

A Partnership for Development and Peace

Keynote Address delivered at the Woodrow Wilson International Center

by

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Ladies and gentlemen, I am delighted to be here at the Woodrow Wilson International Center addressing this event co-hosted by the Bretton Woods Committee.

World Bank President James D. Wolfensohn at the Woodrow Wilson International Center

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- Millennium Development Goals Costing Paper (451K PDF)
- Press Release: World Bank Estimates Cost Of Reaching The Millennium Development Goals At \$40-60 Billion Annually In Additional Aid
- Millennium Development Goals

Eighty-four years ago in this city, Woodrow Wilson spoke of war and peace to a Joint Session of Congress. "What we demand" he said, "is that the world be made safe for every peace-loving nation which, like our own, wishes to live its own life, determine its own institutions, be assured of justice, and fair dealing by the other peoples' of the world. All peoples are partners in this interest, and for our own part we see very clearly that unless justice be done to others it will not be done to us."

In two weeks in Monterrey, Mexico, leaders from across the world will meet to discuss Financing for Development, when we must all hope that the words of President Wilson will resonate.

Rarely has there been an issue so vital to long-term peace and security, and yet so marginalized in domestic politics in most of the rich world.

Our challenge, as we go forward to the Monterrey Conference and beyond, is to persuade political leaders why that marginalization must end; why

justice must be done to others if it is to be done to us; why "all peoples are partners in this interest."

Never perhaps has the chance for concerted action been greater, or the prize more worth the winning. The horrifying events of September 11th have made this a time of reflection on how to make the world a better and safer place. The international community has already acted strongly, by confronting terrorism directly and increasing security. But those actions by themselves are not enough. We will not create that better and safer world with bombs or brigades alone. We will not win the peace until we have the foresight, the courage, and the political will to redefine the war.

We must recognize that while there is social injustice on a global scale - both between states and within them; while the fight against poverty is barely begun in too many parts of the world; while the link between progress in development and progress toward peace is not recognized - we may win a battle against terror but we will not conclude a war that will yield enduring peace.

Poverty is our greatest long-term challenge. Grueling, mind-numbing poverty - which snatches hope and opportunity away from young hearts and dreams just when they should take flight and soar.

Poverty - which takes the promise of a whole life ahead and stunts it into a struggle for day-to-day survival.

Poverty - which together with its handmaiden, hopelessness, can lead to exclusion, anger, and even conflict.

Poverty - which, does not itself necessarily lead to violence, but which can provide a breeding ground for the ideas and actions of those who promote conflict and terror.

On September 11, the crisis of Afghanistan came to Wall Street, to the Pentagon, and to a field in Pennsylvania. And the imaginary wall that divided the rich world from the poor world came crashing down.

Belief in that wall, and in those separate and separated worlds, has for too long allowed us to view as normal a world where less than 20 percent of the population--the rich countries in which we are today--dominates the world's wealth and resources and takes 80 percent of its dollar income.

Belief in that wall has too long allowed us to view as normal a world where every minute a woman dies in childbirth .

Belief in that wall has allowed us for too long to view the violence, disenfranchisement, and inequality in the world as the problem of poor, weak countries and not our own.

There is no wall. There are not two worlds. There is only one.

The process of globalization and growing interdependence has been at work for millennia.

As my friend Amartya Sen has pointed out, a millennium ago it was ideas - not from the West - but from China, from India and the Moslem world which gave intellectual basis for much of science, for printing, and the arts. It was the great Mughal Emperor Akbar, a Moslem, who in the sixteenth century, called for religious tolerance and openness.

There is no wall. We are linked by trade, investment, finance, by travel and communications, by disease, by crime, by migration, by environmental degradation, by drugs, by financial crises and by terror.

Only our mindsets continue to shore up that wall; too set in our ways, too complacent or too frightened to face reality without it.

It is time to tear down that wall, to recognize that in this unified world poverty is our collective enemy. Poverty is the war we must fight. We must fight it because it is morally and ethically repugnant. We must fight it because it is in the self-interest of the rich to join the struggle. We must fight it because its existence is like a cancer - weakening the whole of the body not just the parts that are directly affected.

And we need not fight blindly. For we already have a vision of what the road to victory could look like.

