



INTERACTION COUNCIL

Established in 1983

InterAction Council

15th Plenary Session

Final Communiqué

1 - 4 June 1997

Noordwijk, The Netherlands

The Current Situation of the World

1. The world is currently undergoing a period of transition which requires creative and enlightened leadership, if we are to meet our responsibilities to promote justice, respect cultural diversity, and ensure the widest possible participation in the potential benefits that this will provide.
2. The world of tomorrow will be characterized by increasing interaction between diverse cultures and religions. For a peaceful development, it is vital to accept this spiritual dimension of a changing world and to promote harmony by learning to cherish and respect cultural and religious diversity as an enriching human experience.
3. In the light of the growing political and economic importance of economies outside the Euro-Atlantic area, the Council urges that Russia and China be admitted immediately as full participants in the G-7 and to full membership of the World Trade Organization (WTO). In addition, other major countries, as their impact on the world economy increases, should progressively be included as participants in these institutions.
4. The control and the reduction of armaments remain a primary concern. Agreement on an international regime banning biological weapons, and reinforcement of the nuclear non-proliferation regime, as well as the adoption of a conventional arms treaty, is vitally important. In this respect, it is imperative that major powers curtail the sale of advanced weapons systems to developing countries, as such sales threaten to destabilize regional power balances. Military expenditure as a proportion of annual budgets should be reduced.
5. Subsequent to the admission of new members to NATO, the Western world should avoid further tensions in its relations with Russia.

Opportunities and Risks of Globalization

6. Globalization is a challenge that must be taken advantage of, not an alibi for inaction. It describes the extension of traditional patterns of economic activity to higher levels and the international spread of technology, production, finance, investment, and information. The dramatic advances in information technologies have had a considerable impact on the world-wide dispersion of production and on the intensification of international capital flows. (See the attached report of the Council's Group of Experts.)
7. The open world economy has expanded to incorporate new participants from regions traditionally excluded from it. However, the Council stresses that certain regions, most noticeably sub-Saharan Africa, are becoming increasingly marginalized.

Inadequate education, widespread health problems, excessive population growth and consequent low welfare levels, are preventing them from attracting the foreign investment necessary for development. Multilateral institutions have a vital role to play in creating an environment for such investments by fostering efficient government, legal reform, banking reform, the development of capital markets, and liberalization of trade.

8. The Council welcomes the new emphasis that the World Bank is placing now on faster rates of growth as a priority objective in the developing world. It is fully aware, however, that growth alone is not adequate. The Council emphasizes the need to alleviate poverty, promote family planning and improve educational standards, particularly for women. Towards this objective, it is important to reallocate expenditures by reducing military spending. It is also important to maintain Official Development Assistance (ODA) as an essential tool for promoting economic and social development.
9. Although five years after the Rio Summit some progress has been achieved, most general trends still point to further degradation of the human environment. We urge governments to live up to their commitments at the Rio Conference. More emphasis should be given to the role and responsibility of the private sector industries in adjusting production processes to the environmental demands.
10. The current terms of trade are unfair for many developing countries, particularly sub-Saharan states. There is a serious danger that such states will find themselves effectively excluded from the international trading system. In particular, given the fact that in such economies a high proportion of the population is employed in agriculture, the Council recommends that the developed states phase out the subsidies they currently provide to their agricultural sector. These subsidies and other trade barriers not only undermine developing economies but also represent a serious distortion within developed economies.
11. Competition from low wage economies must not be used as a scapegoat for domestic problems in industrialized countries. Protectionism is not a solution for these problems. Only if productivity levels are raised will the developed economies regain their competitiveness. Therefore, labor markets must become more flexible, and educational and vocational training capabilities must be improved. Governments need to provide both a safety net for those left unemployed in the adjustment period, and re-training opportunities to enable them to re-enter the job market. More generally, it is essential that these measures be placed into a broader context of the formation of a new model of industrial democracy, based on social justice and the fostering of consensus.
12. The financial markets have been transformed by globalization. Increasingly, national authorities are unable to control monetary conditions in their own economies. The scale of current international flows, the impact of speculative movements and the rapidity with which such movements take effect and spread

across the globe, raise the danger of a serious dislocation occurring. Without strengthening coordination between the major economies, massive speculative capital movements are unavoidable, with all their negative consequences.

13. A single European currency, as envisaged by the Maastricht Treaty, will support a more stable equilibrium between the United States, Japan, and the European Union, if it can be assumed that these three monetary blocs will coordinate their policies. Whilst recognizing the difficulties involved, the Council reiterates its recommendation to explore the use of target zones of exchange rates.
14. A further area of concern is the growth in the trade of financial derivatives. Whilst such instruments perform a useful role, allowing traders and investors to avoid risks in financial markets, they can result in unacceptable losses when used improperly. As a matter of importance, non-bank financial institutions, especially those trading heavily in derivatives markets, should be brought under prudential supervision. Other areas which demand immediate attention are how far non-banks should be permitted to trade in derivatives, the requirement in law or by official rules of larger margins and the regulation of over-the-counter trade. Moreover, central banks have to strengthen and coordinate their supervisory role over risk management procedures by all banks and other financial institutions.

