



INTER ACTION COUNCIL

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InterAction Council

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1. Since we last met in May 1984 in Brioni, Yugoslavia, there have been some signs of diminishing international tension. Talks between the United States and the USSR on nuclear and space weapons have started, creating a somewhat improved general climate which we welcome.

Significant economic growth has been achieved in a few countries. Yet the dangerous problem of external debt continues to be a very serious threat to the world economy, although it appears to have been controlled for the time being through rescheduling arrangements, especially for major debtors in Latin America.

2. Despite signs of progress, grave concerns of a political, strategic and an economic nature remain about the future course of the world. The debt problem is still severe pending a long-term solution in spite of the fact that some countries have temporarily resolved their problems. Thirty million lives are at risk in Africa due to drought. Although world emergency assistance has been forthcoming, medium- and long-term solutions are required to prevent re-occurrence.

I Peace and Security

3. Welcoming the beginning of the talks between the United States and the USSR, the Council expresses the hope that these talks will result in concrete agreements. A start must be made to resolve the crisis in the arms control process. An early meeting between the leaders of the United States and the Soviet Union is therefore of vital importance.
4. The arms race is a consequence of the profound differences between, and perceptions of, the superpowers. The roots of such problems can only be addressed at the political level. We assert that possession of nuclear weapons and the growing nuclear and conventional arms race pose the greatest danger to human existence. **The Council strongly urges the USA and the USSR to identify areas of commonality which exist even in the arms field and on which further agreements could be based.** For example, both sides should **jointly** state that they agree that:

- Nuclear war cannot be won and should not be fought;
- Equilibrium should be sought at lower levels of armaments;
- Less money should be spent on armaments;
- Stabilizing weapons should be preferred to destabilizing ones;
- They seek equality rather than superiority of forces;
- They respect the other side's legitimate security interests.

5. **To instill greater confidence in the Geneva negotiations we recommend that the major nuclear powers commit themselves to a total test ban during the period of talks, strictly adhere to the 1972 Anti-Ballistic Missile Treaty and cease any arms race in outer space. In addition, the Council urges the superpowers in the strongest possible terms to attach the highest priority to the Geneva process so that constructive results, which the world looks for, are forthcoming.**
6. Assessing the future potential for arms control and disarmament negotiations, the Council had before it a comprehensive report by Mr. Jacques Chaban-Delmas, based on his conclusions from a meeting of international experts.¹ **The Council calls for deep and verifiable reductions in offensive weapons of all types, including nuclear, conventional and chemical arms, aimed at ensuring balanced security at the lowest possible level of armaments.**
7. The Council also discussed the aspects of the expiration of the Non-Proliferation Treaty (NPT). It noted that non-nuclear weapons states which are party to the treaty have observed the treaty, whereas signatory nuclear weapons states have not lived up to their obligations. Other states have neither ratified the treaty nor observed the treaty provisions. **The Council urges all treaty parties to accomplish a prolongation of, and improvement in, the NPT during the forthcoming review conference and urges non-signatories to pursue actions in the spirit of the treaty.**
8. In the interest of preventing armed conflicts, **the Council urges all states, and particularly the superpowers, to honour fully their commitments under the United Nations Charter and especially, to refrain from the use of force.**
9. In addition, **the Council calls for:**
 - Regional negotiations to reduce existing imbalances in conventional weapons, to prevent and put an end to existing conventional conflicts in many areas of the world;
 - Urgent negotiations on a verifiable ban on the production and storage of chemical weapons and the destruction of existing stocks over a reasonable period;
 - The development of international technical verification capabilities, such as the establishment of an International Satellite Monitoring Agency.
10. On the occasion of the forthcoming tenth anniversary of the signature of the Final Act of Helsinki, **the Council will undertake efforts with a view to gaining acceptance of the Helsinki principles by Albania, the only European non-signatory.**

¹ In addition to Mr. Chaban-Delmas, the following experts participated: Constantine Ene (Romania), Pierre Lellouche (France), Carlos Ortiz de Rosas (Argentina), Douglas Roche (Canada), John Roper (United Kingdom), François de Rose (France), Eugene Rostow (United States of America), Walter Stützel (Federal Republic of Germany) and Anders Thunborg (Sweden).

