Address to the International Labour Conference

by

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Madam President, distinguished delegates, ladies and gentlemen. For a poor banker from Washington this is an overwhelming experience. I am full of admiration and praise for you. You have so organized your conditions of labour that you can come to Geneva every June for three weeks, something that I have failed to do in the Bank. I am therefore anxious to learn from you, Madam President, and from the Organization, so that I can improve our conditions.

We labour away in Washington most of the time, those of us in management, but we do -- very much as you said -- have the opportunity to get into the field and to look at what the common conditions are that are facing us in this world today. We recognize that last year here in your meetings you determined that the ILO should strengthen its ongoing dialogue with the Bretton Woods institutions -- as you said, "with a view to promoting a better mutual understanding of the interrelationship between economic, social and employment policies". You went on to talk about the social partners' raising of quality and quantity of employment, adequate compensatory programmes and social safety nets. And you further addressed the issue of the implementation of the fundamental labour standards which you are addressing here at this meeting, and enhanced technical cooperation.

Let me say to you it is with great pleasure, and with gratitude to Michel Hansenne and all our colleagues in the ILO, that in this last year we have fulfilled your request. The relationships which have been going on for years between the Bank and the ILO have indeed been deepened and strengthened, and we have the opportunity to work together, have mutual visits with each other, both here and in Washington. We have established some work programmes, including joint studies on reform of vocational education and training systems, on the labour-market impact of export processing zones, and joint workshops for trade unionists on labour and development issues; and we look forward to closer cooperation in the future.

So I would say that we are engaged in this joint endeavour, not only because of your admonition that we should do so but because of the recognition also on our part that the problems that we are facing and the opportunities that we are facing cannot and should not be faced alone.

As you know, the Bank is a different institution from your institution. We are differently composed. We have 180 shareholders and we were established some 50 years ago, initially to meet the needs of a post-
Second World War world in terms of reconstruction. We mutated from that and took on increasing challenges of development -- challenges of development that have increased in their size and in their diversity -- and our institution as well has increased in its size and its diversity. The Bank now has a balance sheet of 150 billion dollars. We lend about 15 billion dollars a year. We have another instrument called the International Development Association (IDA), which deals with the poor countries, countries that have a per capita income of less than 2.50 dollars per day. We have an institution which deals with the private sector, the International Finance Corporation (IFC), because of the importance that we recognize the private sector to have. Then there is yet another institution which insures risk, MIGA, the Multilateral Investment Guarantee Agency.

So we have grown in diversity and size because of the needs. Our world is a world of 4.7 billion people, out of 5.6 billion people on our globe. It is a world of 3 billion people that live with under 2 dollars per day, and 1 billion 300 million people that live with under 1 dollar a day. It is a world where there are inequities in which 56 per cent of the people of the world have 5 per cent of the income. It is a world in which there are great differences between countries, the rich and the poor, and great inequities within countries between rich and poor, and those inequities are increasing.

The Bank is not alone in its function as a multilateral financial development institution. Since our founding we have been joined by other institutions, by regional development banks, by bilateral institutions, by an extended United Nations system, by the European Union, by the WTO, by this Organization. So it is that we find that at the official level the Bank is no longer alone, alone with our partner the Monetary Fund, but is part of an axis of international organizations which must work together -- must work together because the needs are great.

We in the Bank are focusing our direct and specific attention on poverty alleviation within a sustainable environment. Now our contribution is not dominant; it is important but it is not dominant. In financial terms all of us together in the international field transfer something of the order of 40-45 billion dollars per year. That is a significant amount of money in absolute terms, but in comparison with the needs it is small. The developing world requires 200 billion dollars a year for infrastructure alone, before we talk of social needs and other needs of governmental expenditure.

Another change has occurred of dramatic proportions and that, as you delegates know, is the role of employers, or investors, or the private sector as we call it, which in our world has taken a wholly different position from that of seven years ago. Seven years ago the private sector was half the size of that first official sector. Today, it is $240 billion, five times the size of the official sector. This is a change not just of quantitative proportions; it is an enormous qualitative change. We have a new, enormous player in the field of development. But again there is inequality, inequality based on the decisions of investors to go to those places which are welcoming and where they can make good investments. The result is that 75 per cent of that $240 billion goes to
12 countries, 140 countries get less than 5 per cent, and sub-Saharan Africa gets around 1 per cent.

We have to deal with the issue of the interface between the private sector and development, how it is we can attract the private sector, on what terms that private sector can be attracted. So the Bank is now trying to forge, and has been trying to forge, the sort of partnership which you have embedded in your own structure, bringing together with governments the private sector as well as labour.

That leads me to our third partner, which is civil society. The world that you are in and that we are in, our common world, has changed. It has changed from a world where the majority of the world was not living in a market system. Fifteen years ago we had a billion people living in a market system; today we have 5 billion people living in a market system. Fifteen years ago one person in four was living under some form of democratic government; today two-thirds of the countries are under some form of democratic government. With a market system and with the developments that have been taking place, we have a situation today where we have a burgeoning of civil society. In that civil society proud and of long standing and great importance, is the trade union movement, organized labour, along with non-governmental organizations which have proliferated enormously.

