rules and procedures of the DSU and other WTO agreements in the conduct of our trade relations and the settlement of disputes. We are confident that longer experience with the DSU, including the implementation of panel and appellate recommendations, will further enhance the effectiveness and credibility of the dispute settlement system.

Implementation

10 We attach high priority to full and effective implementation of the WTO Agreement in a manner consistent with the goal of trade liberalisation. Implementation thus far has been generally satisfactory, although some members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports. Implementation of the specific commitments scheduled by members with respect to market access in industrial goods and trade in services appears to be proceeding smoothly. With respect to industrial market access, monitoring of implementation would be enhanced by the timely availability of trade and tariff data. Progress has been made also in advancing the WTO reform programme in agriculture, including in implementation of agreed market access concessions and domestic subsidy and export subsidy commitments.

Notifications and legislation

11 Compliance with notification requirements has not been fully satisfactory. Because the WTO system relies on mutual monitoring as a means to assess implementation, those members which have not submitted notifications in a timely manner, or whose notifications are not complete, should renew their efforts. At the same time, the relevant bodies should take appropriate steps to promote full compliance while considering practical proposals for simplifying the notification process.

12 Where legislation is needed to implement WTO rules, members are mindful of their obligations to complete their domestic legislative process without further delay. Those members entitled to transition periods are urged to take steps as they deem necessary to ensure timely implementation of obligations as they come into effect. Each member should carefully review all its existing or proposed legislation, programmes and measures to ensure their full compatibility with the WTO obligations, and should carefully consider points made during review in the relevant WTO bodies regarding the WTO consistency of legislation, programmes and measures, and make appropriate changes where necessary.

Developing countries

13 The integration of developing countries in the multilateral trading system is important for their economic development and for global trade expansion. In this connection, we recall that the WTO Agreement embodies provisions conferring differential and more favourable treatment for developing countries, including special attention to the particular situation of least-developed countries. We acknowledge the fact that developing country members have undertaken significant new commitments, both substantive and procedural, and we recognise the range and complexity of the efforts that they are making to comply with them. In order to assist them in these efforts, including those with respect to notification and legislative requirements, we will improve the availability of technical assistance under the agreed guidelines. We have also agreed to recommendations relative to the decision we took at Marrakesh concerning the possible negative effects of the agricultural reform programme on least-developed and net food-importing developing countries.

Least-developed countries

14 We remain concerned by the problems of the least-developed countries and have agreed to:

a Plan of Action, including provision for taking positive measures, for example duty-free access, on an autonomous basis, aimed at improving their overall capacity to respond to the opportunities offered by the trading system;

seek to give operational content to the Plan of Action, for example, by enhancing conditions for investment and providing predictable and favourable market access conditions for LDCs' products, to foster the expansion and diversification of their exports to the markets of all developed countries; and in the case of relevant developing countries in the context of the Global System of Trade Preferences; and

organise a meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of aid agencies, multilateral financial institutions and least-developed countries to foster an integrated approach to assisting these countries in enhancing their trading opportunities.

Textiles and clothing

15 We confirm our commitment to full and faithful implementation of the provisions of the Agreement on Textiles and Clothing (ATC). We stress the importance of the integration of textile products, as provided for in the ATC, into GATT 1994 under its strengthened rules and disciplines because of its systemic significance for the rule-based, non-discriminatory trading system and its contribution to the increase in export earnings of developing countries. We attach importance to the implementation of this Agreement so as to ensure an effective transition to GATT 1994 by way of integration which is progressive in character. The use of safeguard measures in accordance with ATC provisions should be as sparing as possible. We note concerns regarding the use of other trade distortive measures and circumvention. We reiterate the importance of fully implementing the provisions of the ATC relating to small suppliers, new entrants and least-developed country members, as well as those relating to cotton-producing exporting members. We recognise the importance of wool products for some developing country members. We reaffirm that as part of the integration process and with reference to the specific commitments undertaken by the members as a result of the Uruguay Round, all members shall take such action as may be necessary to abide by GATT 1994 rules and disciplines so as to achieve improved market access for textiles and clothing products. We agree that, keeping in view its quasi-judicial nature, the Textiles Monitoring Body (TMB) should achieve transparency in providing rationale for its findings and recommendations. We expect that the TMB shall make findings and recommendations whenever called upon to do so under the Agreement. We emphasise the responsibility of the Goods Council in overseeing, in accordance with Article IV:5 of the WTO Agreement and Article 8 of the ATC, the functioning of the ATC, whose implementation is being supervised by the TMB.