11. The Council emphasizes that confidence among the superpowers, their allies and other countries can be enhanced through agreements in other critical areas of common interest. These might include agreements to prevent the further degradation of the environment, to tackle the deterioration of the earth's atmosphere and to support measures to control the explosive population growth. **The Council will address these issues at its next session and develop proposals as to how the interrelated problems of environment, population and development could most constructively be addressed at the political level.**
12. General Olusegun Obasanjo presented to the Council the results of a high-level expert group on military expenditures by developing countries.² This report concluded that military outlays by developing country, part of which undoubtedly serve legitimate security interests, also have negative effects on development prospects and tend to aggravate domestic and regional tensions and conflicts. The level of arms expenditures is often not only determined by security needs, real or perceived, but also by pressures from arms producing countries, competition among suppliers and political intervention. Superpower rivalry and the arms race between them contribute significantly to the level of military expenditures by developing countries. Moreover, the transfer of increasingly sophisticated arms to developing countries generates new insecurity and dependence and diverts funds from development activities.
13. Efforts to contain the arms buildup in developing countries can only succeed if they deal with all these factors. All parties concerned need to take effective and co-operative measures at various levels - subregional, regional, national and global - to reduce military expenditures and to liberate funds for national development purposes. Such steps might strengthen security and enhance chances for peaceful coexistence among neighboring countries. There are no global prescriptions for the removal of real or artificial causes of conflict; approaches will differ from region to region and from situation to situation.
14. As proposed in General Obasanjo's report, **the Council will promote, through a series of missions, the acceptance of principles which could guide the action of developing and developed countries, both individually and jointly, to reduce armaments expenditures.**
15. Specifically, **the Council will:**
 - Promote regional or subregional co-operation, which may take the form of non-aggression pacts, mutual restraints on arms purchases and the adoption of confidence-building measures;
 - Explore possibilities for restraint on arms transfers at the regional and subregional levels;

² In addition to General Obasanjo, the following experts participated: Nicole Ball (United States of America), Barry Blechman (United States of America), Liviu Bota (Romania), Olle Dahlén (Sweden), Francis Deng (Sudan), Jacqueline Grapin-Le Goc (France), Hu Zhengqing (China), K. Subrahmanyam (India) and Raimo Väyrynen (Finland).

- Propose the establishment of financial stand-by arrangements for regional or subregional peacekeeping operations;
 - Encourage the adoption of policies governed by equity and justice in developing countries;
 - Promote the peaceful resolution of domestic and regional conflicts by supporting specific peace initiatives where and when necessary.
16. In Central America, the Council strongly supports the Contadora process. **We further recommend that Europe and Japan, together with the United States, take the initiative to offer the support of a far-reaching programme of economic assistance and co-operation which should provide a basis for peace and security without external interference.**
17. The Council is appalled by the bloody suppression of the quest for equal rights by the black people of South Africa and their fight against apartheid. The Council considers apartheid as a continuous source of tension and a threat to international peace and security.

II Revitalization of the World Economy

18. Despite recent improvements in some countries there is still cause for concern about the world economy as a result of:
- a) A continuation of low growth and unemployment in the economies of major industrialized countries;
 - b) Persistent budget deficits of a structural nature in industrialized countries, especially the United States, have led to high real interest rates world-wide;
 - c) Enormous trade imbalances;
 - d) Excessive exchange rate fluctuations, particularly of the US dollar;
 - e) Accelerating protectionist pressures and increasing barriers to free trade (e.g. Government subsidies, closed markets) in many countries;
 - f) Increasing economic pressures on developing countries because of their indebtedness and high interest rates which impose an intolerable debt servicing charge;
 - g) A slow-down in the growth of the US economy coupled with a continuing trade imbalance which exacerbates these problems.
19. Higher rates of interest, greater protectionism, or slower growth could all act as a trigger to set off the debt time bomb.