Last year, at the Summit held at the United Nations, more than 140 world leaders agreed to launch a campaign to attack poverty on a number of fronts. Together, we agreed to support the Millennium Development goals. By 2015, we said, we will:

- Halve the proportion of people living on less than one dollar a day
- Ensure that boys and girls alike complete primary schooling
- Eliminate gender disparity at all levels of education
- Reduce child mortality by two-thirds
- Reduce maternal mortality by three-quarters
- Roll-back HIV/AIDS, malaria and other diseases
- Halve the proportion of people without access to safe water
- And develop a global partnership for development

How could anyone take issue with these goals? How could anyone refuse to stand up and say that for my children and my children's children, I want that better world?

And yet, there are those who legitimately ask: Can we win a war against poverty? And if we can't be sure, should we wager our resources?

To these people I would ask: Can we afford to lose? How much are we prepared to commit to preserve our children's future? What is the price we are willing to pay to make progress in our lifetime toward a better world?

And to the doubters I would say: Look at the facts. For the facts show that despite difficulties and setbacks, we have made important progress in the past, and we will make progress in the future.

Over the past 40 years, life expectancy at birth in developing countries has increased by 20 years - about as much as was achieved in all of human history prior to the middle of the twentieth century.

Over the past 30 years, illiteracy in the developing world has been cut nearly in half, from 47% to 25% in adults.

Over the past 20 years, the absolute number of people living on less than \$1 a day, after rising steadily for the last 200 years, has for the first time begun to fall, even as the world's population has grown by 1.6 billion people.

Driving much of this progress has been an acceleration of growth rates in the developing world - more than doubling the income of the average person living in developing countries over the past 35 years.

These are not just meaningless statistics. They indicate real progress in real people's lives:

In Vietnam, where the number of people in poverty has halved over the last 15 years;

In China, where the number of rural poor people fell from 250 million to 34 million in two decades of reform.

In India, where the literacy rate for women rose from 39 percent to 54 percent in just the past decade.

In Uganda, where the number of children in primary school has doubled;

In Bangladesh, where dramatic strides have been made to achieve universal primary education - and raised the enrollment of girls in high school to about par with boys, in an environment where girls have for long faced huge barriers;

In Brazil, where the number of AIDS-related deaths have been cut by more than a third.

Or in Ethiopia, where six million Ethiopians are now benefiting from better education and health services.

These advances have not come by chance. They have come by action. First and foremost action by developing countries themselves, but also from action in partnership with the richer world and with the international institutions, with civil society, and the private sector.

But some would say, should we wager our resources on success, knowing that there has also been failure?

Much of the growth and poverty reduction worldwide over the past twenty years has come in the two giants of the developing world, China and India; with progress too in other parts of East Asia and Latin America. Yet, too many countries are being left behind - especially in Sub Saharan Africa.

Too much inequity between countries and within countries, too much exclusion, too many wars, too much internal strife, and now AIDS threatening to reverse many of the gains made over the last 40 years.

And these challenges will only grow over the next 30 years, as the global population increases by 2 billion to eight billion people, with almost the entire increase going to developing countries.

As we in the international development community - international institutions and bilateral agencies, governments and NGOs - look to the challenge before us, we must also look objectively back at the past, and do so with humility.

For too many poor people, the Cold War years were years when development stalled or even reversed; when leaders became enriched at the expense of their people; when monies were lent for the sake of politics, not development.

We have seen failure, yes, and we have seen the effects of the politicization of aid; and we must never forget its corrosive impact.

We have learned that policies imposed from London or Washington will not work. Countries must be in charge of their own development. Policies must be locally owned and locally grown.

We have learned that any effort to fight poverty must be comprehensive. There is no magic bullet that alone will slay poverty; but we know too that there are conditions that foster successful development: Education and health programs to build the human capacity of the country; good and clean government; an effective legal and justice system; and a well-organized and supervised financial system.

We have learned that corruption, bad policies and weak governance will make aid ineffective, and that country-led programs to fight corruption can succeed.

We have learned that debt-reduction for the most highly indebted poor countries is a crucial element in putting countries back on their feet, and that the funds released can be used effectively for poverty programs.

