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Series: Subject files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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Washington DC 20433
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McNamara Papers

Board Commis
1976 (Oct. - Dec.)

The World Bank Group
Archives
 1771342
 A1995-256 Other # 1 309657B
 Board Commission Correspondence 01

Folder 1

DECLASSIFIED
WBG Archives

RETURN TO ARCHIVES IN MC C3-120
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OUTGOING WIRE

805/5/7

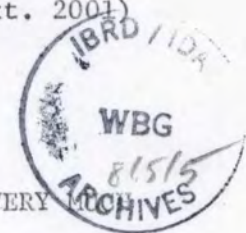
TO: JOHANNES P. PRONK
MINISTER FOR DEVELOPMENT COOPERATION
MINISTRY OF FOREIGN AFFAIRS

DATE: DECEMBER 23, 1976

THE HAGUE

CLASS OF SERVICE: LT (Ext. 2001)

COUNTRY: THE NETHERLANDS



TEXT:
Cable No.:

THANK YOU FOR YOUR PROMPT REPLY TO MY TELEGRAM. I WELCOME VERY
YOUR AGREEMENT TO MY MENTIONING YOUR INVOLVEMENT IN THE PROJECT. I DO
NOT BELIEVE THAT THERE IS ANY DIFFERENCE OF SUBSTANCE BETWEEN US AND I
SHALL CAREFULLY CONSIDER YOUR POINT ABOUT THE UNITED NATIONS IN REVIEWING
MY DRAFT, ALTHOUGH I DO NOT WANT TO PREJUDGE THE ISSUES ON WHICH THE
COMMISSION MUST DECIDE. I HAVE ASKED WILLIAM CLARK TO REPLY DIRECTLY TO
VAN GORKOM'S CABLE OF DECEMBER SEVENTEEN ADDRESSED TO HIM. WITH BEST WISHES
FOR A MERRY CHRISTMAS AND A HAPPY NEW YEAR

ROBERT S. McNAMARA
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT. President

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RMcN:bmm

CLEARANCES AND COPY DISTRIBUTION:

cc: William Clark-~~XXX~~ External Relations

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

OUTGOING WIRE

815/5/6

TO: JEAN CARRIERE

DATE: DECEMBER 23, 1976

IBRD

CLASS OF

PARIS

SERVICE:

TELEX (EXT. 2001)

COUNTRY: FRANCE

IMMEDIATE DELIVERY



TEXT:
Cable No.:

FOLLOWING IS TEXT OF MESSAGE TO BE DELIVERED TO MR. WILLY BRANDT FROM MCNAMARA.
BEGIN TEXT. I HAVE BEEN INCREASINGLY CONCERNED WITH THE CURRENT DEADLOCK
IN THE DISCUSSIONS BETWEEN THE DEVELOPING WORLD AND THE INDUSTRIALIZED
COUNTRIES. I RECALL OUR CONVERSATIONS ABOUT THIS IN THE PAST, AND REMEMBER
YOUR SINCERE CONCERN. THEREFORE IN CONSIDERING HOW TO BREAK THIS DEADLOCK
I AM ANXIOUS TO MAKE A REFERENCE TO YOU IN A SPEECH THAT I PROPOSE TO MAKE
IN BOSTON ON JANUARY FOURTEEN. THE RELEVANT PART OF THE TEXT IS QUOTED
BELOW.

QUOTE. IN VIEW OF THE CONTINUING IMPASSE AT OFFICIAL LEVELS, IT SEEMS
TO ME THAT THERE MIGHT BE MORE HOPE OF REACHING A BASIC UNDERSTANDING
AMONG THE RICH AND POOR NATIONS ON FUNDAMENTAL DEVELOPMENT ISSUES, IF A
HIGH-LEVEL BUT DELIBERATELY UNOFFICIAL AND PRIVATE COMMISSION WERE ORGANIZED
TO EXAMINE THE PROBLEM AND TO SUGGEST, ON POLITICALLY PRACTICAL TERMS,
ACTION TO BE TAKEN BY BOTH DEVELOPED AND DEVELOPING NATIONS.

SUCH A PRIVATE COMMISSION SHOULD CLEARLY BE DRAWN FROM INDIVIDUALS
FROM BOTH THE RICH AND POOR NATIONS WHO HAVE EITHER HAD PRACTICAL POLITICAL

NOT TO BE TRANSMITTED

AUTHORIZED BY:

CLEARANCES AND COPY DISTRIBUTION:

NAME Robert S. McNamara

cc: ~~Mr. Sanderson~~
Mr. Clark - External Relations

DEPT. President

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RMcN:bmm

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OUTGOING WIRE

TO: CARRIERE
IBRD PARIS

-2-

DATE: DECEMBER 23, 1976

CLASS OF
SERVICE:

COUNTRY:

TEXT: EXPERIENCE IN DEALING WITH DEVELOPMENT ISSUES OR WHO HAVE DEMONSTRATED
Cable No.: OUTSTANDING PROFESSIONAL COMPETENCE IN DEVELOPMENT ECONOMICS.

THE CHAIRMAN AND CONVENOR OF SUCH A COMMISSION OUGHT TO BE A PERSON OF THE GREAT POLITICAL EXPERIENCE AND STATURE, SAY, OF WILLY BRANDT, THE FORMER CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY.

OTHER MEMBERS MIGHT INCLUDE SUCH INDIVIDUALS AS SIR ARTHUR LEWIS, THE DISTINGUISHED CARIBBEAN DEVELOPMENT ECONOMIST: L. K. JHA, THE FORMER DIRECTOR OF THE RESERVE BANK OF INDIA: AND JAN TINBERGEN, THE OUTSTANDING DUTCH DEVELOPMENT STRATEGIST AND NOBEL LAUREATE IN ECONOMICS.

THESE INDIVIDUALS, OR OTHERS OF THEIR EXPERIENCE AND ACCOMPLISHMENT, WOULD HAVE THE ADVANTAGE IN SUCH A COMMISSION OF COLLABORATING NOT AS OFFICIAL REPRESENTATIVES OF PARTICULAR COUNTRIES OR BLOCS OF NATIONS, BUT RATHER AS INTERNATIONAL FIGURES OF RECOGNIZED COMPETENCE AND INDEPENDENT JUDGMENT, WHOSE MANDATE IT WOULD BE TO FORMULATE THOSE BASIC PROPOSITIONS ON WHICH GLOBAL AGREEMENT IS BOTH ESSENTIAL AND POSSIBLE.