Trade and environment

16 The Committee on Trade and Environment has made an important contribution towards fulfilling its work programme. The Committee has been examining and will continue to examine, *inter alia*, the scope of the complementarities between trade liberalisation, economic development and environmental protection. Full implementation of the WTO Agreements will make an important contribution to achieving the objectives of sustainable development. The work of the Committee has underlined the importance of

policy co-ordination at the national level in the area of trade and environment. In this connection, the work of the Committee has been enriched by the participation of environmental as well as trade experts from member governments and the further participation of such experts in the Committee's deliberations would be welcomed. The breadth and complexity of the issues covered by the Committee's work programme shows that further work needs to be undertaken on all items of its agenda, as contained in its report. We intend to build on the work accomplished thus far, and therefore direct the Committee to carry out its work, reporting to the General Council, under its existing terms of reference.

Services negotiations

17 The fulfilment of the objectives agreed at Marrakesh for negotiations on the improvement of market access in services – in financial services, movement of natural persons, maritime transport services and basic telecommunications – has proved to be difficult. The results have been below expectations. In three areas, it has been necessary to prolong negotiations beyond the original deadlines. We are determined to obtain a progressively higher level of liberalisation in services on a mutually advantageous basis with appropriate flexibility for individual developing country members, as envisaged in the Agreement, in the continuing negotiations and those scheduled to begin no later than 1 January 2000. In this context, we look forward to full MFN agreements based on improved market access commitments and national treatment. Accordingly, we will:

achieve a successful conclusion to the negotiations on basic telecommunications in February 1997; and

resume financial services negotiations in April 1997 with the aim of achieving significantly improved market access commitments with a broader level of participation in the agreed time frame.

With the same broad objectives in mind, we also look forward to a successful conclusion of the negotiations on Maritime Transport Services in the next round of negotiations on services liberalisation.

In professional services, we shall aim at completing the work on the accountancy sector by the end of 1997, and will continue to develop multilateral disciplines and guidelines. In this connection, we encourage the successful completion of international standards in the accountancy sector by IFAC, IASC, and IOSCO. With respect to GATS rules, we shall undertake the necessary work with a view to completing the negotiations on safeguards by the end of 1997. We also note that more analytical work will be needed on emergency safeguards measures, government procurement in services and subsidies.

ITA and pharmaceuticals

18 Taking note that a number of members have agreed on a Declaration on Trade in Information Technology Products, we welcome the initiative taken by a number of WTO members and other states or separate customs territories which have applied to accede to the WTO, who have agreed to tariff elimination for trade in information technology products on an MFN basis as well as the addition by a number of members of over 400 products to their lists of tariff-free products in pharmaceuticals.

Work programme and built-in agenda

19 Bearing in mind that an important aspect of WTO activities is a continuous overseeing of the implementation of various agreements, a periodic examination and updating of the WTO Work Programme is a key to enable the WTO to fulfil

its objectives. In this context, we endorse the reports of the various WTO bodies. A major share of the work programme stems from the WTO Agreement and decisions adopted at Marrakesh. As part of these Agreements and decisions we agreed to a number of provisions calling for future negotiations on Agriculture, Services and aspects of TRIPS, or reviews and other work on Anti-Dumping, Customs Valuation, Dispute Settlement Understanding, Import Licensing, Preshipment Inspection, Rules of Origin, Sanitary and Phyto-Sanitary Measures, Safeguards, Subsidies and Countervailing Measures, Technical Barriers to Trade, Textiles and Clothing, Trade Policy Review Mechanism, Trade-Related Aspects of Intellectual Property Rights and Trade-Related Investment Measures. We agree to a process of analysis and exchange of information where provided for in the conclusions and recommendations of the relevant WTO bodies, on the Built-in Agenda issues, to allow members to better understand the issues involved and identify their interests before undertaking the agreed negotiations and reviews. We agree that:

the time frames established in the Agreements will be respected in each case;

the work undertaken shall not prejudge the scope of future negotiations where such negotiations are called for; and

the work undertaken shall not prejudice the nature of the activity agreed upon (ie negotiation or review).

