economy.

I shall be most grateful if you would give this Institute your personal endorsement and commend it to the Commonwealth Heads of Government at their forthcoming meeting in Delhi on November 23 1983, for their support.

The concept and rationale for such an institute was arrived at as a result of intensive, worldwide consultations between the UN University and leading economists and experts including many from the Commonwealth. Twenty-four of these experts met in London early in 1982 under the chairmanship of Dr Ralf Dahrendorf, Director of the London School of Economics and Political Science, to consider the problems of the global economy and the response the UN University could make to them and recommended the creation of WIDER by the UN University. These experts included economists like Professor Amartya Sen, Drummond Professor of Political Economy at Oxford University, Dr K N Raj, Centre for Development Studies, Kerala State, India, Professor Paul Streeten formerly of Oxford and now Director of the Centre for Asian Development Studies, Boston University, Dr Assar Lindbeck, University of Stockholm, Dr Dragoslav Avramovic, UNCTAD Geneva, Dr Rodrigo Botero Montoya of Bogota, Colombia, Dr H Onitiri, UNDP Zimbabwe, Dr Jozsef Bognar, Hungary and Dr Jozef Pajestka of Poland. (A list of the participants in the London Meeting and other documents providing the necessary detailed information on WIDER are attached in the accompanying annexes.)

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Professors Amartya Sen, Paul Streeten and Dr Dragoslav Avramovic have served as senior consultants for the UN University and have assisted the UN University in preparing the project proposal and in drawing up a list of subjects on which the initial programme of work of the Institute could be based. The participants agreed that existing research and analysis has failed to explain the rapid transformation of international economic realities or to provide reliable guides for economic policy. Much work goes on in national economic institutes and international agencies in following the course of the crisis in the world economy and its effects. What is lacking, however, is depth of analysis and a co-ordinated effort; and while valuable theoretical contributions have recently been made, little has been done in exploring the new theoretical insights and on their stimulation and cross fertilization.

The specific contribution of WIDER will thus be to bring a fresh general approach to the global economic and social problems. WIDER's approach will include: a) a global focus rather than a purely national, inter-governmental or inter-national one; b) a comprehensive and integrated treatment, in the sense that all relevant branches of knowledge will be brought to bear on the solution of practical problems irrespective of the barriers of existing disciplines or sub-branches of knowledge, such as trade, aid, capital flows, money, migration; c) special attention paid to the impact of national economic policies on the world community and of international events and actions on the fate of national communities; d) an emphasis on the impact of events and policies on poor people everywhere in the world.

WIDER is envisaged thus as a small, pluralistic inter-disciplinary group of scholars undertaking high-quality, non-advocacy research and training as outlined above, and in particular, young scholars drawn from the various regions of the world, North, South, East and West, will work at the Institute and within a worldwide network of collaborating institutions, learning both subject matter and methodology which they would then be able to apply in research efforts and policy-making in their home countries.


WIDER is to be financed through an earmarked endowment fund estimated at some US\$50 million, in keeping with the principal funding pattern of the UN University as a whole. Several governments, foundations and agencies have expressed serious interest in contributing to its establishment. The Brandt Commission, in its second report, Common Crisis, (see page 144/145) recommended WIDER for international support.

The Government of the Netherlands has decided to provide a location for WIDER and has made a generous offer of a building and other physical facilities in Maastricht, the capital of the province of Limburg in south-west Holland and a contribution of US\$13 million to its endowment fund (making altogether a total package of US\$20 million). The UN University is now holding negotiations with the Dutch Government on the details of this offer; the second and concluding round of these negotiations is to take place in Tokyo in early October. The UN University must then seek to raise some US\$30-40 million from the rest of the world to place the financing of WIDER on a secure and guaranteed footing.

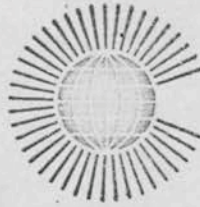
The UN University has been in continuous consultations with the Commonwealth Secretariat concerning WIDER and its Secretary General, HE Mr S. S. Ramphal, has shown much personal interest at all stages of our exploration of this project. He and I agree that endorsement by the Heads of Government of Commonwealth countries will be of incalculable benefit to our explorations and will greatly assist the University in mobilizing the necessary worldwide moral and financial resources for the effective and early realization of the Institute.

I should therefore be most grateful if you could give WIDER your personal endorsement and commend it to the Commonwealth Heads of Government for their support at their forthcoming meeting in Delhi on November 23 1983. WIDER's global focus and approach and the potential contribution it can make towards the solution of North-South problems within the world economic system are especially relevant to some of the major preoccupations of the Commonwealth nations, as the timely publication by the Commonwealth Secretariat of its study, "Towards a New Bretton Woods", makes clear.