THE COST OF SUCH AN EFFORT WOULD BE MODEST AND TO ENSURE THE INDEPENDENCE OF THE COMMISSION IT MIGHT BE SHARED BY SEVERAL NATIONAL GOVERNMENTS,

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

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OUTGOING WIRE

TO: CARRIERE
IBRD PARIS

- 3 -

DATE: DECEMBER 23, 1986

CLASS OF
SERVICE:

COUNTRY:

TEXT: INTERNATIONAL INSTITUTIONS AND FOUNDATIONS. I ALREADY HAVE RECEIVED
Cable No.: INDICATIONS FROM MINISTER PRONK OF THE NETHERLANDS AND FROM MR. DAVID HOPPER,
PRESIDENT OF CANADA'S IRDC, THAT THEY WILL BE WILLING TO CONSIDER PARTICIPATING
IN SUCH FINANCING.

SUCH A COMMISSION CANNOT BE EXPECTED, OF COURSE, TO PROVIDE AN INSTANT,
COMPREHENSIVE, ALL-PURPOSE SOLUTION TO THE PROBLEMS OF DEVELOPMENT -- FOR
NONE EXISTS.

BUT WHAT ONE COULD REALISTICALLY EXPECT FROM SUCH A PRIVATE, HIGH-LEVEL
INDEPENDENT GROUP IS THE CAREFUL IDENTIFICATION OF POLITICALLY FEASIBLE
AREAS OF ACTION WHICH CAN COMMAND PUBLIC AND LEGISLATIVE SUPPORT IN THE RICH
AND POOR COUNTRIES ALIKE AND HENCE MOVE THE INTERNATIONAL DEVELOPMENT
COMMUNITY BEYOND ITS CURRENT IMPASSE.

THERE WILL BE SOME CRITICS WHO SAY THAT IT IS FANCIFUL TO SUPPOSE THAT
THE RICH AND POOR NATIONS -- ALL OF THEM POLITICALLY SENSITIVE OVER THEIR
OWN NATIONAL PREROGATIVES -- CAN COME TO ANY MEANINGFUL UNDERSTANDING OVER
DEVELOPMENT ISSUES.

I DO NOT BELIEVE THAT IS TRUE.

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE
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OUTGOING WIRE

TO: CARRIERE
IBRD PARIS

- 4 -

DATE: DECEMBER 23, 1976

CLASS OF
SERVICE:

COUNTRY:

TEXT:
Cable No.:

WHAT I DO BELIEVE IS THAT SUCH AN UNDERSTANDING IS UNLIKELY TO COME ABOUT
IN THE CURRENT INTERNATIONAL CLIMATE OF CONTENTIOUS DEBATE.

WHAT IS ESSENTIAL IS TO DETERMINE THE OVERALL VOLUME OF ADDITIONAL AID
AND TRADE SUPPORT THAT THE DEVELOPED NATIONS SHOULD SUPPLY: THE ADDITIONAL
POLICY REFORMS AND STRUCTURAL CHANGES THE DEVELOPING NATIONS SHOULD UNDERTAKE:
AND HOW THESE TWO MUTUAL EFFORTS CAN BE MORE EFFECTIVELY APPLIED TO MEETING
THE BASIC HUMAN NEEDS OF THE ABSOLUTE POOR.

IT IS TRUE THAT THE WORLD TODAY IS DIVIDED ON A WHOLE SPECTRUM OF ISSUES:
POLITICAL, ECONOMIC, IDEOLOGICAL, CULTURAL.

IT WOULD BE NAIVE TO PRETEND OTHERWISE.

BUT SURELY THERE IS ONE ISSUE ON WHICH NONE OF US CAN DISAGREE.

AND THAT IS THAT THE HUMAN DEGRADATION OF ABSOLUTE POVERTY MUST BE
ENDED -- CAN WE NOT ACCEPT THAT WE SHOULD BE FAR ON THE WAY TO ACHIEVING THAT
GOAL BY THE BEGINNING OF THE NEXT CENTURY? UNQUOTE.

I WOULD NOT WISH TO MAKE THE REFERENCE TO YOU WITHOUT YOUR KNOWLEDGE
AND CONSENT. IF, AS I HOPE, YOU AGREE TO MY SPEAKING IN THESE TERMS I WOULD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

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ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

OUTGOING WIRE

TO: CARRIERE
IBRD PARIS

- 5 -

DATE: DECEMBER 23, 1976

CLASS OF
SERVICE:

COUNTRY:

TEXT: NOT REPEAT NOT TAKE THIS TO MEAN THAT YOU HAD BOUND YOURSELF TO ANY FUTURE
Cable No.: COURSE OF ACTION.

COULD YOU LET ME HAVE YOUR REACTION AS SOON AS POSSIBLE.

WITH SINCERE REGARDS AND BEST WISHES FOR THE NEW YEAR. END TEXT

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

verzoeken volgende bericht adres verlenen:

quote

Robert S. McNamara
President of the World Bank.

Thank you for your cable of December 20. I agree with your draft statement for the World Affairs Council in Boston and I have no objections to your reference to my willingness to consider participation in the financing of an operation as described in the draft. As you know, I attach great importance to a thorough preparation of any new development strategy at all the appropriate levels and I agree with your proposal to set up a top-level commission of wise men. The commission should in my view receive a clear, political mandate and should indeed be composed of people like Willy Brandt who can exercise the necessary political leverage. In this respect you may perhaps think of Henry Kissinger. As possible members you could also mention representatives of private enterprise and the trade unions in both developed and developing countries.

In my view the drive for a new development strategy should be centered around the UN. Since the developing countries attach great importance to the UN/UNCTAD forum for deliberation and negotiation, you may, perhaps, wish to relate your proposal for a new, high level commission to the forthcoming and, in my view, indispensable activities of the UN and in particular to some of the resolutions recently adopted by the GA.

