

BOARDS OF GOVERNORS•1999 ANNUAL MEETINGS•WASHINGTON, D.C.

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

INTERNATIONAL MONETARY FUND

J

Press Release No. 6

September 28–30, 1999

Statement by the Hon. **WILLIAM J. CLINTON**,
PRESIDENT OF THE UNITED STATES,
at the Annual Meetings of the Boards of Governors
of the World Bank Group and the
International Monetary Fund

**Statement by the Hon. William J. Clinton,
President of the United States,
at the Annual Meetings of the Boards of Governors
of the World Bank Group and the International Monetary Fund**

Thank you very much, Secretary Summers, President Wolfensohn, Chairman Acharya, Director Camdessus, Vice President Fall, Secretary Anjaria.

Let me begin by saying how very grateful I am to be here with all of you. I appreciate the generous introduction. Some of you may have heard me say this before, but the introduction that Secretary Summers just gave me—is an illustration of one of my unbending laws of political life: whenever possible, be introduced by someone you have appointed to high office. It is much easier because he's done such a superb job, and I thank him.

Let me say, all of you know that a year ago we were here in a time of crisis, perhaps the most severe financial crisis in the global economy since the end of the Second World War—a grave challenge to the IMF and the World Bank. Thanks to the hard work that you and your countries have done, economies that were sliding down are rising again.

We have also worked hard, as Secretary Summers said, in the wake of these crises to prevent future ones, to respond more quickly and effectively, to lessen the toll they take on ordinary citizens. We have intensified our efforts to construct a global financial architecture that is stable and strong in the new conditions of the new economy.

Still, those who were hit by this crisis were hit very hard. And many are still reeling. People lost jobs and businesses and dreams. So this can only be considered a continuing challenge for us, certainly not a time for complacency. We have more to do to restore people's faith in the future and to restore their faith, frankly, in the global economy and in global markets. Therefore, we have more to do to reform the global financial foundation upon which the future will be built.

As we approach the 21st century we must also ask ourselves, however: is it enough just to fix the market that is? Should we accept the fact that, at a time when the people in the United States are enjoying perhaps the strongest economy in their history, 1.3 billion of our fellow human beings survive on less than a dollar a day? Should we accept the fact that nearly 40 million people—after the Green revolution, when most of us discuss agriculture and food as a cause for international trade conflicts because we want to fight over who sells the most food, since there are so many places that can produce more than their own people need—are we supposed to accept the fact that nearly 40 million people a year die of hunger? That's nearly equal to the number of all the people killed in World War II.

Are we supposed to accept the fact that even though technology has changed the equation of the role of energy in the production of wealth; even though technology has changed the distances in time and space necessary for learning, and for business, as well as educational, interchanges—are we supposed to face the fact that some people and nations are doomed to be left behind forever?

I hope we will not accept that. I hope we will start the new millennium with a new resolve: to give every person in the world—through trade and technology, through investments in education and health care—the chance to be part of a widely shared prosperity, in which all the peoples' potential can be developed more fully. This is the challenge of the second half-century of the life of the IMF and the World Bank. And for me it is a personal priority of the highest order.

Open trade already has improved the prospects of hundreds of millions by marketing the fruits of their labors and creativity beyond their borders. In this way, both the IMF and the World Bank have played a vital role in helping more nations to thrive. We need you to work with the WTO to build a rules-based framework for global trade. We need you to help developing countries provide education and training to lift wages, and to establish social safety nets for tough transitions.

I applaud the strong commitment you've made at these meetings for concrete manifestations of support. We all must work to keep the economies we have influence over open, and trade growing, for developing and industrial powers alike.

In two months, I want to launch a new type of trade round in Seattle, at the WTO ministerial. I want this round to be about jobs and development. I want it to raise working conditions for all. I want it to advance our shared goal of sustainable development. By breaking down barriers to trade, leveling the playing field, we will give more workers and farmers in those countries that are struggling for tomorrow—and in leading industrial nations, as well—more opportunities to produce for the global marketplace.

