



**INTERACTION**  
**COUNCIL**  
OFFICE OF THE CHAIRMAN

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Helmut Schmidt, Chairman

April 16, 1986

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*Secretary General*

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Dear Mrs. Primeminister,  
on behalf of the members of the InterAction Council,  
we have the honor to transmit to you the Final Statement  
by the Council, adopted at its fourth session held from  
7-10 April 1986 in Tokyo and Hakone, Japan.

As you may see, the Final Statement contains a number  
of proposals and suggestions on three main policy areas,  
namely, population, environment, development, peace and  
security, and revitalization of the world economy.

As many of these proposals developed by us are relevant  
to issues and themes placed on the agenda of the forth-  
coming economic summit of the seven industrialized countries  
in early May 1986 in Tokyo, we wish to comment these for  
your attention. We would be grateful for any comments or  
observations you may have on the various points raised.  
In the hope that you will find it possible to consider  
favorably our suggestions, we remain

Yours sincerely

Takeo Fukuda

Helmut Schmidt

Her Excellency  
Mrs. Margaret Thatcher  
Primeminister of United Kingdom

L o n d o n  
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FINAL STATEMENT  
Adopted at the Fourth Session  
HAKONE  
8 to 10 April 1986

I - POPULATION, ENVIRONMENT AND DEVELOPMENT

1. The first duty of leaders is to lead. The time has passed when they can argue about the reality of the challenge ahead of us. We have lost the balance between population, environment and development. Where population growth is highest, income is generally lowest. Environmental catastrophies respect no boundaries. Air, water and soil pollution are desecrating the North and are moving South. In such a world, people cannot be fed -- even now more than 50% of all children are undernourished. Three quarters of the world's population suffers from underdevelopment. An exhausted, overcrowded world lies ahead of us.

The twenty-first century may not arrive if the problems of population, environment and development are not solved -- and none can be solved in isolation from the others.

2. The world population is 4.9 billion today, and is expected to stabilize at 10.2 billion by 2100. However, the population could stabilize at 8 billion by 2080 with rational and positive action programs, including population policies adopted by each country.

Progressing environmental deterioration, such as air pollution and destruction of forests, has become grave, presenting a critical situation transcending national borders.

3. Governments should reduce military and non-productive spending and place top priority on the issues that affect the survival of mankind. We urge the governments of industrialized countries in particular, to dramatically and rapidly increase their financial assistance.

4. The population question is complex and delicate. Because major religions represent powerful authority over many nationalities and nation states, dialogue, mutual understanding and cooperation with religious leaders will be indispensable to cope with the global population crisis.

The InterAction Council intends to enter into effective and realistic dialogues with these religious groups.



5. Global destruction of the environment is looming; vigorous action is immediately required. The InterAction Council urges specific environment protection programmes by each country, international cooperation in educating people, a free transfer of ecological know-how, and the strengthening of international institutions. New technologies already available to reduce urban air pollution should be urgently introduced, alternative sources of energy which limit the amount of hydrocarbides expelled into the atmosphere should be emphasized, trade in hazardous wastes and dangerous chemicals should be checked.

6. Governments should make suitable national and international arrangements to ensure that developing countries are informed about chemicals which, although prohibited in the producing countries on health or environmental grounds, are nevertheless sold to the developing countries. Chemical manufacturers should not sell in developing countries, chemicals which are prohibited in producing countries.

7. In all technological undertakings and planning, governments should include provisions to safeguard the environment; they should assess present and future resources in such a way as to lead to population policies through which all human beings may be reasonably assured of the satisfaction of their basic needs.

8. To tackle the problems of population and environmental desecration, economic and social backwardness must be fought. While lack of economic growth is one of the underlying facts of poverty and population growth in the South, it is economic growth which fuels the pollution of the industrialized North. Growth is no longer an abstract target, it has to be closely related to social justice and ecology.

Within this context, sustained development is the basic condition for preservation of the environment and for adequate resolution of the population problem. The developing countries must make clear the goals and strategies of their social and economic policies. Industrialized countries directly and through the multilateral development institutions, must extend financial and professional support for development projects which take proper account of their impact on the environment and on natural resources.