I am most grateful for your continuing interest in the UN University and the support of the Government of India and Indian scientists and scholars for its work. Please accept, Madame Prime Minister, the assurances of my highest consideration.

  
Soedjatmoko  
Rector





COMMONWEALTH  
HEADS OF GOVERNMENT MEETING  
NEW DELHI 1983

27 November 1983

...  
The attached paper is being circulated at  
the request of the Prime Minister of Zimbabwe.

Hugh Craft  
Conference Secretary

Commonwealth Secretariat  
Vigyan Bhavan  
New Delhi

THE COMMON ECONOMIC CRISIS: ADDRESS BY THE HONOURABLE  
R.G. MUGABE, PRIME MINISTER OF THE REPUBLIC OF  
ZIMBABWE, (NOVEMBER 28, 1983), NEW DELHI

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1. The world economy is in the middle of a prolonged and deepening economic crisis which threatens the future of all nations - small or big, North or South, within or without the Commonwealth. While the world economic crisis has been exacerbated by the longest and most pervasive economic recession since World War II, its causes underlie a fundamental trend.
2. As we know, the recession has not been without severe costs to all countries, developed and developing. Industrial economies have experienced high rates of unemployment, (record) low levels of capacity utilisation, an almost collapse of fixed investment, high rates of inflation, record and fluctuating levels of interest rates, and unstable exchange rates.
3. In the case of developing countries, the recession has deepened an already existing crisis originating from a series of major external disturbances in the world economy and which began in early 1970. These included sudden and sharp swings in prices of primary commodities, food and energy, rapid increase in prices of manufactured goods from developed countries, sharp decline in the demand for the exports of developing

countries to developed countries, the collapse of prices of primary commodities and substantial deterioration in terms of trade for primary commodities, the sharp rise in variable interest rates, and the rising trend in protectionism in industrial economies.

4. To ease the costs of adjustment to this new international economic environment, developing countries inevitably build up external indebtedness the burden of which was made heavier by their resort to commercial loans at inappropriate rates of interest because the international financial system had a drastically low international liquidity. The sharp rise in interest rates, the shortening of loan maturities and the threat by commercial banks to withdraw necessary additional financial support became enormous problems for some of our countries. What appears curious is that in spite of all these problems within it, the international financial system was able to protect growth in non-oil developing countries in 1974-75. This, however, was not the case in 1980-82 when the weakness of the system tended to magnify rather than attenuate the impact of external disturbances.

5. The effect of these developments on growth and economic development for most non-oil developing countries has been dramatic and in many cases disastrous. In response to lower export earnings, increased indebtedness and the heavy debt service burdens, the

significantly lower capital inflows and reduced access to capital markets, the inadequate and unsuitable financial resources to finance adjustments, most non-oil developing countries had little choice but to cut imports drastically.

As a result investment and development programmes (upon which future prosperity critically depend) were severely curtailed, shelved or completely abandoned. Unemployment, underemployment and excess capacity all reached record levels with severe consequences on previous attempts to reduce income inequality.

6. Standards of living (already at or below subsistence levels) for most people in developing countries stagnated or declined. For example, output per capita was stagnant in 1980, declined by 2% in 1981 and further declined by more than 3% in 1982. For many of the least developed countries (most of which are in Sub-Saharan Africa and a number of which are members of the Commonwealth) the situation is made desperate by the simultaneous decline in agricultural output (partly due to adverse weather conditions), deterioration in terms of trade and substantial decline in the real value of development assistance. The conditions for the absolute poor (estimated at about 800m) in Africa, Asia and Latin America, have deteriorated further while prospects for improvement in the near term are at best poor.

7. Madame Chair the problems I have outlined above are not in dispute - generally - and I would wish not to emphasize them further. What I would like to underline is the fact that they have created a crisis in the international economic system which is A COMMON CRISIS for all of us. It would be a mistake, in my view to conceive and partition these problems as, on one hand, problems of the North and, on the other, problems of the South. The commonness of these problems and issues is a particular and important example of the interdependence of the world economy about which we all agree.

8. I do of course recognise, that we all have different roles and responsibilities in causing and solving the Common Crisis. The international financial, monetary and trading system has its own role and responsibilities and, I may add, that there is wide agreement here and elsewhere that there is much room for its improvement, if not for its entire transformation. The North/South - dialogue - the process of negotiating and resolving the Common Crisis - has its own role and responsibilities. My own assessment is that the negotiating process is a major part of the problem and solution to the Common Crisis.

I am glad to note that this view is shared not only by colleagues here but also by the group of experts who prepared the report on "The North/South Dialogue; Making it Work".