Investment and competition

20 Having regard to the existing WTO provisions on matters related to investment and competition policy and the built-in agenda in these areas, including under the TRIMs Agreement, and on the understanding that the work undertaken shall not prejudge whether negotiations will be initiated in the future, we also agree to:

establish a working group to examine the relationship between trade and investment; and

establish a working group to study issues raised by members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework. These groups shall draw upon each other's work if necessary and also draw upon and be without prejudice to the work in UNCTAD and other appropriate intergovernmental fora. As regards UNCTAD, we welcome the work under way as provided for in the Midrand Declaration and the contribution it can make to the understanding of issues. In the conduct of the work of the working groups, we encourage co-operation with the above organisations to make the best use of available resources and to ensure that the development dimension is taken fully into account. The General Council will keep the work of each body under review, and will determine after two years how the work of each body should proceed. It is clearly understood that future negotiations, if any, regarding multilateral disciplines in these areas, will take place only after an explicit consensus decision is taken among WTO members regarding such negotiations.

Transparency in government procurement

21 We further agree to:

establish a working group to conduct a study on transparency in government procurement practices, taking into account national policies, and, based on this study, to develop elements for inclusion in an appropriate agreement; and

direct the Council for Trade in Goods to undertake exploratory and analytical work, drawing on the work of other relevant international organisations, on the

simplification of trade procedures in order to assess the scope for WTO rules in this area.

Trade facilitation

22 In the organisation of the work referred to in paras 20 and 21, careful attention will be given to minimising the burdens on delegations, especially those with more limited resources, and to co-ordinating meetings with those of relevant UNCTAD bodies. The technical co-operation programme of the Secretariat will be available to developing and, in particular, least-developed country members to facilitate their participation in this work.

23 Noting that the 50th anniversary of the multilateral trading system will occur early in 1998, we instruct the General Council to consider how this historic event can best be commemorated.

17.3.1 Commitment to most-favoured-nation trade

A guiding principle of GATT is non-discrimination. Accordingly Article I of the agreement provides that:

> Any advantage, favour, privilege, or immunity granted by any other contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

In the late 19th century it was common for bilateral trade agreements to include a most-favoured-nation clause which committed each party to grant to the other all the trading rights and benefits that it accorded to the third state it treated best, in other words the states agreed to treat each other as well as their most favoured nations. Article I amounts to a most-favoured-nation (MFN) clause binding on and between all parties to the agreement. MFN treatment governs all import and export trade and applies to import and export customs duties and similar charges, all rules and formalities connected with import and export and to internal taxes or charges of any kind in excess of those applied to like domestic products. The commitment to immediate and unconditional MFN trade means that whenever a state party to GATT extends some privilege or right to one of its trading partners it will automatically extend to all other state parties. An important aspect of the unconditional nature of the rule is that it does not require reciprocity: if state A agrees to impose a reduced tariff on particular goods imported from state B that reduction will apply to state C and all other parties to GATT irrespective of whether state C and the other parties reduce tariffs on imports from state A. For this reason MFN status does not ensure that all GATT members trade on the basis of equality, although the multilateral and reciprocal basis of most trade agreements does help to avoid extreme imbalances.

17.3.2 Reduction of tariff barriers

Article II GATT commits the parties to co-operate on the lowering of tariffs. This is to be done through the tariff concession whereby a party promises to levy a tariff on a stated product no higher than that level agreed to at trade negotiations. GATT establishes the framework for regular negotiations between states to set tariff levels. These regular negotiations are known as 'rounds' and there have been eight such rounds. The early rounds tended to be conducted on

a bilateral basis but gradually it became clear that more would be achieved by holding multilateral talks. The Kennedy Round (1962–67) resulted in a considerable lowering of tariffs and by the mid 1970s tariffs had been lowered to such an extent that they were no longer seen as the major barrier to international trade. Instead attention was turned to non-tariff barriers and a number of codes of practice were adopted at the Tokyo Round, for example the GATT Agreement on Technical Barriers to Trade which has the aim of harmonising product standards.

17.3.3 Non-discrimination

Article III GATT requires states to treat imported goods in the same way as domestically produced goods. Specifically, imported goods cannot be regulated or taxed in a manner different from that applying to domestic products. Article III(4) provides that:

> The products ... imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations, and requirements affecting their internal sale.

Article VII does allow charges to be imposed on imports where they reflect services provided to the importer, for example, charging for the use of port facilities or for product inspection is permitted provided that it is reasonable and based on actual costs. Such charges cannot be used as an indirect import duty.

17.3.4 Import quotas

There is clearly little point in reducing import tariffs if states impose harsh restrictions on the number of imports allowed. Article XI GATT therefore prohibits states from imposing any restriction on imports other than duties, taxes and other charges. This prohibition is subject to a number of exceptions. Article XII allows states to impose import quotas where they are considered necessary to correct a severe balance of payments deficit which is resulting in the imminent threat or actual occurrence of ‘a serious decline in its monetary reserves’.

