Financing the Monterrey Consensus

Remarks at the conference
Making Globalization Work for All

By
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London, United Kingdom, February 16, 2004

Let me first of all say how honoured I am to be here and let me acknowledge Lord Carey, the Chancellor, the Secretary of State, Lord Griffiths and others that are here and thank you for allowing me to address this group.

I had the opportunity in the last few minutes to listen to Gordon's speech and also to read that part of it which I could not hear and I must say that it was encyclopaedic in its coverage and leaves not a lot for me to say in terms of the statistics, in terms of the force of argument, in terms of the urgency with which we need to address the questions that are facing us. But let me try and give a little personal commentary from my point of view and why it is that I am so anxious to be in this meeting.

Firstly, let me acknowledge the presence of Lord Carey. A colleague of mine, and a friend, we have worked together since 1997 when we came up with the notion that it was important, if one was addressing the question of poverty and development, to recognise the role of faith, the role of morality, the role of ethics, as well as the very practical considerations of the role of the churches and the religious organisations in delivering services throughout the world. We have been able to link up with eight leaders from many parts of the world, on three separate occasions, and one of the reasons why this has impacted me so much is this: that as we look at the various religions of the world we come down to the very simple notion that each of these religions is concerned with the individual, that each is concerned with giving opportunity to the individual, each is concerned with allowing voice to the individual, each is concerned with freedom for the individual.

And it is important that when we talk about the challenges that face us in terms of financing we should also recognise, and be brave enough to say, that development is not just a question of funding; it's a question also of belief; it's a question also of morality, of ethics; it's a question of spirituality. Because wherever you go to meet people in slums or in villages throughout the world you find the importance of spirit, the importance of culture, the importance of the environment in which people live and I am very honoured that Lord Carey and his
colleagues have kept this alive in the work that they're doing on debt. Because many of us who think in terms of the financial burdens sometimes overlook this very essence of what development means.

But on the question of finance and on the question of imbalance let me just outline briefly how I approach this problem. We have six billion people on the planet as you know, five billion of them in developing countries. The one billion in the developed world has eighty percent of the assets, the five billion have twenty percent. As the Chancellor pointed out to you, the inequities are considerable and we have 2.8 billion people who are living under two dollars a day, and 1.2 billion under one dollar a day. And we find in fact in so many parts of the world that the equity is in fact diminishing in terms of rich and poor rather than improving.

The importance of this disequilibrium was recognised at the time of the Millennial Summit when all the leaders of the world came together and said the challenge before us for this next period ahead - for 2015 as a benchmark - is to address the question of inequity, to address the question of poverty, to address the question of the lack of balance in our environment, indeed the degradation of our environment, and to address the issues of human suffering and human opportunity in terms of health, and in terms of education. These objectives were not forced on anybody; they were the objectives that leader after leader said are the issues that we need to face. There was talk of security, but not as much as today. There was talk about humanity, there was talk about poverty and there was I think the tacit assumption in the speeches that if one could deal with the question of poverty and the question of opportunity you simultaneously dealt with the issues of stability and peace.

Now we've been thrown a little bit off course in recent times, by the most serious happenings in terms of terrorism, in terms of wars, in terms of conflict and so today, as we read the press, as we look at political debates, whether it's in the United States or elsewhere, we find that the focus of debates is no longer on the issues that were raised at the Millennial Summit, they're on issues of Iraq and Afghanistan and terror, and correctly so. But you have to scratch to find references to those high ideals that were established in the year 2000. Not only do you have to scratch to find it but the way in which we're operating indicates that governments are acting on their belief and we're now spending a thousand billion dollars a year on military expenditure -- a thousand billion dollars a year on military expenditure -- up from the eight hundred billion dollars that we had in 1999 and we're spending, as I think you also know, something over three hundred billion dollars in subsidies and in tariffs on agricultural production. And on achieving our objectives of which the Chancellor has spoken, fifty six billion dollars, of which about only half goes in cash to developing countries.

When Mars was close to the earth and we were speaking about our Martian explorations I said, "well if a Martian came here, what would he think?" And he would read the Millennial Goals as being the thing that all the leaders of the world came together and accepted and he'd say, "that's a pretty good set of objectives". It may have been a she by the way, who came from Mars, I'm not sure. But he or she came from Mars. And then
they'd look at what we're doing about it and then say, "but my God they're spending a thousand billion dollars a year on military expenditure, they're spending over three hundred billion dollars a year one way or another in terms of agricultural subsidies. But on the promises that they made, the promises of Monterrey, in terms of the partnership between developing and developed countries; developed countries are being recognised only to the extent that we've had a check on the negotiations in trade; and we're at fifty six billion dollars in terms of assistance". My guess is the Martian would have got back in his spaceship and gone back home and said, "we don't have to worry about them, they can't do what they say they're going to do and in fact they're bent on destroying themselves". A thousand billion dollars military expenditure, fifty billion dollars for hope.