We have learned that we must focus on the conditions for investment and entrepreneurship, particularly for smaller enterprises and farms. But that is not enough for pro-poor growth: we must also promote investment in people, empowering them to make their own choices.

We have learned that development is about the long haul, reaching beyond political cycles or quick-fixes --for the surest foundation for long-term change is social consensus for long-term action.

These lessons and principles should give us heart, for more than ever today, bilateral and multilateral donors, governments and civil society are coming together in support of a set of shared principles.

More than ever today, a new wind is blowing though the world of development transforming our potential to make development happen.

In this new world, development is not about aid dependence; it is about a chance for developing countries to put in place policies that will enable their economies to grow, that will attract private investment, and allow governments to invest in their people - promoting aid independence.

It is about treating the poor not as objects of charity, but as assets on which we can build a better and safer world. It is about scaling up - moving from individual projects to programs; building on - and then replicating - for example, the successes of community-driven development and microcredit - where the poor are at the center of the solution, not at the end of a handout. It is about forging a New Partnership between rich and poor based on mutual interest and mutual support.

And it is developing countries that are leading the way. Listen to what African Leaders are saying in the New Partnership for African Development.

"Across the continent Africans declare that we will no longer allow ourselves to be conditioned by circumstance. We will determine our own destiny and call on the rest of the world to complement our efforts."

These leaders, and leaders and peoples like them through much of the developing world, are recognizing what must be done to allow their countries to develop.

They are committing to good governance, to improving the investment climate, to investing in their people. And the marked improvement in policies in much of the developing world since the 1980s shows that they are serious and are having an effect.

In some countries, these improvements in policies and governance have generated growth led by the private sector, which involves poor people. By building a more favorable environment for productivity and development, they are creating jobs, encouraging growth in domestic savings and investment, while also spurring increases in foreign direct investment flows.

They are not sitting back waiting for development to be done to them. They are helping to finance their own development; and they recognize the crucial importance of building human capacity within their countries.

But they cannot do it alone.

I have spoken of one side of the new partnership, the leadership in the developing world. But there is also a need for leadership in the developed world which must grasp the opportunity presented in Monterrey

to take the next important step to create that more stable and peaceful world.

What is it that leaders in rich countries should do?

First, they must assist developing countries to build their own capacity in government, in business, and in their communities at large. And in doing so, they must listen to the expressed needs of developing countries so that they help to build individual programs that are relevant and can make a real difference. This is not pro-forma work. This is work that requires real commitment and passion.

Second, they must move forward on the issue of trade openness, recognizing that without market access poor countries cannot fulfill their potential no matter how well their policies. The European Union's lead on the Everything But Arms Agreement, and America's lead on the African Growth and Opportunities Act should be followed by other rich countries now - and the benefits extended to all low income countries to end the trade barriers that harm the poorest nations and poorest workers. This action does not need to wait on WTO agreement.

There will be powerful political lobbies ranged against any such action. But it is the task of political leaders to remind electorates that lowering of trade barriers will not cost the rich countries anything in the aggregate; they gain from freer trade in these areas, far in excess of any short-term costs of adjustment. There is no sacrifice required, no excuse for failing to take action that would leave all countries better off.

Third, rich nations must also take action to cut agricultural subsidies - subsidies that rob poor countries of markets for their products. Farm support goes mainly to a relatively small number of agribusinesses, many of them large corporations, and yet those subsidies of \$350 billion a year are six times what the rich countries provide in foreign aid to a developing world of close to 5 billion people.

Yes, there are powerful political lobbies ranged against this action too. But the fundamental truth here is that agricultural subsidies constitute a heavy burden on the citizens of developed countries, and a barrier to primary commodity producers in the developing world. With skillful political leadership, they can be cut back. But we need that leadership. And reducing these subsidies would have the additional benefit of yielding significant budgetary savings for governments of rich countries. Savings far greater than would be necessary to create very substantial increases in aid together with any internal compensation that may be necessary.

Fourth, rich countries must recognize that even with action on trade, or agricultural subsidies, there is still a fundamental need to boost resources for developing countries. We estimate that it will take on the order of an additional \$40 to \$60 billion a year to reach the Millennium Development Goals - roughly a doubling of current aid flows - to roughly 0.5% of GNP, still well below the 0.7% target agreed to by global leaders years ago.