This is an interface that the Bank must have and which, again, you have already in your institution. It is an embedded link which the Bank must have, not only with employers or the private sector, as we call them, but also with civil society including labour. So we have found ourselves now in a situation where, as we face the world, we have the same partnerships that you have.

We also have a fourth partner, which is of course the partnership with governments. Because we are very conscious of the fact that the projects and the ideas that we have are only relevant within the context of government policy. Our clients are the governments. It is through governments that we operate. We are not an independent entity. The projects of the World Bank are not World Bank projects. They are projects of Equatorial Guinea, of Gambia, of Georgia, of Ghana, of Brazil. They are their projects, they are not our projects. So we have the additional task of working with governments to try and develop and assist them in their development of the necessary skills and competencies and experience with which they can deal with the issues that face them. So we are part of a new partnership.

Let me say immediately, Madam President, that my reason in coming here was to demonstrate to you the importance that we at the Bank place on the relationship with the ILO and, through it, with its participants, with the governments, with the private sector, with the labour union movement. That is not said casually, and it is not said because I am here; it is said because it is a reality. It is a reality that we need to face in a world of 4.7 billion poor people, who within another 30 years will be 8 billion people. It is also an economic reality. This world is a world that represents 17 per cent of the world's gross product; and in another
30 years it will reach something like 30 per cent of the world's gross product.

The developing world in which the Bank deals is the fastest-growing sector of society growing at 6 per cent plus a year, double the OECD rate. It is a world which in purely economic terms we have to include in one world. In fact, the notion that we have two worlds is a foolish notion. We have one world. We describe it in terms of developed and developing but they are inextricably linked, and proudly linked, in economics, in environment, in health, in migration, in crime, in drugs, in food, in war. There is no way of absenting yourself from that world. What we are seeking to do in the Bank, as you are seeking to do, is to try and recognize that the rights of people around the world are dear wherever they are, and that the issue of equity and social justice is an issue that we face wherever we are.

In our work in the Bank we extend to many areas in which you here, in the ILO, are involved, but we work somewhat differently. We start from an economic and development point of view, that is our mandate. When it comes to something like labour standards we cannot make decisions as an institution of the Bank without the approval and support of our governments. Those of you who represent governments here can appear in another guise on my Board. It is not such a large gathering, but I sit with a Board that meets twice a week and represents 180 countries; and I have 24 resident directors.

Those of you who are employers here will understand that that is not an easy life, and those of you who are representatives of governments will understand that that is the way it works. I am an employee, I am an employee of this government body and my policies are their policies. What I can do, of course, is to try and push it a little bit this way and a little bit that way. And we act also as individuals.

One thing which we have come to in recent years is an absolute recognition that, unless you have sound social policies, you cannot have sound economic policies. That is crystal clear. Unless you have a solid base with the people, unless you are concerned with the rights of the individual, unless you are concerned with elements of social responsibility and social justice, you cannot have peace and you cannot have safe investing. That is a very straightforward conclusion, and it guides us and it guides the work of the Bank. And in that sense we coalesce and complement very significantly many of the things with which you are dealing in your Organization on a day-to-day basis.

I was just jotting down last night as I was thinking, in terms of this gathering, of the sort of things that we are involved with. It is not a comprehensive list, but I just wrote down the role of the State -- how we deal with issues of capacity building. Here I am happy to say that in the last year, under the leadership of our African governors, we have come up with a plan on capacity building which we are happy to support. But it is not our plan; it is an African plan, as indeed it should be. And a highly remarkable document it is.
I was thinking, too, of our work in health, our work in health that does not deal just with health requirements -- important as they are as a social benefit in the workplace -- but with the fundamental issues of 800,000 people dying each year from malaria, of 2 million people dying each year from tuberculosis, of some woman dying every minute from something related to pregnancy, of trying to get away from onchocerciasis, or river blindness, which we are jointly eliminating in Africa, of Guinea worm, of a variety of essential health issues; all this before we even get to the question of equity and distribution of health care services throughout a country in which we are deeply involved -- issues of family health, issues of taking health out into the field to try, in poor countries, to give people the right to a healthy life, to try and save 500 million people from mental retardation because of food problems.

Then there is the issue of education, which is absolutely fundamental to the whole centre of the development experience -- something which is well understood by your Organization. We have 130 million children who are not in school, 70 per cent of them girls; and if we get them to school we cannot keep them at school. We have issues ranging across the world where we are trying to create programmes and curricula which can, in fact, add benefit to the kids that are in school and allow their parents to feel that they should be in school -- where they have parents, that is, because we have to deal with tens of millions of street kids that have no family structure.