17.3.5 Anti-dumping

Underlying GATT is the belief that everyone benefits from the existence of free trade and that obstacles to such trade should be kept to a minimum. However, this belief relies on trade being fair. Just as imposing high duties on imports is unfair to the importing country and adversely affects the flow of trade, so artificially reducing the price of exports is unfair to the importing country and can have a devastating effect on its economy. Dumping refers to the practice of selling goods in a foreign country for less than the price charged for the same goods in the producer’s domestic market. Article VI GATT provides that where such a situation causes or threatens material injury to domestic industry or retards the development of such an industry, the importing state may impose an additional duty which reflects the difference between the price being charged for the goods and the price of the goods, or comparable goods, in the

exporter's home market. Thus, for example, if a Japanese company were to market a machine in the UK at a price of £400 while the same machine was marketed at £800 in Japan, then the UK would be entitled to impose a £400 anti-dumping duty on the imported Japanese computer. The usual motivation behind the practice of dumping is an intention to drive competing companies in the importing state out of business. However, the intention of the exporter is not relevant to the imposition of anti-dumping duties. In 1979 the GATT Anti-Dumping Code was adopted in an attempt to further clarify Article VI. The code sets down a procedure for dealing with disputes arising out of allegations of dumping and establishes the Committee on Anti-Dumping Practices which is responsible for assisting in the settlement of such disputes.

17.3.6 Export subsidies

Just as dumping may distort international trade, so too can subsidies granted to exports since they too can make a product less expensive in the importing country which is likely to be to the detriment of foreign competitors. Export subsidies may take the form of export credit guarantees, favourable tax rates for income earned from export trade, or foreign exchange risk guarantees. Article XVI restricts the right of states to grant export subsidies where such subsidies threaten or cause material injury to an industry in the importing state. In such a situation, if export subsidies have been imposed, the importing state is entitled to offset the effect of the subsidies by imposing an additional tariff (countervailing duty). In 1979 GATT adopted the Subsidies Code which further refines the law and provides a mechanism for the settlement of disputes. One such dispute arose out of the development, manufacture and export of the European Airbus. Germany provided currency stabilisation guarantees to assist in the sale of the planes in the USA. The USA alleged that such guarantees violated the GATT code by threatening and causing injury to the American aviation industry. In 1992 a GATT panel of experts upheld the USA complaint.

17.4 Financial stability

At the end of World War Two the international community was faced with two major problems relating to international finance. An immediate problem concerned the need to finance the rebuilding of domestic economies devastated by six years of war. It was also recognised that there was a need to provide some system of regulation of currency exchange to help prevent the violent exchange rate fluctuations and associated hyper-inflation that had occurred during the 1920s and 1930s. These problems were addressed at the international conference held at Bretton Woods in 1944 which resulted in the establishment of the IMF and the International Bank for Reconstruction and Development.

17.4.1 The International Monetary Fund

The IMF was established to promote international monetary co-operation, to facilitate the growth of international trade and to promote foreign exchange stability. The IMF has a board of governors, 22 executive directors and a managing director. The Articles of Agreement of the IMF place a number of obligations on member states. Originally, the currency of each member was

assigned a par value expressed in terms of gold and members were under a duty to maintain this value. Changes in par value could only be made to correct serious balance of payment crises and required the agreement of the IMF. By the late 1960s the fixed exchange rates were becoming increasingly difficult to maintain and in 1973 the Articles of Agreement were amended to allow for floating exchange rates. The IMF is financed through subscription by its members. Each member is allocated a subscription quota which is based on a number of criteria relating to the strength of its economy. The size of a state's quota affects its voting rights at meetings of the IMF. The IMF operates a system of weighted voting which gives those states with the strongest economies the biggest voice. As a result the IMF, which now has over 150 members, has always been heavily influenced by the Western industrialised nations. The size of the quota also influences a state's Special Drawing Rights. The Special Drawing Rights allow member states to draw currency from the IMF to correct temporary balance of payments problems. It amounts to a sort of overdraft facility for members. It was envisaged that the provision of Special Drawing Rights would remove the need for states to resort to protectionism in times of economic crisis. For the first 30 years of the IMF currency transactions and payments into the fund were calculated by reference to the official price of gold. In 1978 the Articles of Agreement were amended with the effect of abolishing this gold standard and since that time transactions have been valued on the basis of a 'weighted basket' of the five principal currencies (USA dollar, Deutschmark, yen, French franc, and pound sterling).

