Preface

1. At their Lusaka meeting in August 1979, the Heads of Commonwealth Governments agreed to request the Secretary-General to commission an in-depth report by a group of eight to ten independent experts from Commonweath countries chosen from appropriate fields.

2. The Group's terms of reference were as follows:

> " . . . . .to investigate and report on the factors inhibiting structural change and a sustained improvement in economic growth in both developed and developing countries, in particular the acceleration of growth in developing countries. The report, which should be clearly focused, should assess the importance of and the relationship between possible constraints, such as protection and adjustment policies, inflation, subsidies both on production and exports, fluctuations in commodity prices, availability and cost of energy resources, including oil, and factors inhibiting investment, transfer of technology and international flows of official and private resources".[1]
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> " . . . . .to identify specific measures by which developed and developing countries, Commonwealth and non-Commonwealth, might act to reduce or eliminate such constraints as a matter of urgency. They recognised that this would require attention at the highest political level. The group, which would be assembled by the Secretary-General after appropriate consultation with member Governments, should report in time to assist Commonwealth Governments in their preparation for the Special Session of the UN General Assembly in 1980".[2]

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1. Commonwealth Heads of Government: *The Lusaka Communique*, paragraph 42 (Commonwealth Secretariat, London, 1979).

2. Ibid, paragraph 43.

3. The list of members of the Group is at Appendix 2.

4. The Group held three meetings in London in January, April and June 1980 and submitted its Report to the Commonwealth Secretary-General on 4 June 1980.

5. The Group, in preparing this Report, has had regard to several major developments since the Lusaka meeting of August 1979. These include:

(a) the publication of the Brandt Commission's report,[1] with its comprehensive treatment of some of the problems contained in the Group's terms of reference;

(b) further deepening of recession and slowdown of economic growth in some of the major countries of the OECD area than expected a year ago;

(c) a marked aggravation of balance of payments problems of oil-importing countries; and

(d) a deterioration in the atmosphere of *detente* between East and West.

The structure of the Report reflects at various points the emphasis which these developments lent to the Group's discussions.

6. In order to put the current problems in perspective we review the recent economic developments in Chapter 1 and draw attention to the relationship between the current crisis and the problems of poverty and starvation in the developing countries in Chapter 2. Chapter 3 deals with the problems of financing the balance of payments deficits of the developing countries. These problems have become so acute that unless new initiatives are taken urgently, many countries will find it impossible even to maintain their present income levels. This is followed in Chapter 4 by a discussion of the issues of protectionism and its adverse consequences for future development of the world economy. This is an area where positive action will be of great benefit to both the developed and the developing economies and will also contribute to lessening global inflationary pressures. In Chapter 5, we briefly consider the problem of inflation. This is followed by a consideration of energy issues, particularly the importance of accelerating exploration, the development of new energy resources, and conservation (Chapter 6). In Chapter 7, we have identified some other development issues which we believe have particular relevance to the present economic situation. Many of

1. Independent Commission on International Development Issues: *North-South: A Programme for Survival* (Pan Books, London, 1980).

the current problems are intimately related to problems of structural change. Measures to bring about such change, in our view, would also contribute to an acceleration of economic growth in both developed and developing countries. In Chapter 8, we summarise our main conclusions and stress the need for collective action to solve the present crisis. The world economy is now so interdependent that common economic problems can only be solved by concerted and mutually consistent action by all countries.