9. Reference has been made to the need for pursuing internal policies and measures geared towards maximisation of the use of our resources. I am only too conscious, Madame Chair, of roles and responsibilities of national governments in improving their macro and micro-economic policy frameworks. We in Zimbabwe have, for example, not only adopted a three-year socio-economic plan to reconstruct, rehabilitate and transform our economy, but

we have also taken some very bold and, we believe, appropriate domestic/<sup>remedial</sup>measures affecting the exchange rate, public expenditures, subsidies, promoting exports etc. to improve our macro and micro-economic framework. But we remain fully conscious that if:

- a) the world economy does not recover;
- b) the volume of world trade continues to decline;
- c) commodity prices do not recover;
- d) financial resources are not adequate to finance the required adjustments;
- e) interest rates on international capital markets are not brought down and stabilised;
- f) exchange rates are not stabilised;
- g) the price of oil is not stabilised; and of course if
- h) the rains do not come; then

all our efforts will not achieve the results envisaged.

10. Madame Chair, I say this not only because of our limited experience in Zimbabwe, but also from the observation of other developing countries. As you are aware, it has been shown (by none other than the IMF) that between 1978-81 the \$66 billion deterioration in the current account balance - of - payments of non-oil

developing countries was attributed to the following factors:

- a) 33% deterioration of terms of trade;
- b) 33% higher interest payments; and
- c) 25% increase in oil prices.

That leaves less than 10% for all other factors including, of course, domestic policies. The domestic policies which play a much larger role in contributing to the Common Crisis are those of the major industrial countries primarily because of the impact of such policies on the international economy.

11. Madame Chair, the Commonwealth deserves to be commended for seriously and professionally addressing in an intergrated manner the three critical issues of global concern before us - protectionism, the negotiating process on North/South issues and the problems of international financial and trading system.

12. The initiative by the Commonwealth in these three critical areas is welcome. The three studies before us make significant contributions and the groups of experts can be congratulated for a job well done. Considered as interrelated pieces of a whole, these studies form a basis for moving forward in grappling with world economic issues.

13. I agree with the experts that in order to make progress on North/South issues the negotiating process itself needs to be improved and transformed so that both the South and

the North should take different and flexible approaches and attitudes to world economic and financial issues. Confrontational approaches for their own sake, on one hand, and failure to recognise the reality of the new world and its interdependence, on the other, will not get us very far. Equally we must recognise the necessity for effective co-ordination, consultation and communication at international and group levels.

14. We all recognise the significant growth in protectionism and its adverse impact on the economies of, especially, developing countries. We also appreciate the value and problems of preferential and special arrangements and limitations in the machinery (ie. GATT) governing international trade. We, in Zimbabwe, support the broad thrust of the study on protectionism, especially its emphasis on the need to improve the overall predictability, transparency and non-discriminatory nature of the trading system.

In view of this we would urge that:

a) agricultural protection and NTMs generally still need to be brought under codes of practice capable of effective implementation; this area should be addressed urgently;

b) a satisfactory mechanism for the settlement of disputes be sought; and



c) agricultural trade be brought more fully within the purview of GATT.

15. On the question of money, finance and trade which were competently discussed by our group of experts we would agree with their conclusion that while "there have been some successes in international co-operation in the post-war period there have also been failures. New problems have arisen which have pointed out systematic difficulties". We accept the recommendations of the experts to improve and strengthen the international financial, monetary and trading system. The system needs to be strengthened by providing it with adequate financial resources in the form of:

- a) IMF quota increases with unchanged access limits;
- b) enlargement of General Agreements to Borrow (GAB) with broadened access;
- c) replenishment of IDA VII and increased World Bank lending; and
- d) movement towards agreed aid targets of ODA (of 0.7% of GNP).

16. The system needs to be improved by:

- a) reform of IMF conditionality;
- b) regular review of the IMF system of quota increases

and allocation;

- c) introducing guidelines for exchange rate stability;
- d) increasing co-ordination of macro-economic policies;
- e) dismantling trade barriers and stabilising commodity prices;
- f) encouraging multilateral discussions on trade, and
- g) introducing symmetry in balance - of - payments adjustments as between surplus and deficit countries and strengthening the role of the IMF in the overall adjustment process.

17. In addition to improving and strengthening the Bretton Wood institutions there is, equally, the need to reform and transform the basis for the policy decision-making process of the IMF and the World Bank to accommodate what our experts have recognised as the change in the international socio-economic system since the 1940s.

18. We endorse the idea of a conference but would urge that while related trade issues should be addressed emphasis should be on money and finance. This, we believe, will avoid diversion of attention on the critical

money and finance matters. We support the idea of an action group by the Commonwealth to assist the preparation process for the conference. We would, however, add that to be effective the group would need the strongest political support from the Commonwealth as a group of nations and would need to consult all other international efforts also preparing for the conference.

19. Finally I would like to underline two additional points - the need for a sustainable strong and sustainable world economic recovery and the need to take immediate steps to alleviate the debt problems of, especially, the poorest countries.

RM/rt/