Budgetary realities may make it impossible to double aid overnight. But if a "New Partnership" is to work, we must commit to matching the efforts of developing countries step by step with a phased-in increase in aid - say an additional \$10 billion a year for the next 5 years; building to an extra \$50 billion a year in year five.

As part of this support, donors must also conclude an agreement for the funding of IDA for the next 3 years. This program, which provides long-term support for countries with per capita incomes below \$2 a day, is critical for those living in desperate poverty. I believe that an agreement is close on this vital program; the time has come to put it in place. The poor should not be asked to wait.

Does anybody really believe that the goal of halving absolute poverty by 2015 is not worth this investment?

An extra \$50 billion in aid would cost only an extra one-fifth of 1 percent of the income of rich countries.

An extra \$50 billion in aid would reverse the decline as a percentage of GDP that has taken place over the last 15 years.

Contrast that with the fact that today the world's leading industrial nations provide nearly 90% of the multibillion dollar arms trade. Arms that are contributing to the very conflicts that all of us profess to deplore; and that we must spend additional monies to suppress.

Let me repeat:

We should do it because it is ethically right.

We should do it because it will make a better, more understanding, more dynamic, and indeed more prosperous world for our children and our children's children.

We should do it because it will increase the security of all of us, rich and poor.

We know that disease, environment, financial crises and even terror do not recognize national boundaries.

We know that imaginary walls will not protect us.

If we want to build long-term peace, if we want stability for our economies, if we want growth opportunities in the years ahead, if we want to build that better and safer world, fighting poverty must be part of national and international security. I do not underestimate the challenge of securing an extra \$50 billion for development. But I know, as do many others, that this is the place to put our money. The conquest of poverty is indeed the quest for peace.

We must not let our mission be clouded by debates on which there is no debate. The debates are: Let's have effectiveness. Let's have

productivity. Let's ensure that the money is well spent. Let's ensure that programs and projects are not corrupt. Let's ensure that women are given an important place in the development process. Let's ensure that issues are locally owned. Let's use all instruments at our disposal, grants, loans, and guarantees. These are not issues for debate. They are issues on which the principles are all agreed. These are not issues to hold up action. These are issues on which we can all close ranks and move forward.

Time is not on our side. But perhaps, for once, public opinion is.

There are those that say, you will never get support for extra aid in a climate of economic recession and budget cuts. You will never persuade people to look beyond their pocket books. I for one do not believe it. I have seen people at their best and at their least selfish in difficult times.

And I believe there is a sea change since September 11th. People everywhere are beginning to recognize:

that military solutions to terror are not enough . . .

that people must be given hope . . .

that we must build an inclusive global community . . .

that we must make globalization stand for common humanity, not for commercial brands or competitive advantage.

The understanding is growing. Three months ago a poll of 23,000 people in 25 countries showed overwhelming support for the view that fighting poverty and addressing the gap between rich and poor should top the international agenda.

My friends:

For centuries, we have focused on issues of war and peace. We have built armies and honed strategies. Today we fight a different kind of war in a different kind of world.

A world where violence does not stop at borders; a world where communications sheds welcome light on global inequities:

Where what happens in one part of the world affects another.

Inclusion, a sense of equity, empowerment, anti-corruption -- these must be our weapons of the future.

I believe we have a greater chance today, than perhaps at any other time in the last 50 years, to win that war and forge that new partnership for peace.

Together we must promote understanding that policy can no longer exist in tidy boxes labeled foreign and domestic; home and away - squirreling away

0.1% or 0.24% of GDP on aid. Together we must persuade finance ministers that when they discuss their budgets, together with defense and domestic spending, they must give equal weight to international spending.

But we must go further. We must change the mindsets that build the walls.

Across the world, we must educate our children to be global citizens with global responsibilities. We must celebrate diversity, not fear it. We must build curricula around understanding, not suspicion; around inclusion not hate. We must tell our children to dare to be different - international, intercultural, interactive, global.

We must do better with the next generation than we have done with our own.

Let me end, as I began, with the words of Woodrow Wilson - words that reach out across cultural and national divides.

"You are not here merely to make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget that errand."

Thank You.