Allow me to make one suggestion. Towards the end of your draft statement you mention a need for

815/5/8
From Newsletter
Brandt
12/44



quote policy reforms and structural changes the developing nations should undertake unquote. i have always been of the opinion that structural changes are required not only within developing countries but also in developed countries and above all in the prevailing structure of international economic relations. as you know, i am personally convinced of the necessity of a new international economic order. i am fully aware of the deep reluctance in certain industrialised countries to accept even the concept of such a new order. nevertheless, i strongly believe that any new, joint effort towards what you call in your draft statement quote basic propositions on which global agreement is both essential and possible unquote must take into account the aspirations of the developing countries for structural changes in the present order of economic relations. i hope that you may find it possible to include some of these observations in your draft statement.

on my return from surinam i found a copy of van gorkom's cable of december 17 to william clark. i hope, that it will be possible to arrange for the consultations proposed in that cable but i would like to stress once more that in my view the un secretariat must be involved right from the beginning. i would, therefore, suggest that invitations for the meeting be jointly issued by the un and the world bank and i have no objections that the netherlands government would join in the invitations.

with my warmest wishes for christmas and a happy new year,

jan pronk.

unquote

pronk 301.826

den haag 22/12/76 nk

815/5/5

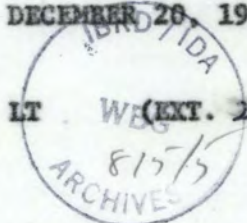
JOHANNES P. PRONK
MINISTER FOR DEVELOPMENT COOPERATION
MINISTRY OF FOREIGN AFFAIRS

THE HAGUE

THE NETHERLANDS

DECEMBER 26 1976

LT WE (EXT. 2001)



AS I MENTIONED DURING OUR TELEPHONE CONVERSATION THIS MORNING, I WILL BE SPEAKING TO THE WORLD AFFAIRS COUNCIL IN BOSTON JANUARY FOURTEEN. I PROPOSE TO REPEAT PORTIONS OF MY MANILA SPEECH DEALING WITH THE PROBLEMS OF DEVELOPING COUNTRIES AND I WOULD LIKE TO SUGGEST THAT A COMMISSION OF WISE MEN BE FORMED TO CONSIDER HOW TO MEET THOSE PROBLEMS. A DRAFT OF THE STATEMENT I SHOULD LIKE TO MAKE IS INCLUDED BELOW. NOTE PARTICULARLY MY REFERENCE TO YOUR WILLINGNESS TO CONSIDER PARTICIPATION IN THE FINANCING OF SUCH AN OPERATION. MAY I HAVE PERMISSION TO REFER TO YOU AS THE TEXT INDICATES? FOLLOWING THE SPEECH I WOULD APPRECIATE AN OPPORTUNITY TO SIT WITH YOU AND CONSIDER WHAT FURTHER STEPS WE MIGHT TAKE TO DEAL WITH THE PROBLEM.

WITH BEST WISHES FOR THE HOLIDAY SEASON.

TEXT FOLLOWS QUOTE

IN VIEW OF THE CONTINUING IMPASSE AT OFFICIAL LEVELS, IT SEEMS TO ME THAT THERE MIGHT BE MORE HOPE OF REACHING A BASIC UNDERSTANDING AMONG THE RICH AND POOR NATIONS ON FUNDAMENTAL DEVELOPMENT ISSUES, IF A HIGH-LEVEL

Robert S. McNamara

President

RMcN:bmm

BUT DELIBERATELY UNOFFICIAL AND PRIVATE COMMISSION WERE ORGANIZED TO EXAMINE THE PROBLEM AND TO SUGGEST, ON POLITICALLY PRACTICAL TERMS, ACTION TO BE TAKEN BY BOTH DEVELOPED AND DEVELOPING NATIONS.

SUCH A PRIVATE COMMISSION SHOULD CLEARLY BE DRAWN FROM INDIVIDUALS FROM BOTH THE RICH AND POOR NATIONS WHO HAVE EITHER HAD PRACTICAL POLITICAL EXPERIENCE IN DEALING WITH DEVELOPMENT ISSUES OR WHO HAVE DEMONSTRATED OUTSTANDING PROFESSIONAL COMPETENCE IN DEVELOPMENT ECONOMICS.

THE CHAIRMAN AND CONVENER OF SUCH A COMMISSION OUGHT TO BE A PERSON OF THE GREAT POLITICAL EXPERIENCE AND STATURE, SAY, OF WILLY BRANDT, THE FORMER CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY.

OTHER MEMBERS MIGHT INCLUDE SUCH INDIVIDUALS AS SIR ARTHUR LEWIS, THE DISTINGUISHED CARIBBEAN DEVELOPMENT ECONOMIST; L. K. JHA, THE FORMER DIRECTOR OF THE RESERVE BANK OF INDIA; AND JAN TINBERGEN, THE OUTSTANDING DUTCH DEVELOPMENT STRATEGIST AND NOBEL LAUREATE IN ECONOMICS.

THESE INDIVIDUALS, OR OTHERS OF THEIR EXPERIENCE AND ACCOMPLISHMENT, WOULD HAVE THE ADVANTAGE IN SUCH A COMMISSION OF COLLABORATING NOT AS OFFICIAL

REPRESENTATIVES OF PARTICULAR COUNTRIES OR BLOCS OF NATIONS, BUT RATHER AS INTERNATIONAL FIGURES OF RECOGNIZED COMPETENCE AND INDEPENDENT JUDGMENT, WHOSE MANDATE IT WOULD BE TO FORMULATE THOSE BASIC PROPOSITIONS ON WHICH GLOBAL AGREEMENT IS BOTH ESSENTIAL AND POSSIBLE.

THE COST OF SUCH AN EFFORT WOULD BE MODEST AND TO ENSURE THE INDEPENDENCE OF THE COMMISSION IT MIGHT BE SHARED BY SEVERAL NATIONAL GOVERNMENTS, INTERNATIONAL INSTITUTIONS AND FOUNDATIONS. I ALREADY HAVE RECEIVED INDICATIONS FROM MINISTER PRONK OF THE NETHERLANDS AND FROM MR. DAVID HOPPER, PRESIDENT OF CANADA'S IRDC, THAT THEY WILL BE WILLING TO CONSIDER PARTICIPATING IN SUCH FINANCING.

SUCH A COMMISSION CANNOT BE EXPECTED, OF COURSE, TO PROVIDE AN INSTANT, COMPREHENSIVE, ALL-PURPOSE SOLUTION TO THE PROBLEMS OF DEVELOPMENT — FOR NONE EXISTS.

BUT WHAT ONE COULD REALISTICALLY EXPECT FROM SUCH A PRIVATE, HIGH-LEVEL INDEPENDENT GROUP IS THE CAREFUL IDENTIFICATION OF POLITICALLY FEASIBLE AREAS OF ACTION WHICH CAN COMMAND PUBLIC AND LEGISLATIVE SUPPORT IN THE RICH

AND POOR COUNTRIES ALIKE AND HENCE MOVE THE INTERNATIONAL DEVELOPMENT COMMUNITY BEYOND ITS CURRENT IMPASSE.

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I DO NOT BELIEVE THAT IS TRUE.

WHAT I DO BELIEVE IS THAT SUCH AN UNDERSTANDING IS UNLIKELY TO COME ABOUT IN THE CURRENT INTERNATIONAL CLIMATE OF CONTENTIOUS DEBATE.

