He thanked his colleagues for their contributions.

THE PRESIDENT: Thank you very much indeed, Mr Bühlert.

I remind those who are on the list and were present in the Chamber but were not called that they may submit their speeches in typescript to the Table Office within twenty-four hours of the end of the debate, for publication in the official report.

The debate is closed.

At its meeting on 13 December, the Bureau proposed the references to committees set out in the Progress Report. They are subject to ratification by the Assembly under Rule 24 (2) of the Rules of Procedure.

Does the Assembly approve the references?...

They are agreed to.

Note is taken of the Progress Report of the Bureau and the Standing Committee (Doc. 8596 and addendum) and of the various reports on observations of elections. I thank Mr Bühlert for his involvement.

14. Democracy and economic development

THE PRESIDENT: The next item of business this afternoon is the debate on the report on democracy and economic development presented by Mr Elo on behalf of the Committee on Economic Affairs and Development, Document 8458.

The list of speakers closed at 1 p.m. today. There are twenty-two names on the list and one amendment has been tabled.

I remind you that we have already agreed that the list of speakers be interrupted at about 6.40 p.m. to allow time for the reply and the vote.

I see Mr Elo hastening towards his place.

Mr Elo (Finland): Mr President, dear colleagues, we know from bitter experience that an unstable or poorly functioning economy can cause a country to abandon democracy. The Weimar Republic is a good example, but there are many others, before and since. What is less recognised—or what is only beginning to be recognised today—is that the reverse also holds true. In other words, where democracy functions badly or not at all, no lasting economic development can take place.

In recent years, we have seen many dramatic financial crises around the world. They have almost always reflected democratic shortcomings. At the same time, we have seen how countries with better functioning democracies have, on the whole, been able to avoid contagion. There is thus—this is the basic message of my report—a clear relationship between the quality of democracy on the one hand and economic wealth and progress on the other.
By democracy, I mean much more, of course, than simply having fair elections, however important those may be. In the word "democracy" I include wider aspects such as respect for human rights, the rule of law, social justice and solidarity, transparency and accountability in public affairs, an independent judiciary, a free press, a firm stand against cronyism and freedom from corruption and economic crime. Let me say how happy I am that the Committee on Economic Affairs and Development and the Committee on Legal Affairs and Human Rights of our Assembly have made the fight against corruption and economic crime one of their top priorities.

We must repeat the message about the link between democracy and prosperity in our own countries and internationally, and we must never think that our democracies are perfect and forever protected from decay, for no democracy is. Any political system can be perverted, corrupted or destroyed from within. Lack of vigilance is decline's best friend. Democracy must be defended by each generation, by each of us, each and every day.

In the resolution before you, which I hope you will adopt at the end of what I am sure will be a rewarding debate, the Committee on Economic Affairs and Development calls for a much more efficient warning system against emerging financial crises caused by declining democratic norms. We call it "early attention". We ask international financial institutions, especially the International Monetary Fund and the World Bank, to reinforce their "early attention" systems, and to widen them so that they discover not just cracks in the financial system, but the causes of those cracks, such as corruption and economic crime. We see encouraging signs of that happening as a result of the scaring lessons learnt over the past few years.

(Mr Davis, Vice-President of the Assembly, took the Chair in place of Lord Russell-Johnston)

We express support for the G7 declaration of last year calling for the strengthening of the international financial architecture, and we ask the IMF to draw up new country ratings based more on democratic dimensions, and to create a code of conduct for relations between governments and economic life. Finally, we welcome the new emphasis placed by our member states and others on world-wide social, labour and environmental standards. We saw at Seattle how the neglect of such standards can cause great strain in world relations, and we believe that those standards are essential for the strengthening of democracy, development and, therefore, world economic stability.

Winston Churchill used to say that democracy was the "worst form of government, excepting all the others". Today, I think, we can go one better than Churchill and say with confidence that democracy is the best form of government, including all the others. The message of my report is that this holds not only for human dignity and well-being in the absolute sense, which we know, but for that part of human dignity and well-being that depends on economic development and prosperity.

I thank you for your attention and commend the report for your consideration. I look forward to a lively debate.

THE PRESIDENT.- Thank you, Mr Elo, and thank you for being so brief. In the debate, I call first Mr Valleix on behalf of the European Democratic Group.