Then we move up the education scale to the secondary systems, and to the system of education in trades and work for the workless. These are areas in which we are involved; we are spending US$2.5 billion a year just on education, throughout the world.

Then there are the systems of justice -- trying to see that development occurs within the framework of the culture of the countries in which we are operating. We are not a bank that wants to try and impose some centralized system of culture or development. We have to respect the cultures, in which we are operating. We need to support and nurture the cultures, and we need to learn from the cultures. There is no way that we can teach family values to African villagers, there is no way that we can seek to impose culture on countries in the Far East that have existed for millennia, nor should we try. We need to act within the context of the culture and history of the countries in which we are operating. We need the sensitivity to build from within, to build within the framework of something that exists.

We have to deal with financial systems which are vulnerable throughout the developing world and without which we cannot function and cannot have development, nor investment, nor safe employment; because, if the financial systems go, there is no way that any set of conditions is going to allow for continuous employment with a basic set of rights.

We are looking at privatization, we are looking at corruption, we are looking at environment because we share the globe on which we are working. We are looking at infrastructure, we are looking at debt -- the problems of debt overhang which apply to many of the countries
represented in this room. And we are working in post-conflict situation in Gaza, in Bosnia, in Africa, in the Lakes district. We are looking at problems of water, we are looking at issues of women's rights which are affected. We are looking at the issues of children.

I give you that catalogue because you should understand that the Bank is really involved in so many of the dimensions that you here in the ILO are engaged in, but we are involved in a peripheral way to many of the central thrusts that you have. But if we fail, you fail. Unless we can create the conditions in countries on which labour can build and employers can build, your debate is meaningless. So we need to work together in the way in which we approach this tremendous problem of development.

That is the sort of institution we are. It is an institution that is concerned about the individual, that is concerned to give a better life to people throughout the world, that is concerned to protect fundamental human rights; and, most importantly, it is an institution that hopes for peace and security for our children.

We are not, as many of you here think, a financial institution that is simply concerned with structural adjustment and getting its money back. I do not wake up every morning and order my colleagues to see how it is we can make the world less well off. We do not try and develop programmes which adversely affect any sector of society. Our objective is the same as yours; it is to bring a better life.

I also want you to know that we are not dogmatic. If I have learned anything in two years, it is that all of us face a very, very difficult and complex problem. I do not think, with all respect, that any of you have the total answer to development, any more than I have. What it is is a process that we need to go along with, a process of adjustment, a process in which we need to interface with each other. We do not have a Washington-based consensus, and we are not trying to influence the internal politics of the countries in which we are operating. I say we are not because we are not allowed to -- even if we wanted to, our Board would not permit it. But also it is not proper. What we are expected to do is to give the benefit of our experience and to work with countries in the development programmes that they are seeking to establish in their own countries.

Together we need to face the future of a world which is getting bigger, where poverty is increasing and where the environment is deteriorating; and we need to do it together.

I believe there are many elements in what you are doing that complement and coalesce with what we are doing. We respect the expertise of the ILO, we build on it and we have worked together with you. I have to say to you in all candour that in the past I do not think that the relationships have been deep enough or sufficient to face the sort of challenges that we are facing.

I am very proud that in this last year we have taken a step forward and, indeed, I look forward to a strengthening and deepening of the
relationships that we have between us. We have to set priorities, we have to set achievable targets, and we have to set ourselves a framework in which we can judge our effectiveness. We have to get away from theoretical exercises, from mutual expressions of goodwill, to targets, to re-evaluation, to focusing on projects on which we can work together and report back on the basis of our experience. Our experience will undoubtedly be in some cases great, and in some cases less than great. And we should expect both because we should have the courage to move forward, to experiment and to take on issues which none of us have faced before.

I have concluded my two years with a great sense of humanity. What I have learned in my visits to 55 countries is that people are not very different. They may be different in terms of their economic circumstances and their history, but fundamentally they care about a set of human values which is built around family, which does not want charity, which wants opportunity and which wants fairness and justice. Whether you are in a village or in a slum, when you talk to parents they want their kids to have a better life. When you talk to them, they are not asking for a handout. What they are asking for is a chance; and when they see that people in government or in the private sector are benefiting at their expense they get mad.

People can sustain poverty if they have got some hope. What they cannot do is sustain poverty with inequity, when they see others getting rich and them not advancing. Those are things which I have observed as common values, not as a distinguished economist, not as an anthropologist which I am not, but as someone who has just been around and seen. And all of you understand it and all of you can relate to it.

Our task in the Bank, and your task in the ILO, is to ensure that we give these individuals a chance, that we give them a chance for freedom, that we give them a chance of economic opportunity and that we give them a sense of justice and a sense that the social environment in which they are operating is fair.

In that sense we are absolutely linked, the aims of the ILO and those of the Bank. The way in which we work is different but the complementarity is clear. Madam President, I look forward very much to working with you, with the staff and with all the delegates in the months and years ahead.