9. The Council specifically recommends:

- that governments and other concerned parties provide increased assistance to the least developed countries, as proposed by the Council at its third session (Paris, 1985) and also to developing countries ravaged by war, civil war or natural catastrophes;



- that all governments decide upon and contribute to an expanded capital replenishment of the International Development Association (IDA) of the World Bank Group, IDA VIII, of at least US\$ 12 billion;

- that those governments who have not yet done so, support and contribute to the Special Programme of the World Bank for Sub-Saharan Africa;

- that governments endorse and support the Programme adopted by the Heads of State and Government of the Organization for African Unity (OAU) on the economic situation in Africa, which will be considered by the United Nations General Assembly in May 1986.

## II - PEACE AND SECURITY

### East-West military confrontation and arms control

10. Peace and security are the universal responsibilities of all mankind, all countries and international organizations, particularly the United Nations and those organizations created to maintain and preserve them. The superpowers carry a heavy responsibility in this regard.

11. The Council and its Executive Committee have constantly emphasized the importance of personal contacts between the leaders of the USA and the USSR, as a means of creating and maintaining a political atmosphere conducive to the peaceful solution of world and regional problems. We, therefore, welcome the resumption of personal meetings between the leaders of the two superpowers.

In the light of recent developments, however, we strongly urge both leaders to live up to the commitments taken in their Joint Statement at Geneva. Their dialogue should be continued and institutionalized.

12. Both superpowers should commit themselves to establishing an equilibrium between their military forces at ever lower levels. Both should make use of the existing negotiating fora, as they agreed in Geneva. Reduction of intercontinental ballistic missiles should be established by a Strategic Arms Reduction Treaty (START) (Strategic Arms Limitation Treaty/SALT III). The Intermediate Nuclear Force (INF) problem should be treated and solved separately, preferably by a zero solution on a global basis which both superpowers have proposed at different times. The Mutual and Balanced Force Reduction (MBFR) talks should create a stable equilibrium between conventional forces in Europe, thereby diminishing the risk of nuclear early first use.



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The process following the Conference on Security and Co-operation in Europe (CSCE) should be implemented by confidence-building measures, which will prepare the ground for and enhance the implementation of concrete disarmament steps.

13. We urge the superpowers to fulfill the obligation which they undertook under Article VI of the Non-Proliferation Treaty (NPT) and jointly restated at their Geneva meeting, namely, "to negotiate effective measures relating to cessation of the nuclear arms race and to nuclear disarmament".

14. The main responsibility to abandon further testing of nuclear bombs lies with the superpowers. We urge them to act accordingly. We note that the Soviet Union has proposed a moratorium and we seriously urge the superpowers to negotiate a Comprehensive Test Ban Treaty (CTBT), paying due consideration to appropriate verification, in order to reduce the danger inherent in even more sophisticated nuclear warheads and eliminate the environmental risks of further testing. Other nuclear powers and non-nuclear powers should join in the process, sign and ratify such a treaty.

15. As regards defense systems against nuclear missiles, we draw attention to the fact that for more than 20 years, both superpowers have been doing research, development and production of antiballistic-missile systems. We also draw attention to the fact that the superpowers concluded an Anti-Ballistic Missile (ABM) Treaty as early as 1972, precisely because both already understood that an arms race in that field might lead to a dangerous destabilization of the military-strategic equilibrium.

16. We recognize that the ABM-Treaty is now being endangered. We, therefore, repeat and underline the request which we submitted to the American and Soviet governments on the eve of the Geneva Summit: "The ABM-Treaty does not rule out research, but it does strictly limit the numbers of systems deployed: both powers should urgently settle on an agreed interpretation and application of the ABM-Treaty in order to cut off the additional arms race on the surface of the earth and in space, in which both superpowers are already involved".

17. Throughout the enduring period of absence of military conflict between the superpowers, the world has seen more than a hundred local and regional wars in many cases of which the superpowers were directly or indirectly involved and which they have exploited. The withdrawal of foreign troops is a prerequisite for the resolution of these conflicts. In any case, the right of self-determination should unequivocally be recognized for all nations.



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We strongly call for a reduction of military expenditures in developing countries. Where appropriate, this should be brought about by regional cooperation (such as the South Asian Regional Co-operation Conference), by organizations and non-aggression pacts.

18. The Council expressed its serious preoccupation and concern at the continuing conflicts between Iran and Iraq, in the Middle East, inside Lebanon, inside Afghanistan, inside Kampuchea, Angola and elsewhere.