20. A significant reduction in the US deficit, together with policies to address the central concerns of other countries, such as unemployment, should stimulate economic activity in many countries through lower interest rates, leading to improved growth. A reduced deficit could moreover provide further opportunities for some countries to pursue more stimulatory policies.
21. As a consequence of the above, **the InterAction Council urges Governments strongly to support a new GATT round and to recognize that any new round of trade negotiations (including trade in invisibles) will be unsuccessful if excessive volatility and imbalances in exchange rates persist.** In view of the magnitude of international monetary aggregates in financial markets, estimated at some 60 trillion dollars, the monetary value of annual world trade in the order of two trillion dollars is relatively small. Since trade negotiations affect only a fraction of world trade, and do not extend to capital movements, such negotiations alone will not remedy the problems of the world economy. **The Council is convinced that a new trade round cannot be successful without action on the currency front.**

A variety of measures taking balanced current accounts as an imperative should urgently be taken to achieve greater stability in financial flows and currency values.

The present massive imbalances and structural problems demand that urgent measures be taken to improve policy co-ordination among the major economic powers, especially within Europe and between Europe, North America and Japan.

22. The Council recognizes that to make quick progress, the two issues - trade and currencies - may have to be treated separately but in view of the points made above, the **linkage between international monetary solutions and trade must be explicitly tackled.**
23. The **debt problem** remains a dangerous threat to the stability of the world economy in spite of widespread complacency.

The volume of total indebtedness of developing countries has further risen despite the completion of rescheduling programmes in Latin America. Developing countries debt alone will amount to an estimated US \$950 billion by the end of 1985 requiring annual debt service payments in excess of US \$100 billion. The accumulation of international debt and its resultant dangers to international liquidity are further compounded by debts incurred by industrialized countries and private corporations. In 1984, the participants in the London Summit of the major industrialized countries acknowledged the need to take measures in this area. **This recognition of the gravity of the problem has to be followed up by effective and urgent action.**

Ad hoc solutions have so far only postponed the problem. **An enduring solution (multi-year rescheduling) is required more than ever to solve the debt problem,** founded on shared responsibility of the Governments of borrower countries, of lender countries, of the International Monetary Fund (IMF) and of the lender banks, in the common interest of all these parties.

While the scale of indebtedness continues to increase, the capacity of developing countries to meet their obligations is diminishing. Their efforts to meet their debt servicing obligations impede their economic and social development.

24. The Council further stresses its concern about the weakening of the multilateral system of the United Nations, especially of UNESCO and UNCTAD.

III International Co-operation for Development

25. The problems of least developed countries (LDC) are extremely severe. **The Council will promote action along the lines proposed to it by Mr. Ola Ullsten**, on the basis of recommendations by a group of international experts.³ It will advocate among other measures:

- Increased aid flows to least developed countries - including aid for technology transfer and the training of specialists - up to the levels agreed, 0.15 % of the GNP of developed countries;
- A reduction in the burden of bilateral debt on the LDC's, for example by the cancellation of bilateral official development assistance (ODA) debt or remission of ODA interest for a period;
- The abolition of tariff and non-tariff barriers of developed countries for goods from least developed countries.

26. **The Council calls upon the least developed countries actively to peruse economic reform and balanced economic policies, balanced especially between agricultural and industrial policies so as to achieve increased growth and development.**

27. The tragic situation in Africa requires urgent international action. **The Council calls on the international community to demonstrate its solidarity in providing the necessary emergency assistance which is crucial to avert disaster of unimaginable proportions.**

28. In order to avoid a repetition of similar disasters in the future **it is indispensable that the donor community provide the resources to support a massive medium- and long-term development programme, destined to strengthen human capacities, institutions and infrastructure in these countries.**

29. The Council confirms its conviction that the United Nations Organization whose fortieth anniversary will be celebrated this year, plays an extremely important role in the examining

³ In addition to Mr. Ullsten, the following experts participated:

Just Faaland (Norway), Orville Freeman (United States of America), Mahbub ul-Haq (Pakistan), Ivan Head (Canada), Frank Judd (United Kingdom), A.M.A. Muhith (Bangladesh), Jan Pronk (Netherlands), Zul-Kifl Salami (Benin) and Jean-Claude Trichet (France).

and solution of the major problems of mankind - disarmament, security, peace and world development.

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