WHAT IS ESSENTIAL IS TO DETERMINE THE OVERALL VOLUME OF ADDITIONAL AID AND TRADE SUPPORT THAT THE DEVELOPED NATIONS SHOULD SUPPLY: THE ADDITIONAL POLICY REFORMS AND STRUCTURAL CHANGES THE DEVELOPING NATIONS SHOULD UNDERTAKE: AND HOW THESE TWO MUTUAL EFFORTS CAN BE MORE EFFECTIVELY APPLIED TO MEETING THE BASIC HUMAN NEEDS OF THE ABSOLUTE POOR.

IT IS TRUE THAT THE WORLD TODAY IS DIVIDED ON A WHOLE SPECTRUM OF ISSUES: POLITICAL, ECONOMIC, IDEOLOGICAL, CULTURAL.

JOHANNES P. PRONK

- 5 -

DECEMBER 20, 1976

IT WOULD BE NAIVE TO PRETEND OTHERWISE.

BUT SURELY THERE IS ONE ISSUE ON WHICH NONE OF US CAN DISAGREE.

AND THAT IS THAT THE HUMAN DEGRADATION OF ABSOLUTE POVERTY MUST BE
ENDED -- CAN WE NOT ACCEPT THAT WE SHOULD BE FAR ON THE WAY TO ACHIEVING
THAT GOAL BY THE BEGINNING OF THE NEXT CENTURY? UNQUOTE

Robert S. McNamara

Robert S. McNamara

President

RMcN:bum

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 9, 1976

FROM: John H. Adler, Director, P & B *JHA*SUBJECT: Hormats on U. S. Aid Appropriation

Yesterday I had lunch with Bob Hormats. He volunteered the following information of interest.

In addition to the very sharp increase in appropriations for IFIs which would be included in the Ford budget--see Riddleberger's recent memorandum on the subject--the budget request for bilateral aid program will also be increased. The bilateral program includes also an increased U.S. contribution to UNDP--Hormats did not recall, or did not want to reveal, the exact numbers. Hormats added that the inclusion in the Ford budget of the larger figures should make it easier for the Carter Administration to avoid the accusation of going all out on aid at the expense of domestic priorities (e.g. defense), and to secure bi-partisan support. Nevertheless, he thought it would take a very major effort by the new Administration to get the larger amounts through the Congress. The situation was likely to be worse on account of the expected increase in oil prices.

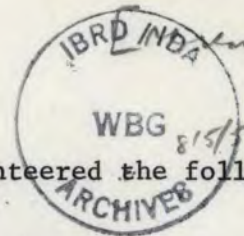
Hormats asked about the Bank's plans on the general capital increase. I told him in very general terms where we stood. He said that the chances of getting U. S. agreement (and Congressional approval) would hinge on the success of the Treasury's attempt to limit appropriations to paid-in capital; in order to accomplish that, strong arguments would have to be presented to show the improbability that ever a call would be made on the U.S. 90%. I explained to him in some detail the great strength of the Bank's financial position.

In that connection Hormats expressed the view that what was really necessary for the new Administration to get support from the Congress and from the public for a sensible policy toward the LDCs was the formulation, by a group of world leaders, including yourself, for a "global strategy" on North/South relations, dealing both with concessionary and Bank-type aid on the one hand, and a gradual liberalization of trade on the other. He felt that to pursue instead UNCTAD initiatives on such issues as the terms of trade of primary commodities (in lieu of a general trade liberalization) would be counterproductive.

Finally Hormats observed that in spite of the likelihood of more sympathetic views of the Carter Administration on foreign aid (and liberalized trade), one had to be cautious in the assessment as to how far and how fast the new administration could proceed with greater support for LDCs. He pointed out that many of the working staff of NAC would remain the same and their views on the Bank and Bank policies were bound to affect the attitudes of their policymaking superiors, even if the latter were anxious to improve the U.S. image in, and U.S. relations with, LDCs.

JHA/mwm

cc: Messrs. Cargill (o/r), Stern



815/5/2

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Mr. Robert S. McNamara

DATE: December 7, 1976

FROM: Mahbub ul Haq, Director, PP&PR *gub***DECLASSIFIED**SUBJECT: Some Side-Lights on the North-South Dialogue**NOV 30 2012****WBG ARCHIVES**

1. While attending the SID annual conference in Amsterdam and meeting in Geneva, I met a number of friends (including Gamani Corea, Perez Guerrero, Enrique Iglesias, Abdl Rahman Khane, James Grant, Maurice Strong, Jan Pronk, etc.) who discussed a broad range of issues concerning the North-South dialogue on an informal basis. Some of their views may be of interest to you though these were expressed in various private discussions and, as such, I am giving this note a very limited circulation.

A. Future of CIEC

2. Perez Guerrero felt confident that he would be able to persuade the G-19 to postpone the ministerial session scheduled for December to next April in order to give more breathing space to the new US administration to formulate its position on the Third World. While he was reasonably sure that G-19 would go along with this proposal, he thought that they might like to issue a strong statement warning against continued lack of progress. He also believed that it would considerably strengthen the hands of the moderates if some signal was given quickly, however broad, (e.g., in Jimmy Carter's Inaugural Address or State of the Union message or by establishing soon an informal link between the new US administration and the CIEC discussions) to revive hope that the US means business in Paris and that it is not using this forum merely as a diversionary tactic.

B. Rethinking on the Common Fund

3. Gamani Corea confided that his own thinking, and that of some other G-77 members, was changing in two directions after the first meeting on the Common Fund last week in Geneva. First, he felt that the more tangible benefits from the Common Fund would result if it was used to exercise control over the present market structure between the producers and the consumers (processing of commodities, joint shipping arrangements, control over distribution) rather than for "stabilization" of prices. In other words, the real pay off would be in appropriating the considerable value-added at the marketing end rather than in arranging buffer stocks. Second, he increasingly saw that the developed countries would not financially support a Fund which they suspected would raise prices against their own consumers, even if the present producer-consumer confrontation is successfully deflected towards the middlemen. He was getting convinced that, if it is to be a starter, the developing countries must fix a minimum contribution among themselves (e.g., \$10 million each, with some contributing more), establish the nucleus of a financial pool, negotiate another billion dollars from OPEC on this basis, and start off with operations in very few commodities to demonstrate success and build up momentum.