This is what we really need to face. All of us are coming from a frame of reference, each of us in the countries in which we operate. I've just come from a meeting with two hundred parliamentarians from around the world, from eighty different countries: all of them will report that they were elected because of domestic issues, and correctly so, they are elected because of pressing issues that are visible to the electorate. But this certainty of problem in terms of instability, in terms of security, ultimately, and in terms of balance in our planet is not adequately either recognised or followed up upon. And that's why it is so important to have people like the Chancellor, I see Bob Geldof here, I see Bono is speaking, President Lula is speaking - people who can give leadership in terms of making us recognise that the immediate problems are visible, but the issue of global stability is inevitable, and if we do not deal with the question of global stability, there is no way that you can have peace.

Let me add another statistic, that in the next twenty-five years our planet grows by two billion people, from six billion to eight billion. And then it's not five billion out of six in developing countries; it's seven billion out of eight, because all but fifty million people go to developing countries, all but fifty million. And let me add another statistic. Today, roughly half the world, 2.8 billion people, are under the age of twenty-four, and one-and-a-half billion are under the age of fifteen and we have two billion more people coming to add to the planet, all of whom will be young before they are old. And this is an enormous resource that we have, if we can take it and have it used. But it's also an enormous danger.

The issue of terror amongst young people is not a religious issue. You could be a follower of Islam and be a terrorist, you could, Chief Rabbi [Mr. Wolfensohn addresses Chief Rabbi in audience] be a young Jew and be a terrorist. You could be a young Christian and be a terrorist. You could be any religion and be a terrorist if you're young and you have no hope. And so it is that what we need to do is to provide opportunity at home, because without it there can be no stability and there can be no peace. This is the issue that we are addressing when we talk about getting funding and giving priorities for development. This is the issue that Gordon's addressing in the International Financial Facility, because he's saying you cannot wait twenty years or fifteen years. We need to deal with this as a question of urgency now and if you cannot deal with
it from current budgets, borrow it from future budgets but let's get the money now. Because it is essential that it be provided to give hope. This is what we in the Bank are concerned about. And we recognise that it is not just the Bank that can do this. We are a small part of the international scene, though I think an important one. It's important that we should work with those we have with us here today: civil society, private sector, government, members of the faiths, because this is about an issue that we all own. This is about an issue that we can only deal with in partnership and with resolve, and it requires leadership.

Let me remind you in the Monterrey Agreements, the developing country leaders said, "We commit ourselves to strengthening capacity of our governments; we commit ourselves to introducing legal and judicial reforms which protect rights; we commit ourselves to financial sector reforms that will allow financing from micro-credits through to industrial investments and we commit ourselves to fight corruption". We cannot solve the question of development unless leaders of the developing world keep their side of the bargain as well. And we are seeing in many countries that the leadership in developing countries is moving towards the introduction of processes and laws and regulations and leadership, which will maintain their side of the bargain. But frankly, they also need an inducement.

Take just Education for All, which is a subject that the Chancellor mentioned. If you want a leader to make possible education for all and they come out with good plans, and they need assistance, and the number is two or three billion dollars a year that is required to allow them to introduce primary education, and they need it consistently, that assistance, until they can fund it themselves, you cannot expect them to start reform programs if they only have money for one year or eighteen months. It's not possible.

And they don't want to get the money if it's taken from one place, and just given to them there because that is the idea of the moment. What I am finding is that we are doing far too much of moving from one budget line to another, when we're not expanding the budget envelope. And this is the remarkable contribution of the Chancellor in terms of saying that we've got to take that jump now. So we have responsibilities for the developing countries and they recognise this, but we also need to give them certainty that we will respond.

And for the developed countries' leaders, we're not actually doing badly, but we're not doing tremendously well. We made the promises that we would help in capacity building, that we would open our markets for trade and that we would increase aid. Well, helping in capacity building is more or less happening, but not with huge enthusiasm may I say, and actually not tremendously well organised. And on the issue of trade, you're well aware from what the Chancellor said that we've not made a lot of progress and indeed the issue of agriculture and openness of markets is central to the question of development.

And the third issue is the issue of aid. How are we increasing aid? I pay tribute to the European Union for agreeing to increase the funding during the next three years and to the President of the United States for
adding another five billion in terms of adding fifty percent to the moneys that are given by the United States. But the simple fact of the matter is that it's not there in scale. We need much more. And it's a gift, and it's not charity. It's an investment in the future of our children to have a planet that has stability, opportunity and peace.

This is what we're here to discuss today, to discuss it not just financially, but to discuss it also because it's right. It's right from the human point of view, from whatever religion one follows. It's right for the individuals that we're working with. My travels take me to slums and villages all over the world and the people in the slums and villages that I meet are frankly the best people you could meet. They're like all of us. They don't want anything different. They don't want charity. They want an opportunity. They want a chance for their children. They want to live in peace. The women don't want to be beaten up. They want a chance to move forward and to build better lives for themselves. And they want a life of hope. They cannot do it alone. It's for us to work with them; to give them their hope, and in so doing enrich them, and enrich ourselves as well.

Thank you.