Towards a Universal Declaration of Human Responsibilities

15. In a world transformed by globalization, common ethical standards as a basis to live together have become an imperative, not only for individual behavior but also for corporations and political authorities.
16. Nearly 50 years ago, in the aftermath of World War II, and with the legacy of two defeated dictatorships, the General Assembly of the United Nations adopted the Universal Declaration on Human Rights to safeguard the individual from totalitarian repression. Half a century on, this Declaration is still far from being sufficiently observed in many parts of the world. Its full implementation remains a profound challenge to the international community.
17. The challenges posed by globalization require an effort comparable to that of 1948 --the formulation and adoption of a Universal Declaration of Human Responsibilities.
18. Over the past 10 years the InterAction Council has convened High-level Expert Groups, bringing together representatives of all the major religions and philosophies to identify, along with political leaders, common principles and shared ethical standards. Now the Council is preparing to initiate a broad based process to develop a Universal Declaration of Human Responsibilities. After careful consideration, the Council will present a preliminary draft as a basis for discussion and will invite all interested parties to communicate their views and comments. It

is the intention of this Council to bring the revised draft to the attention of governments.

19. This process, as much as its hoped for result, will contribute to the promotion of mutual understanding, of affirmative tolerance based on the recognition of shared values, thereby proving that the threat of an imminent clash of civilizations can be avoided.

PARTICIPANTS IN THE 15TH SESSION

Members

Helmut Schmidt	Chancellor of the Federal Republic of Germany, 1974 - 1982
Andries A.M. van Agt	Prime Minister of the Netherlands, 1977 - 1982
Oscar Arias Sanchez	President of Costa Rica, 1986 - 1990
Lord Callaghan of Cardiff	Prime Minister of the United Kingdom, 1976 - 1979
Jimmy Carter	President of the United States, 1977 - 1981
Miguel de la Madrid Hurtado	President of Mexico, 1982 - 1988
Malcolm Fraser	Prime Minister of Australia, 1975 - 1983
Kurt Furgler	President of the Swiss Confederation, 1977, 1981, 1985
Felipe Gonzalez Marquez	Prime Minister of Spain, 1982 - 1996
Kenneth Kaunda	President of Zambia, 1964 - 1991
Kiichi Miyazawa	Prime Minister of Japan, 1991 - 1993
Maria de Lourdes Pintasilgo	Prime Minister of Portugal, 1979 - 1980
José Sarney	President of Brazil, 1985 - 1990
Shin Hyon Hwak	Prime Minister of the Republic of Korea, 1979 - 1980
Kalevi Sorsa	Prime Minister of Finland, 1972 - 75, 1977 - 79, 1982 - 87
Pierre Elliott Trudeau	Prime Minister of Canada, 1968 - 1979, 1980 - 1984
Ola Ullsten	Prime Minister of Sweden, 1978 - 1979
George Vassiliou	President of Cyprus, 1988 - 1993

Special Guests

Thomas S. Axworthy	Professor, Harvard University
Ajay Chhibber	Staff Director WDR, the World Bank
Hans Kueng	Professor, Tübingen University
Lee Seung-Yun	Former Deputy Prime Minister and Minister of Economic Planning Board of the Republic of Korea
Seiken Sugiura	Member, House of Representatives of Japan
Koji Watanabe	Former Ambassador of Japan to Russia
Wu Xuequian	Vice Chairman Chinese People's Political Consultative Conference
Alexander Yakovlev	Former Member Presidential Council of the Soviet Union

Invited Journalists

Nagaharu Hayabusa	The Asahi Shimbun
Cushrow Irani	The Statesman
Flora Lewis	International Herald Tribune

Secretary-General

Isamu Miyazaki	Former State Minister, Economic Planning Agency of Japan
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Organizing Chairman

Jaap Rost Onnes	Executive Vice President, ABN AMRO Bank
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INTERACTION COUNCIL

Tokyo Secretariat

3-16-13-609 Roppongi,
Minato-ku, Tokyo 106-0032, Japan
Tel: 81-3-5549-2950 Fax: 81-3-5549-2955
E-mail: interact@estate.ocn.ne.jp
Website: <http://www.interactioncouncil.org>

Vienna Secretariat

Anton Baumgartnerstraße.44B/8/011,
A-1232 Vienna, Austria
Tel. & Fax No. 43-1-667-3101
E-mail: mburanich@hotmail.com

Berlin Secretariat

Büro BK a. D. Helmut Schmidt,
Deutscher Bundestag,
Platz der Republik 1, 11011 Berlin,
Federal Republic of Germany
Tel: 49-30-227-71580 Fax: 49-30-227-70571
E-mail: masiarik@spdfraktion.de

Melbourne Secretariat

Level 32, 101 Collins Street
Melbourne , Victoria 3000, Australia
Tel: 61-3-9654-1822 Fax:61-3-9654-1301
E-mail: heather.barwick@aph.gov.au