19. At this specific point in time, the Council reviewed in particular, the situation in Central America where the efforts of the Contadora Group to mediate for a peaceful solution have been jeopardized. The Council agrees to address the Governments of Nicaragua and of the USA, requesting:

- that in accordance with the Contadora Act all foreign military forces be withdrawn;

- that the Government of the United States suspend the implementation of its plans for economic and military assistance to the "Contras" and any other hostile actions towards Nicaragua;

- that the Government of Nicaragua actively contribute to the re-establishment of peace in the region, agreeing to sign the Contadora Act and open a comprehensive dialogue of national reconciliation, thus paving the way to pluralism and non-alignment.

Apartheid

20. At their Nassau Summit (1985), the Commonwealth leaders created a group to encourage a negotiated solution to the problems of South Africa. The InterAction Council supports the work of that group. All parties concerned should work towards a constructive vision of the future of South Africa, which could remove the deep-seated fears of the different groups within that country.

21. The conditions for negotiations must be created by the South African government. These should include time-tables for dismantling apartheid, the withdrawal of troops from the black townships, the release of Nelson Mandela and the other imprisoned and detained leaders, the unbanning of political parties, the suspension of laws that restrict freedom of movement, speech, and political association, and negotiations undertaken with an open agenda. Black leaders should reciprocate appropriately.

22. We urge all countries to exercise whatever influence they can with the South African government to persuade it of the absolute necessity to negotiate a just settlement now as the next generation of black leaders will be more radical and



revolutionary. The United States, Great Britain and the Federal Republic of Germany have particular influence with the South African government. These administrations are regarded by the South African authorities as being friendly and unwilling to pressurize South Africa towards substantial political change. A heavy responsibility rests on these governments to avoid what might well be the greatest bloodbath since World War II. Firm action on their part could play a critical role in achieving change. Without real change, southern Africa may very soon become an area of increased conflict between East and West.

#### Internationally organized terrorism

23. The world is experiencing an increase in international terrorism. We call for international cooperation and commitment that no government should ever give in to blackmail, be it by hostage-taking or by hijacking. All governments engaged in fighting terrorism should be willing to support any state which falls victim to terrorist action. We urge governments to intensify their vigilance through preventive measures, including the exchange of information in order to deal effectively with terrorist activities.

Governments should apply the same legal rights in protection to air carriers as they would for foreign embassies and other foreign government institutions located in the host country.

Governments should ensure that all airports are consistently equipped with the best available equipment for screening of passengers, checked baggage and cargo. Governments should coordinate security information and intelligence to ensure the highest level of consistency of standards at international airports.

### III - REVITALIZATION OF THE WORLD ECONOMY

24. Since 1983, the world economy has seen subdued inflation rates. Structural imbalances of the world economy however have intensified during the period: the serious debt problems of the LDCs, the protracted unemployment rates in many countries, growing protectionism, the massive disequilibrium in the international balance of payments between the United States and Japan in particular, and the dramatically fluctuating international monetary system.

There is an urgent need to overcome these structural imbalances. In the increasingly interdependent world all countries must make sacrifices without being bound by narrow national interests, and must seek broader policy coordination.



25. The huge budget deficit of the United States together with its current account deficit represent a great danger to the world economy. The world's richest country has become a net debtor nation. To fund its deficit, the United States has absorbed an undue proportion of world capital which it uses to finance current consumption. The United States budget deficit has serious consequences for world interest rates and for trade, with significant implications for protection. The situation is not sustainable. The Council urges the United States to take serious steps to overcome its twin deficit problems.

26. The Federal Republic of Germany, Japan and other countries on the other hand have very significant and growing surpluses on their current accounts. These countries should introduce a range of policies to move closer to equilibrium on their current accounts. The particular policies adopted by these countries would depend on the country's own situation and judgement, as is presently intended by the Japanese Government.

27. The recent dramatic fall in oil prices will provide significant benefits to major net importers of oil and coal. Oil prices of \$ 18-20 a barrel for Arabian light crude provide a benefit to Europe of around \$ 40 billion a year. Falling oil prices will give the major industrial states an opportunity to introduce policies that will guide all countries of the world to sustainable growth.

These actions should take the form of promotion of domestic demand and reduction of protection to permit increased access for the developing world to the markets of the developed nations.

28. We should nevertheless be aware that the dramatic fall in oil prices creates its own instability leading to significantly increased problems for some oil exporting developing countries. In addition we need to understand that the turn-around of oil prices could be reversed at any time. We therefore urge governments to continue oil conservation and development of nuclear and other alternative energy resources.