4. Gamani Corea has been in touch with the OPEC Special Fund to persuade them to commit the balance of \$400 million to the Common Fund. He and Perez Guerrero are also going to put some pressure on the next meeting of the OPEC in Vienna to put aside a certain proportion of the next oil price increase (most common guess: 10%) into the OPEC Special Fund to keep financing Third World initiatives in collective bargaining. Incidentally, most Third World people I talked to expressed a certain hardening of their attitude towards the OPEC and believed that unless the OPEC coupled its next price increase with a concrete gesture towards the Third World, it would begin to lose political support. They also made the general point that the OPEC Special Fund should be reserved for major, collective initiatives of the Third World rather than be dissipated in financing a number of scattered development projects in individual countries. Some of this thinking is being transmitted to the OPEC members by G-77, though with what results we shall soon discover.

C. Establishment of Brandt Commission

5. It appears that many people had already heard through the international grapevine that you would soon be proposing a Pearson Commission - type exercise, probably with Willy Brandt as its chairman, to reassess the entire North-South dialogue and to propose concrete elements in a new global compact. A good deal of discussion focussed on this in private conversations and two distinct schools of thought emerged.

6. According to one school, such a Commission should be established on a standing basis, without any institutional ties, to keep reviewing, monitoring and correcting the direction of the international dialogue in a bipartisan spirit. It was felt that the North-South dialogue would be a continuing one, that too much should not be promised in a single negotiation, that institutional ties (such as with the Bank) will hamper free dialogue and create some credibility problems, that all the emerging intellectual networks should keep feeding such a Commission with ideas and not just one institution. According to this school of thought, the Commission should form the intellectual underpinning at the highest level of eminence and expertise for the political and bureaucratic dialogue which will keep proceeding in a number of fragmented forums.

7. The other school of thought supported the idea of a quick, six-month exercise on the lines of the Pearson Commission to revive political interest in the North-South dialogue, to "educate" the new administrations in US and elsewhere, to build public pressure for restructuring of international financial institutions, to put some intellectual content and new life into CIEC and Development Committee. It was suggested, however, that such a Commission must have the broadest possible support in the Third World, that it should include such Third World figures as enhance its credibility, that it must have the political endorsement of the new US President by including one of his closest associates on it, that its terms of reference

must go beyond resource transfer to encompass equality of opportunity between men and nations, that the development problem should be posed not in terms of "closing the gap" but as satisfaction of basic human needs, that it should cover the major elements in the present dialogue on NIEO.

8. Despite some differences, the general view was that this would be the most significant initiative today to place the developing countries' concerns back on the priority agenda of the international community. Some suggested that the two proposals were not exclusive and that a Brandt Commission could be appointed now, under the initiative of the World Bank, for a quick report and that it could give way to a more permanent, standing, non-institutional Commission later on. (However, Gamani Corea was apprehensive that the appointment of such a Commission may tend to delay discussions on the Common Fund or in CIEC on the convenient argument that all these issues were coming up in the Commission.)

9. The following aspects were stressed by most Third World people as constituting the necessary ingredients for the success of such a Commission:

- (a) It must have the political blessings of major Third World leaders. It was suggested that you should informally sound out leaders like Nyrere, Indira Gandhi, Boumediene, etc., along with the principal actors in the North-South dialogue (Perez Guerrero, Gamani Corea, etc.).
- (b) It should be seen as an exercise in political economy, not another technical report. It must have the endorsement of Jimmy Carter and Cyrus Vance (the news of his appointment had just come) and include one of his closest associates on it. (Many remarked that we must learn in this respect from the lack of political underpinnings for the Pearson Commission).
- (c) It must have an independent secretariat of its own.
- (d) The majority of the members should come from the Third World, including OPEC, and they should be men of the future, not of the past.
- (e) The Commission's report should be submitted not only to the World Bank but to an active forum for the North-South dialogue (CIEC, Development Committee) or to a special session of the General Assembly.

10. I have reported at length on some of these informal discussions since I returned with the distinct impression that, while you will get a good deal of support for the Commission idea, considerable advance work must be done to ensure its political credibility and success.

11. Incidentally, everyone had his own favorite list of people who should be on the Commission. From developed countries, Brandt, Jan Pronk, Richard Gardner or Brzenzski or Roosa, Maurice Strong, Tsuru, Judith Hart or Michael Foot or Ted Heath, Pajeska, etc., were mentioned. From Third World, Nyrere, Perez Guerrero, Gamani Corea, Sony Ramphal, Virata, Al-Hamad, Yager, etc., were advanced. But these were mere guessing games, of passing

Mr. Robert S. McNamara

- 4 -

December 7, 1976

interest, and only illustrative of the kind of people most discussants had in mind.

cc: Messrs. Chenery
Clark



Boston University

Center for Latin American Development Studies
745 Commonwealth Avenue
Boston, Massachusetts 02215
Tel. (617) 353-4030
Cable Address: CLADS

815/15/4

December 3, 1976

Mr. Robert MacNamara
President,
World Bank
1818 H Street NW
Washington D.C. 20433



Dear Mr. MacNamara:

Let me send the first preliminary list of suggestions for a committee to consider the New International Economic Order (up-dating the Pearson Committee).

The organization should consist, (I) of the members of the committee, (II) of the staff, which needs to be stronger than it was at the Pearson Committee, (III) of the list of people who should be invited to come (for say two or three days) to testify and to discuss with the members of the Committee.

Some people on the committee could also serve on the staff; those are marked (1, 2). In the same way, if some people do not accept to serve on the staff, they should be invited to testify; those are marked (2, 3).

I think the committee should begin to work fully on the 1st of June with the intention of producing the reports if possible by the 15th of September. This is of course very ambitious and would only be possible if, (1) some staff work preceded it and (2) the members and the staff work full time during the summer.

I think that Jagdish Bhagwati will be the ideal chairman of the staff, but at the same time a member of the Committee. The same applies to I.M.D. Little.

It would be important, however, that staff work should begin possibly already in February, even if the majority of the staff could only work at it one-half or one-third of the time; it would be probably impossible to obtain more before May.

All this is very tentative, and additional personal comments on the reason for selection will be forthcoming either orally or in a written form. I hope to drop in in Washington before Christmas for further talks with you about it.