17.4.2 The International Bank for Reconstruction and Development

Traditionally states wishing to raise capital by resorting to the private financial markets or by borrowing from other states. As far as the private markets were concerned investors did not always see an adequate rate of return and also ran the risk that such investment might be wiped out by nationalisation or other measures adopted by the borrowing state. Borrowing from other states often led to problems involving the lending state interfering in the domestic affairs of the borrowing state. With the need for a massive injection of capital into the economies of many states after World War Two and with the desire to avoid some of the problems that had been encountered with the traditional methods the Bretton Woods conference agreed to establish the IBRD. membership of the bank is the same as that of the IMF and the two organisations work closely together. The capital of the bank is contributed by the members in proportion to their relative economic strength. Like the IMF voting is weighted according to contribution. The bank exists to lend money to states or to private enterprises where such loans are guaranteed by the government in whose territory the loan is to be used. Although initially the bank provided money to finance immediate post-war reconstruction, loans are now given only for projects which will enhance economic growth. Before any loan is made the bank will carry out a thorough investigation. Money is not lent for high-risk projects and the loans are generally provided on market terms.

It was soon realised that the IBRD's policies were aimed largely at industrialised nations experiencing short-term problems and were not really appropriate to the situation of a newly independent state attempting to

establish its own economy. Developing states argued that a UN fund for development should be established but the Western states felt that this would not be in their own interests. As some sort of compromise the IBRD established the International Finance Corporation (IFC) in 1956. The aim of the IFC is to promote private investment in developing countries and to supplement such investment with its own funds. In 1960 the bank established the International Development Association (IDA). The IDA provides long-term low cost finance for the establishment of basic economic infrastructure, such as power supply and communications. The voting rights in the IDA are very heavily weighted in favour of the Western states which has led to criticisms of the organisation by a number of developing or under-developed states.

Together the IBRD, IFC and IDA are generally referred to as the World Bank.

17.5 Development

> The basic objective of international economic law is to improve the situation of those developing countries most severely affected by the existing structure of world trade and the international division of labour. This emerging branch of law should nevertheless essentially be conceived as a tool for describing and regulating economic relations between all states. There is no question of establishing a branch of law consisting of rules applicable only to developing states. The basic purpose of international economic law is to establish a link between the industrialised countries and the developing countries, by means of a system of rights and obligations binding on all states together. The aim would be for the rich countries to treat the less developed countries more fairly, within the framework of a new system of rules covering all states. The universality of this branch of international law – in other words, the fact that it aims essentially to cover economic relations between all states in general – not only does not conflict, but is perfectly compatible, with its essential purpose, namely, to protect and to aid the less developed countries through the creation or reform of institutions and principles. This is not a new approach, neither is it alien to the law in general.
>
> During the 19th century and at the beginning of the 20th it was thought that the existence of an objective, general system of laws, and equality before the law, were incompatible with the protection of particular social groups. Fortunately, this 19th century *laissez faire* concept no longer has a place in national legal systems. Sixty or 70 years ago at least, the more developed states realised that equality before the law did not prevent inequality and oppression, and consequently felt obliged to go beyond the purely formal concept of equality of all citizens before the law by creating a whole body of protective legislation to defend certain disadvantaged social groups against the economically powerful. This is precisely the reason and justification for the existence of a particular type of legislation, such as labour law and its institutions, which would have seemed unthinkable in the 19th century and which are now accepted by all. Social security is another example. It was realised with the passing of time that the creation of statutory institutions devised specifically to aid a social group had benefited society as a whole.
>
> Likewise, the present international legal order cannot be based solely on the principle of the sovereign equality of states. The international community today can no longer remain satisfied with a legal order which merely ensures that the freedom of each one of its members is compatible with that of the others, which

defends the territorial integrity of the state and provides machinery for the peaceful settlement of disputes. Observance of the principle of non-intervention is not enough.

International economic law must include the following two basic ingredients: on the one hand, a series of institutions, practices, methods and principles guaranteeing the effective protection of the natural resources of the developing countries. Examples of such principles and practices would be the principle of sovereignty over natural resources, equitable regulations of foreign investments and the establishment or recognition of appropriate regulations concerning nationalisation, expropriation, compensation and so on.

Its second basic ingredient would be the establishment of international economic co-operation as a legal institution within the general framework of international law. international co-operation in favour of the underprivileged countries should be more than a question of morality or good intentions and become an integral part of the law. The principles of solidarity and collective responsibility for the common good should be reflected in legal institutions, that is in a system of rights and obligations which, while protecting one section of the international community, will ultimately benefit that community as a whole.