29. The problem of debt remains critical. Many major debtor countries are now more indebted than during the height of the debt crisis and living standards have fallen significantly in real terms. Latin American debtor countries cannot be expected to tighten their belts further. The continuing debt crisis demands a comprehensive solution. We therefore welcome the Baker initiative to increase available finances through the World Bank, IDA and IMF and from the commercial banking system. The U.S. Secretary of Treasury's change of direction is a welcome breath of fresh air. However Mr. Baker's approach of dealing with debtor countries case by case can only be successful in the context of a global approach to the debt problem, and providing that this initiative becomes effective very soon.





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30. More substantial steps need to be taken. Efforts should be made to obtain, from governments and the international financial system, increased concessional loans, a review of the foreign debt structure, reducing interest rates and trying to obtain longer, more favorable terms.

31. The major industrial states namely, the European Economic Community, the United States and Japan, should take immediate steps to minimize the violent fluctuations in currency values. The dramatic changes in currency value of the last 18 months have been disruptive for trade and conducive to financial instability. The G-5 meeting represented a worthwhile breakthrough. As a further immediate step, Great Britain should join the European Monetary System (EMS). That grouping should hold immediate discussions with the United States and Japan, with the objective of establishing a stable exchange rate regime between these three major industrial regions. Other countries would, within that framework, find their own level of currency stability.

32. We approve of the changed attitude of the United States to an international monetary conference and believe that this could be a vehicle to achieve a more stable exchange rate regime. But we consider, as we said in the Vienna statement, that such a conference can only be successful if it correlates the issues of trade and access to markets, the debt of developing countries, the internal deficits of the industrialized nations and stabilization of exchange rates among major economic groupings. Such a conference would take much careful preparation.

33. There is a further area in which far-reaching international action is urgently required. A serious effort must be undertaken to establish a fair international trading regime.

The GATT has virtually ignored agriculture and services. It does not provide a mechanism for handling the challenge posed by newly industrialized countries. It cannot respond to the threats to the international trading system posed by the United States and Japan trade imbalances. It has, through the intervening decades, penalized the developing world by providing inadequate access to major world markets for their products. We recognize and welcome the preparations for a new GATT round.

34. World trade is influenced significantly by domestic policies of Europe and North America in particular. The European Community and the United States subsidize their agricultural products to the estimated extent of \$ 70 billion a year. This has encouraged massive domestic surpluses which are then disposed of on world markets under highly subsidized conditions. This has the consequences of denying agricultural products of the developing world in particular, reasonable access either to the European or American markets. it further destroys developing world markets in third countries. The system has established a state of dependence



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on the part of developing countries. If fair and open trade existed in this area, a large number of developing countries would be able to stand on their feet economically, and official development aid could then be directed to the most needy LDCs.

35. This Council urges the Economic summit of the Seven to take a new approach to the problems of world trade, to broaden their approach to the new GATT round, and to exercise a sense of statesmanship and internationalism which the world so sorely needs. Fair rules for all trade must be established and the interrelationship between trade and domestic budget and financial policies fully recognized.

- PARTICIPANTS -

The following members of the InterAction Council participated in the session:

Helmut Schmidt (Chairman)	Federal Republic of Germany
Takeo Fukuda (Honorary Chairman)	Japan
Ahmadou Ahidjo	Cameroon
Kirti Nidhi Bista	Nepal
Kriangsak Chomanan	Thailand
Mathias Mainza Chona	Zambia
Jenö Fock	Hungary
Malcolm Fraser	Australia
Arturo Frondizi	Argentina
Selim Hoss	Lebanon
Olusegun Obasanjo	Nigeria
Ahmed Osman	Morocco
Misael Pastrana Borrero	Colombia
Carlos Andres Pérez	Venezuela
Maria de Lourdes Pintasilgo	Portugal
Mitja Ribicic	Yugoslavia
Adolfo Suarez	Spain
Pierre Elliott Trudeau	Canada
Ola Ullsten	Sweden
Andries van Agt	Netherlands
Bradford Morse (Secretary-General)	

In addition, the following members of the InterAction Policy Board participated:

Sardar Swaran Singh (Co-Chairman)	India
Huang Hua	China
Isamu Miyazaki	Japan
Ghazali Shafie	Malaysia
Hyon-Hwak Shin	Republic of Korea
Manuel Ulloa	Peru