Address on World Bank Policy

Remarks at the Fifth Annual Conference of
The Parliamentary Network on the World Bank

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Merci Bert Koenders, Sénateur Pelletier, Pierre Duquesne, Messieurs et
Mesdames les ministres, membres du Parlement et tous mes amis. Pour
commencer, je dois dire un grand merci à Monsieur Pelletier, à Francis
Mer et aux membres du Sénat pour leur accueil.

I must say that this is, for me, a very happy occasion. I have attended
all of the meetings of this parliamentary group and I have seen it grow
from the first meeting, where I believe we had fewer than 50 people
coming, to today where we have more than 200 participants from over 80
countries. One gets a sense that this organization was and is needed. It
is certainly making a very great contribution to us in the Bank and more
generally to the field of development.

This group of parliamentarians is linked with us. As you know, the
Parliamentary Network on the World Bank is a separate organization. It
is not a mouthpiece for the World Bank. It is an organization that is
concerned with development matters and it creates a space where we can
have an open and frank debate about issues. We at the World Bank have
certainly asserted that we are ready to work with you at every level and
we have been very happy to see the extension of your activities at the
global level, at the regional level, and on specific issues where you
have shown substantial progress on matters that are of importance to us.

In the past, I have usually spoken for a few minutes about what is on my
mind and then opened up the floor to questions. I have learned that
parliamentarians love to ask questions and that I like to answer them.
So let me follow the same procedure and briefly outline the issues that I
am concerned about, concerns that I think we share.

The first thing I would like to say, following on Bert Koenders’ opening
remarks, is that I think this year is a very important year for all of us
pursuing common endeavors for poverty alleviation and the achievement of
the Millennium Development Goals. There is no way that the Bank can
defeat poverty alone. We are an important factor, but we are by no means
the only factor; and the only way that poverty can be defeated is if we
all come together, including the representatives of civil society that
are here with us today, the private sector and parliamentary bodies.
Yet when one looks at the overall momentum behind the fight against poverty, I am really rather concerned. I am concerned when I look at the demographics of our planet, at the numbers and at the importance that institutions, including parliamentary bodies, are giving to the question of development. To be a little provocative, let me put it this way: we are a world of 6 billion people and you represent, in different ways, either the 1 billion who are in developed countries or the 5 billion that are in developing countries. You know that the 1 billion has 80% of the wealth and that the 5 billion has 20% of the wealth. You also know that within all our countries, both rich and poor, there is not a great deal of social equity, that there are vast differences between the rich and the poor and that this problem is not improving significantly.

Nearly 3 billion people are under the age of 25. 1.5 billion young people are under 15. In the next 25 years, 2 billion people will join our planet and all but 50 million of them will go to developing countries; so that in the year 2030 our children will face a world in which there are 7 billion out of 8 billion in developing countries and still 1 billion, or a little more, in the developed world. In developed countries, the population will be older in terms of age distribution and, in the case of Europe, smaller than it is today. We will be facing significant issues, notably the issue of migration, and we will continue to face an increasing closeness on our planet.

Since we started these meetings, we have had September 11, we have had wars, and we have had demonstrations of terrorism. There is probably no one here that does not feel some level of responsibility, not only as a representative of a constituency in their own country, but also as a member of the world’s parliamentarians. We can no longer think only in terms of domestic issues. Anyone who thought that poverty could be limited by wars, or that the rich world could be protected from the poor world, or that the poor world was not affected by the rich world, must have had that dream shattered on September 11. All of us must recognize that we share a common future on our planet, but our mode of operations is still one in which elections are held domestically and important issues are decided domestically. Yet the inevitable progress of the weight of people, of 2 billion joining the planet; the inevitable effect of interrelationships of trade, of finance, of health, of environment, of migration, of crime, of drugs, of terror, must make us recognize that we cannot live on our planet as responsible leaders unless we think in terms of global issues as well.

The reason that I think that it is particularly important to address you this year is because somehow we seem to be losing our way, especially in terms of recognizing the challenge of the Millennium Development Goals. All the leaders of the world came together in the year 2000 to establish the objectives for poverty reduction in relation to environment, to women, to health, to children, to education, etc.

Now, look at how we have been reacting. Recently, when Mars was close to the earth, I commented in a speech that if a Martian had come to earth to look at us, he would have seen the Millennium Development Goals and he would have learned about the rather clear analysis of our leaders and then he would have seen that our response was to spend $1,000 billion a
year on the military; more than $300 billion a year on agricultural subsidies; and something like $56 billion on development. He would have asked ‘How do you get peace, how do you get security, by spending $1,000 billion on the military and only $50 billion a year on trying to give people hope, trying to give young people opportunity, trying to establish stability.’ Then he would have gone back to Mars and said ‘I do not think we need to worry about those people down there. They are out to destroy themselves and, in any event, they are not very bright.’