Sincerely yours,

P. N. Rosenstein-Rodan

PNRR:jd
Enclosures

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DEC -3 1976

Boston University



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745 Commonwealth Avenue
Boston, Massachusetts 02215
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Sincerely yours,

[Handwritten signature]

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Enclosures
PWR:jfb

I. COMMITTEE

from DC's

- A. 1) W. Brandt (Germany) Chairman? *Presumably*
2) J. Tinbergen (Holland)
3) Sir Al. Cairncross (U.K.) or
I. M. D. Little (1,2) or (Lord Kaldor) (U.K.)
4) J. P. Schweitzer (France)
5) Carl Kaysen or S. Kuznets
(possibly in order to bring in new blood R. S. Eckaus)
6) Possibly Rosenstein-Rodan (1,2)

B. from "both world"

- Jagdish Bhagwati (1,2) (M.I.T. - India)
Sir Arthur Lewis (Princeton - Caribbean)

C. from L.D.C.'s

- L.K. Jha or S. Chakravarty or ~~A.K. Sen~~ (India)
S. Okita (or somebody else) (Japan)
Ali A. Mazrui (Kampala, Africa)
Raul Saez (Chile)
Roberto Campos (Brazil)
X (Middle East) looking into two possible candidates

II. STAFF

J. Bhagwati (2,1) (Head)
Michael Bruno (2,3) (Israel _ Harvard)
I. M. D. Little (2,1)
Carlos Diaz *AC.* (Yale Un.)
A. Graziani (2,3) (Italy)
G. Ohlin (IBRD)
D. Avramovic (2,3) (IBRD Half time)

III to be invited for testify

Guido Carli (Italy), Erik Lundberg (Sweden)

Albert Kervyn de Letternhove (Belgium)

A. Graziani (2,3) (Italy)

Miguel Urrutia (Colombia)

Soedjamoko (Indonesia)

A. Barletta (Panama)

Presidents Ed. Frei, Carlos Lleras Restrepo and J. Nyerere

Professors: A. Harbenger (Chicago) Gerald Meier (Standford) and 10 other

and not economists, Political Science people etc.

IV

International agencies (ECLA, Per. lthee etc.) to be interviewed

KINGDOM OF THE NETHERLANDS

DELEGATION TO THE
GENERAL ASSEMBLY

PRESS SECTION
TEL. 697-5547. EXT. 47



R-76024
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Scheduled for: Wednesday,
October 20, 1976 at 11.30 a.m.
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ADDRESS BY

THE MINISTER FOR DEVELOPMENT COOPERATION
OF THE NETHERLANDS,

MR. JAN PRONK

in the General Debate of the Second Committee
of the 31st session of the General Assembly

Mr. Chairman,

I am grateful to you, Mr. Chairman, and to the Committee for giving me the opportunity to speak on some essential problems of development.

Overall progress of developing countries is disappointing. Growth has been poorly balanced as between countries. Agriculture is badly lagging behind. In many developing countries the fruits of whatever development there was often did not reach the lower strata of society. There are increasing inequalities between developing and developed countries and within developing countries. What is most disappointing is the performance of the industrialized world in contributing to the development process. The basic needs of too many people remain unfulfilled.

It is distressing to realize that the second development decade and the international development strategy will not lead to the eradication of absolute poverty.

Last year, I had the honour to chair the ad hoc committee of the 7th Special Session. The results of that session were a commitment to commit. It was possible to reach agreement, because the parties in the negotiations were conscious of a shift in economic power relationships and of a common interest in success. And yet, the follow-up of the 7th Special Session, has, up till now, been disappointing. In short, there is a huge gap between resolution and execution.

Why did we fail?

Why is it, that, in spite of so many resolutions and agreements, there is still so much poverty, inequality and injustice in the world?

In my view, the main reason is that all these resolutions and agreements were a reflection of the fundamental imbalance in economic and political power between developing and developed countries. Up till now, negotiations were held within the framework of the existing international economic order and geared

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to the existing relationships of dependence. Although the structural character of the development process was recognized in theory, it could not be translated into concrete agreements because of the inequality in power between negotiating groups.

As a result, both General Assembly and UNCTAD resolutions left too much freedom for member countries to escape their moral and political obligations. Time and again, reservations were entered into, which from the start, reduced the effectiveness of international decision making.

The social dimensions of development have gradually become recognized as essential elements for progress but their full meaning was not sufficiently grasped. It was not realized that growth without structural change and social justice could not be taken for development. The policy instruments to promote development, both nationally and internationally were not geared to eradicate poverty.

Another deficiency of development co-operation was the lack of differentiation in the policy-instruments to meet the needs of different developing countries. The great differences between them were insufficiently realized. As a result resource transfers were unequally distributed; many of the poorest countries were left out in the cold and the richer developing countries were, on the whole, denied the structural policy measures suited to their needs.

The achievement of the Development Strategy was that for the first time in history, the community of nations embarked on an exercise of global planning on the basis of quantitative data, projections and targets. In reviewing the performance, we shall probably find that the data were insufficient, that the projections covered too short a timespan, and that targets were too modest.

The implementation of the Development Strategy fell short of expectations not only because of lack of political will, but also because of the world recession and the energy crisis and yet, it is remarkable how most of its basic concepts are still valid today.

The approach to development has changed. It has become more businesslike, based on direct, mutual interest in trade, finance and commodities. The third world is determined to rely more on its own efforts partly because of the lack of response to their demands by the industrialized world. But the main characteristic of the development problem remains: grim, increasing and persistent poverty.

Urgent tasks

Whatever the shortcomings of the past, the first priority of the international community today is to carry out existing commitments and urgent tasks which cannot wait. Among these commitments remains first of all the achievement of the 0.7% aid target. I see no valid reason, political or economic, why this could not be done, and I endorse what Mr. McNamara said on this point in Manila.

Aid policies should not in the first place be made conditional on balance of payments adjustment policies by the recipient countries. They should first and foremost be geared to assisting them in overcoming underlying imbalances such as unemployment and poverty.

Top priority must be given to the fifth replenishment of IDA. My country is in favour of a target figure of \$ 9 billion or more so as to ensure a considerable increase in real terms, and is prepared to put up its share.

We are also in favour of debt relief measures for least Developed Countries and most seriously affected Countries in accordance with UNCTAD resolution 94-IV. Agriculture remains a critical problem area of development. It is imperative that the decisions of the World Food Conference on world food security, food aid and financing of agricultural development be carried out without delay. Measures must be taken to ensure that IFAD can start its operations forthwith. The Netherlands Government is prepared to increase its contribution, in a joint effort to bridge the gap that separates us from the one billion dollar target.

The agreements of Nairobi were limited in scope. They must be carried out with speed and in good faith. The Netherlands Government is in favour of the integrated approach with regard to commodities. We see the common fund as a main source of finance of the integrated programme, including financing of international bufferstocks. We want to stick to the timetable for negotiations on the integrated programme for commodities laid down in UNCTAD resolution 93 IV.

Most of these matters are also under discussion in the Conference on International Economic Co-operation which is now entering a crucial stage. In July, the participating governments reaffirmed their political will to ensure the success of the conference. This commitment must now be carried out. A failure of CIEC both in terms of substance and as a mechanism would be a serious setback to ongoing and future negotiations on all these and related subjects.

