

Elsewhere, some fragile yet hopeful progress has been made in the past year towards settling certain of the regional conflicts that still exist. Lest we be lulled into an unrealistic sense of security, however, the recent events in Cyprus serve to remind us how quickly a slowly-simmering dispute can degenerate into a serious threat to international peace and security.

If we have in the past months been reminded of the fragility of international peace and security, we have also come to realize the fragility of international monetary and trade relations.

Accelerating rates of inflation and declining rates of growth, high interest-rates and low stock prices -- together with a widespread sense of unease -- mark the problems facing the international economy. There is no doubt that the higher energy costs will require much more financing and in time massive adjustments on the part of those countries, both developed and developing, whose payments positions have been most severely affected.

No people or government can, of itself, deal with the problems of inflation and unemployment, of trade imbalances and currency fluctuations. None will be immune if short-sighted and selfish policies lead to graver repercussions. These are not simply technical problems -- questions of currency flows, trade barriers, and exchange-rates. They are matters of human dignity. Unemployment, malnutrition, starvation, and lack of shelter are an affront to all of us. We ignore them at the risk of our own welfare and security.

A renewal and strengthening of international co-operation is an urgent requirement if we are to sustain social progress and economic development. We all have a responsibility to contribute to such co-operation. Those countries that command massive financial resources have, however, a special responsibility for seeing that such resources are invested in a helpful and constructive manner -- that their use strengthens, rather than disturbs, the health of the world economy.

At the present time, there is no more urgent development issue than the vigour of the world economy. When production and demand falter, all of us -- whether developed or developing -- suffer. Difficulties in the developed countries translate into distress in developing countries and something akin to disaster in the most seriously affected.