I think we need to look at this: 20 times the amount of development expenditures on military expenditure; decisions that are short term, not long term; and inadequate attention being given to the opportunities of our young people. Terror is not a fundamentalist issue of Islam. Terror is something that can affect Christianity, Judaism, Islam, any group, if you have young people who do not have hope. Recently I was addressing a group of young people here in Paris and I started to talk to them about the future that we were going to give them. One young person got up and said ‘Mr. President, we are not the future, we are the now, and we represent the 2.8 billion people that are the now.’ We have a responsibility as parliamentarians and as the World Bank to give hope and opportunity to these young people on a global basis and not just on a domestic basis, not only meeting the needs of domestic constituencies.

You as parliamentarians and leaders in the senate, we as people in the World Bank, leaders of the G8, and leaders of the G20 need to recognize that unless we develop a sense of urgency about the question of global stability and global poverty, there will be no peace, there will be no stability and there will be no hope for our young people. We in the Bank are trying to respond to this. We are trying to respond because you as parliamentarians are asking us tough questions. You say to us that, ‘you must be effective with the money that you are spending. You must harmonize your activities with other institutions. You must demonstrate results.’ I have to report to you that just in the past few weeks I have been to meetings in Morocco, in Florida, and in Washington on the issues of effectiveness and harmonization. A lot of progress has been made, and we are bringing together international institutions and bilateral institutions to be more effective and to demonstrate results.

We are seeking to meet the challenges that were taken up in Monterey and in Johannesburg. You will recall that in Monterey and Johannesburg your leaders, in both developed and developing countries, accepted certain responsibilities. The developing countries in Monterey said (including those of you from Africa in the NEPAD understanding) that the role of the leadership, both the government and parliaments, in developing countries was to strengthen capacity, to build legal and judicial systems that protected rights, to clarify and make available financial systems to everybody, and most significantly, to fight corruption. This was an undertaking that was not imposed by the World Bank or the International Monetary Fund. This was an undertaking offered by the leadership of the developing world who acknowledged that they cannot move forward unless they do these things. This was what developing country leaders said of themselves. The developed country leaders said, for their part, that they would help developing countries to build capacity, that they would open markets for trade, and that they would increase development
assistance. Well if you look at both sides of that bargain, it is hard to say at this point that either group has performed as promised. It is not a one?sided lack of performance. This is not something where leaders of the developing world can say, 'you rich countries are the ones letting us down', because we all know that leadership in the developing world needs to lift its game in terms of its undertakings, in terms of strengthening capacity, in terms of reform, and in terms of anti-corruption. There is no one here that does not know that that is the case but equally, there is no one here that does not know that the Cancun agreements, or disagreements, have meant a real sharp drop in terms of trade. There is no one here that does not know how tough it is to get extra money for development assistance.

We have done an analysis of the so?called $56 billion that is available for development assistance, and I have it here in front of me. It comes out of the OECD. Of the $56 billion, up $6 billion (or $58 billion up $6 billion from last year) $3 billion of that $6 billion increase is debt relief. That was not supposed to have been counted in earlier calculations. $2 billion of it was special payments in terms of Pakistan and Afghanistan. Subtract that and we are down to about a $700 million real increase. I can tell you as a practitioner that when you come to the specifics of education for all and the other goals, the money just is not there.

So we, as a group of parliamentarians here, need to be honest with each other. I fully understand that in a world that lacks growth, it is very tough. I fully understand that some countries that would like to be more generous cannot be more generous for political reasons. But the fact of the matter is that, today, development assistance is very hard to come by. The fact of the matter is that we are responding to crises, whether it is Iraq or Afghanistan or other crises, and the funding for run?of?the?mill development that we so anxiously need is not forthcoming. I salute the work of the European Union and of the United States in terms of increasing their indicated levels of support and I look forward to seeing it come freely and in cash for the relevant countries. But we, as an institution, are finding it tough to raise money. We are confronting the issue of debt relief, and it is tough. I can tell you as a practitioner that I do not see the money flowing, or the sense of urgency that we would like. This is a year when we have to be honest with each other; and it’s a year when you, as parliamentarians, need to press the leadership and explain to your voters that you cannot live in a local constituency that ignores global reality. Maybe in the short term you can; but in the long term, if you want peace and if you want security, you also have to be representatives of the planet. I look to you as people who are concerned about development, who are concerned about global reality, who are concerned about stability and who are concerned about peace. I pledge to you that the Bank, and my colleagues, will work with you in every way we possibly can, to serve you, to support you, to inform you, and to assist you in the work that you are doing.

We think that you are crucially important. If you were not, I promise you that I would not have flown all the way from Australia for 26 hours to be with you. But I am here because I truly believe that this is an extraordinarily important group: influential for sure, but more than
that. You are far-seeing in terms of the road you have chosen. You have chosen to add international issues to your responsibilities, along with the issues of your domestic constituents. I thank you for that.

I’m ready to answer any questions, and let me say once again what a privilege it is to be with you.