The Netherlands Government is aware of the urgency of the tasks before us. My country surpassed the 0.7% ODA target in 1975. Notwithstanding recession and unemployment, the target of 1.25% of GNP for ODA and related development expenditure to be reached in 1976, was maintained. For 1977 I presented to parliament a development budget amounting to almost 1.2 billion dollars.

Our aid will increasingly be directed towards meeting the needs of the poorest countries and poorest people. We will support domestic policies of recipient governments geared to relieving immediate needs of the lower income groups. Apart from the more traditional fields of co-operation like health, agriculture and education, I shall give higher priority to activities promoting the emancipation of women, projects for the poorest in urban areas, development of appropriate labour intensive technology and activities to promote small enterprises. More funds will be channelled to non-governmental organizations who, often, are in the best position to work at the grassroots.

In view of its economic size and power Europe can be a decisive factor in international development. The European Communities showed their readiness to accept the commensurate responsibilities when they joined in the unanimous adoption of the resolution of the 7th

Special Session of the General Assembly. The entry into force of the Lome Convention was an important step forward, but in my view much remains to be done by the communities in worldwide co-operation and in particular in the field of structural development. Recently, the Netherlands Government made proposals for the co-ordination and gradual harmonization of EEC development policies related to development aid, international trade, commodities, agriculture, industrial re-deployment and other areas. The aim is to arrive at a consistent, progressive and integrated development policy of the Communities.

The New International Economic Order

I have briefly reviewed past performance and immediate priorities of the international community. We should have the will and the political imagination to look beyond the urgent tasks of today and to draw up the plans and the strategies for the future.

If we would proceed on the basis of the strategy for the Seventies, it is clear that the income gap between North and South by the year 2000 will not be reduced. Indeed, the call for a new approach or strategy has already been sounded, the groundwork was laid by the 7th Special Session and, in fact, the preparatory work has begun. The Colombo Conference agreed that a third UN Development Decade should be timely prepared and should be devoted entirely to the establishment of the New International Economic Order. The Netherlands Government is convinced that such an order is indeed called for. The present international economic system has created ever increasing inequalities between and within societies. It has led to waste, to an inefficient use of natural, material and human resources, and thus to large scale unemployment. The degree of equity together with the degree of efficiency are the two main criteria to judge a system. It seems that the present international economic system fails fundamentally, and therefore indeed we need a new international economic order.

The concept of the New International Economic Order, including the Charter of Economic Rights and Duties of States, as contained in resolutions of the General Assembly still show deficiencies and unclarities. It has to be further elaborated in theory and in practice,

- and should -

and should now be translated into a new framework of mutual commitments and obligations entered into on the basis of true consensus. Recent developments and the increased strength and solidarity of developing countries provide a better basis for negotiations, agreement and implementation than in the past. At Colombo, it was stated that "the fundamental objective of the New International Economic Order is to bring about in international economic relations an equilibrium based on justice through co-operation and human dignity". I agree, this is the heart of the matter. It is a question of a new balance of economic power of common interests of participation, equal opportunities and equal partnership in an improved and expanding world economy.

The New International Economic Order is not a matter of ideology. It is a matter of necessity and justice. The most revealing conclusion of the Report on the Future of the World Economy, prepared under the direction of Professor Leontief, is undoubtedly that on the basis of all available data and projections, there is no way to ensure accelerated development without significant changes in the world economic order.

Since the adoption of the strategy in 1970 far-reaching changes have occurred and new concepts have emerged. The concept of national and collective self-reliance received practical and significant meaning in the wake of the non-aligned conferences of Lusaka, Algiers, and especially Colombo. It has become an important factor in the pursuit of economic emancipation; it is part and parcel of a New International Economic Order. This political dimension of self-reliance was unknown in 1970; today, it is widely recognized.

The important ideas and concepts formulated by the UN conferences on the human environment, population, food and agriculture, industrialization, the role of women, world employment, and HABITAT have yet to be integrated into a global strategy. The time has come to gather the results of these conferences, and translate them into a coherent framework of policy measures.

The data, on which the Second Development Decade was conceived, have partly become obsolete. Leontief has shown that the projects and targets of DD-II were not sufficient even to start closing the income gap

between the developing and the developed countries. But he does show that a reduction of the average income gap from 12 : 1 in 1970 to about 7 ; 1 in 2000 is possible under a set of conditions which can be summarized as: significant changes in the world economic order and far-reaching internal changes of a social, political and institutional character in the developing countries. Professor Leontief also concludes that a timespan of 10 years is too short and that any plan for the future should extend at least over two decades i.e. up to the year 2000.

The report on Reshaping the International Order, prepared under the leadership of my compatriot and teacher, Jan Tinbergen, arrives at the same conclusion. The two reports complement each other. Tinbergen goes on where Leontief leaves off, but both reports firmly underline (independently from each other) the necessity of structural changes in international economic relations, as a pre-condition for the solution of the development problem. The Tinbergen Report advocates the negotiation of comprehensive packages of solutions reflecting the legitimate interests of both the poor and rich nations in achieving a more equitable distribution of economic opportunity and wealth.

Eradication of Poverty

The paramount concern of the international community must be the eradication of poverty, the fulfilling of the basic needs of mankind. What I miss in the present concept of a new international economic order is the emphasis on man in his social condition, the emphasis on justice and distribution and on human resources. The question may rise whether, if and when a new international economic order has been created, the poor and deprived masses will benefit. The answer is: no, not automatically. A new international economic order is a necessary, but not a sufficient precondition for more justice and equality for all people.

If we want to create a real perspective for all people, especially for the poorest, complementary to a new international system and policies, fundamental changes in domestic national systems and policies should be aimed at. If we fail to do so, we will not be able to spread the positive effects which a new international economic order has for individual nations through their societies, both in rich and in poor countries.

When we speak about development we mean "human development" or "people-oriented development". Let me be very clear: given the present and growing inequalities between people, human development means development oriented towards poor people. Therefore, it means much more than economic growth. The pursuit of economic growth in terms of increased production and investment in the hope that the benefits will trickle down to the poor has been a mistake. Neither poverty nor inequality have decreased.

Growth cannot be an panacea. It is not good or bad in itself. It is the aim that counts. If the aim is to increase the well-being of all people on this earth, then the key elements for a new strategy for development should be: employment, equality, the provision of basic needs and a balanced relationship between man and his society, as well as his natural, social and cultural environment.