Four phases of UN involvement in development

1 The first phase 1945–63

Four broad phases may be distinguished in the evolution of the UN's involvement with economic development since 1945. The first stretches from 1945 to 1963. One striking development at an early stage was the recognition by member states of the need for a measure of accountability to the international community in the economic and social domain. This development culminated in a report published in 1949 on national and international measures for full employment,[7] which led to a decision setting in motion a process of monitoring the progress of the world economy and the extent to which countries were meeting their employment commitments. The report also addressed the reduction of unemployment in the underdeveloped world, as it was then called, but only as an aspect of the broader question of world economic growth.

In this post-war colonial period systematic thinking on economic development was still in its infancy. The intellectual landmark of the period was a report prepared in 1950 by a group of five experts, which set the stage for UN development activity.[8] Curiously the report made no attempt to discuss the meaning of economic development, presumably because this was considered self-evident. Its main message was that underdeveloped countries should promote 'progressive attitudes and organisations', 'receptiveness to progressive technology', increased domestic capital formation, and reduced population growth. Thus development was essentially, indeed almost exclusively, a matter for 'measures requiring domestic action'. The report did, however, represent a departure from what was called 'colonial economics', in that it addressed the issue of the preconditions for economic development, in which were included the removal of relevant structural impediments through, for example, land reform. The report pointed to the administrative and legal actions, both in the public and private sectors, that were necessary for 'economic progress'. It also recognised a somewhat expanded role for government in the promotion of

7 *National and International Measures for Full Employment*, 1949, New York: UN.

8 *Measures for the Economic Development of Under-Developed Countries*, 1951, New York: UN.

economic development, going beyond the simple provision of physical infrastructure, social services, and administration.

These ideas bear a noticeable resemblance, in their essentials, to those advanced by Professor Arthur Lewis, who was actually a member of the expert group, in his book The Theory of Economic Growth, published a few years later.[9] (Interestingly, domestic measures and policies were to resurface in the 1980s, in some circles, as the new hallmark of development wisdom.) Measures by developed countries in support of development were limited to a show of self-restraint in refraining from subsidising certain products competing with the exports of underdeveloped countries. International action was restricted to increasing World Bank lending, and organising technical assistance through an international development authority.

The impact on UN development activity was to be seen in the spread of 'development planning', the techniques and priorities of which were spelled out in the expert group's report; in the sectoralising of international assistance, and the related evolution of technical assistance, and the related evolution of technical assistance programmes; and in the targeting of development resource transfers from developed countries. The UN First Development Decade, which was actually proclaimed in 1962, was in effect an operationalised version of basic ideas contained in the original expert group's report.

This first phase of the UN's involvement with economic development was also characterised by the absence of a collective presence on the part of the developing countries; by the implicit assertion of a wholly convergent process of world development; and by the assumption of an essentially benign external policy environment, and hence the irrelevance of negotiated policy reform addressing the structures and arrangements underpinning international economic relations.

2 The second phase: 1963–82

The second phase in the evolution of the UN's involvement with economic development extends from 1963 to about 1982. The impulses for new orientations in this period were many. They included the decolonisation process, the radical transformation this effected in the UN's membership, and the interest of many of the newly independent nations in socialist doctrines. As the period progressed a clearer perception emerged of the reality that political independence did not itself bring economic growth and development. These countries began to articulate the need for a framework of international economic relations that would be more conducive to the realisation of their economic aspirations. This perception, triggered by the more blatant abuses by transnational enterprises and reinforced by these countries' awareness of their potential power as a source of supply and as a market for the industrialised world, contributed to the evolution of a new outlook on relations between the developed and developing countries.

By the mid-1960s the UN was ripe for a major revision of its development philosophy. This time the intellectual underpinning was provided by the developing world itself, in the form of the doctrines of Raul Prebisch and his collaborators at the Economic Commission for Latin America. Although these ideas were being shaped from the latter part of the 1940s onwards,[10] they did

9 W Arthur Lewis, *The Theory of Economic Growth*, 1955, London: Allen & Unwin.

10 UN, Economic Commission for Latin America, *The Economic Development of Latin America and its Principal Problems*, 1950, New York: UN, Dept of Economic Affairs; and Hans Singer, 'The Distribution of Gains between Investing and Borrowing Countries', *Amercian Economic Review*, 40, no 2 (May 1950) at p 47.