If we want to focus our policies on the poor, as I believe we should, the fruits of our developmental efforts should be made available to them immediately rather than in the long run. Social justice has to be an initial measure, an essential pre-condition of growth, and not its consequence, after an adequate increase of production has been realised. From the outset people must be an effective part of the development process, both politically by means of an equal participation in the decision making, and economically by providing employment to draw people into production and to utilise their skills and potentialities, and by providing them with at least a desirable minimum of goods and services in return for their contribution to production. A basic needs strategy implies that priority will have to be given to the production of essentials. This is also an incentive to greater efforts.

Development is an integrated process that should not be limited to elite groups, but that requires the involvement of all strata of the population. Active participation cannot be expected from people who live at a bare minimum subsistence level, if there is no real prospect of improvement for themselves and their children. A redistribution of income and wealth is not only important per se, but also in the interest of growth. A basic needs strategy serves both justice and growth.

I am aware of the reservations of many governments of developing countries with regard to the issue of social development, income distribution and justice. I note, however, that the Colombo Conference has stressed that the focal point of the process of growth with social justice should be the eradication of unemployment and poverty and the recognition that structural changes, would be required to achieve the objective of satisfying the basic minimum needs of the population of the developing world. I am, of course, aware of a potential conflict in international development co-operation between the sovereignty of recipient countries on the one hand and the call for social justice and income distribution in development co-operation on the other hand. And yet, I cannot see development without human development, without eradication of poverty and without participation and social change. Conditionality in development co-operation is a two way street. Developed countries can add their voice to the discussion of the critical issue of growth only if they themselves accept and carry out their international obligations. No developed country has the right to talk to developing countries on social justice and human rights, unless it is prepared to practise in its own country what it preaches for others. This implies industrial readjustment to a better international division of labour, less conspicuous consumption patterns and a preparedness to apply the basic needs strategy to oneself. Similarly: developing countries cannot expect aid if resources are not used for the whole of the population and for the benefit of the poor.

Interdependence and self-reliance

Another essential element of any new strategy should be that the New International Economic Order should be based on common and mutual interest. The New International Economic Order by definition is to reflect and to do justice to the reality of interdependence. It is to restructure and rectify the present asymmetrical relationships and dependencies. Collective self-reliance of the developing countries should be accepted as a matter of right and fact. Collective self-reliance is important in itself, and also in order to strengthen the position of the developing countries in the process of international negotiations in an interdependent world.

At the same time, it is necessary to recognize the basic differences between developing countries and,

- consequently -

consequently, the need to elaborate diversified policy-instruments. This applies to aid and capital transfer, including debt relief, and to diversification of policies in the field of commodities, trade, access to markets, and transfer of technology.

Within a New International Economic Order there is in principle neither a conflict between collective self-reliance and global interdependence, nor between collective self-reliance and diversification of policy-instruments.

A no less vital and new element should be the issue of development and security. Development and decreasing inequality will lead to greater stability and increased security. Development, resulting in greater harmony, will cause countries to rely less on arms for security. Today excessive armaments and the arms-trade absorb almost intolerable portions of scarce resources which are at least in part diverted from development. I am aware of the delicate problems of sovereignty and national security involved but the issue must be squarely tackled in the search for development.

Some of us would prefer legally binding commitments in the establishment of a new international economic order or any strategy to that effect. Others believe that voluntary non binding promises will give optimal results. Insistence on a legal commitment may limit the scope of any agreement and may risk abstentions from many of those who count. On the other hand, a loose arrangement of more substantial and further reaching objectives, may, in the end, be more effective. I see, as yet, no single answer to this dilemma. The GATT and the Lome convention are examples of how general goals can be translated into contractual obligations. But in general we should strive at improving the negotiation positions on the basis of more equality and mutual interest in order to reach durable commitments. We are still dominated by "I winn - you loose" concepts thus ignoring the element of common interest. Yet, what political scientists call the positive sum approach, where all gain, will perhaps be the only lasting basis of a new international economic order, conceived as a system benefiting all nations of the world.

- Finally -

Finally, there can be no new strategy without effective international institutions for negotiating, policymaking, decisions, and adequate guarantees for implementation. Whatever the outcome of the CIEC will be, the mere fact of its establishment shows that there was an obvious need for a new, compact and restricted organ to negotiate on a limited number of concrete issues of common interests, where efficiency could be safeguarded. The restructuring exercise must be pursued both with care and vigour and should, in my view, be concentrated on strengthening ECOSOC, improving the negotiating functions of UNCTAD, revitalising and strengthening the Secretariat, and increasing the cohesion of the UN-system.

Toward the year 2000

Where do we go from here? I repeat: first things first, that is carry out existing commitments and tasks that cannot wait. At the same time it is necessary to start preparing for the future. 1976 is not too early to start looking ahead. Like in 1966, the necessary efforts for reviewing the past and rethinking and reformulating the future can be set in motion at various levels. The Secretary General, the ACC, the CDP, the Specialized Agencies and the Regional Economic Commissions could be requested to start the collection of data and to draft preliminary projections and policies.

In preparing for the future, the first task of the international community and of individual governments is to review, rethink and re-assess the past. The next step is to go beyond the horizons of to-day and to start formulating the strategy for the last quarter century. We must assign and distribute these tasks in a coherent and logical manner among international secretariats and institutes of research and learning. We may call on the wisest and most experienced among us, teachers and thinkers of to-day, to advise the world on the future. More than in the sixties, the world community has at its disposal a variety of institutes and centers of excellence in developed and developing countries. Apart from the institutes in the UN family, I refer to the Centre for Alternative Development Studies in Geneva, to Sussex University and the Dag Hammarskjöld Foundation, to the recently opened Third World Centre in Mexico, the Latin American Institute for Transnational Studies, the Third World Forum, the In-

stitute for Policy Studies in Washington, the OECD Development Centre, etc. These and other institutes and centres must now be set to work, No efforts must be spared. The Netherlands Government participated in financing in part or in total both the Leontief report and the Tinbergen-study which represent already a major contribution to future strategies for development. The Netherlands Government is ready to join with others in financing the process of thought, conceptualisation and formulation of the premises upon which the negotiations on the New International Economic Order can be founded. I pledge to-day an amount of 2 million dollars for the initiation of this process.

The next step is, on the basis of these studies, the formulation of policy options. Those who will be directly affected by these policies, should from the outset, have a hand in shaping them.

Poverty and justice, growth and participation, self-reliance and interdependence, those are the issues of to-day; those will be the issues between now and the year 2000. The people of to-day and their misery must come first. Action or inaction to-day will make, or break, the future.