In Seattle, I hope we will pledge to keep cyberspace tariff-free, to help developing countries make better and wider use of technology—whether biotechnology or the Internet. I hope we will pledge to open markets in agriculture, and industrial products and services, creating new activities for growth and development.

I hope we will also work to advance the admission of the 38 developing countries who've applied for WTO membership. And I hope we'll keep working to give the least developed countries greater access to global markets. Here in the United States, I am working hard to persuade our Congress to pass my trade proposals for Africa and the Caribbean Basin this year.

But the wealth of nations depends on more than trade. It also depends on the health of nations. Last week at the United Nations I committed the United States to accelerating the development and delivery of vaccines for AIDS, tuberculosis, malaria and other diseases which disproportionately afflict poor citizens in the developing world.

At the same time, we must help these nations avert the health cost and pollution of the Industrial Age—using clean technologies that not only improve the environment, but grow the economy. Institutions like the World Bank play a special role here. Your energy strategy is a very good start and I thank you for it. I urge the Bank to continue setting aggressive targets for lending that promotes clean energy. It is no longer necessary to have Industrial Age energy use patterns to grow a modern, powerful economy. In fact, those economies will emerge more quickly with more sustainable development strategies.

Some of you in this room—a minority still—are nodding your heads “yes” as I say this. If you believe it, we must work together to achieve it. These efforts must be part of a broader approach that ensures the integrity and openness of emerging economies. Last Saturday, the G-7 finance ministers outlined specific safeguards for Russia and called for comprehensive review by the World Bank and the IMF, to make sure that funds are used appropriately in high-risk environments. The United States will continue to insist on such accountability.

For many developing countries, however, there is a greater obstacle in the path to progress. For many of them, excessive and completely unsustainable debt can halt progress, drag down growth, drain resources that are needed to meet the most basic human conditions, like clean water, shelter, health care and education. Debt and debt relief are normally subjects for economists. But there is nothing academic about them. Simply put, unsustainable debt is helping to keep too many poor countries and poor people in poverty. That is clearly why the Pope and so many other world leaders from all walks of life have asked us all to do more to reduce the debt of the poorest nations as a gift to the new millennium—not just to them, but to all the rest of us, as well.

Personally, I don't believe we can possibly agree to the idea that these nations that are so terribly poor should always be that way. I don't think we can, in good conscience, say we support the idea that they should choose between making interest payments on their debt and investing in their children's education. It is an economic and moral imperative that we use this moment of global consensus to do better. I will do everything I can to aid this trend. Any country, committed to reforming its economy, to vaccinating and educating its children, should be able to make those kinds of commitments and keep them.

In June, at the G-7 summit in Cologne, the world's wealthiest nations made an historic pledge to help developing nations. The debt relief program we agreed upon is a big step in the right direction, dedicating faster and deeper debt relief to countries

that dedicate themselves to fundamental reform. This initiative seeks to tie debt relief to poverty reduction and to make sure that savings are spent where they should be—on education, on fighting AIDS and preventing it, on other critical needs. It will help heavily indebted poor countries to help themselves and help to build a framework to support similar and important efforts by the IMF, the World Bank and international financial institutions.

More than 430 million people could benefit from this effort. In Bolivia, for example, debt relief could help the government nearly double the people's access to clean water by 2004. In Uganda, it could allow health and education spending to increase by 50 percent between 1998 and 2001. Rural development expenditures there would more than double. That's why we all must provide our fair share of financing to global debt relief.

Last week, to make good on America's commitment, I amended my budget request to Congress and asked for nearly \$1 billion over four years for this purpose. We must keep adequate assistance flowing to the developing countries, especially through the International Development Association. I'm encouraged by the financial commitments made by some of the other donor countries this past week.

And I call on our Congress to respond to the moral and economic urgency of this issue, and see to it that America does its part. I have asked for the money and shown how it would be paid for, and I ask the Congress to keep our country shouldering its fair share of the responsibility.

Now, let me make one final commitment. Today, I am directing my administration to make it possible to forgive 100 percent of the debt these countries owe to the United States when—and this is quite important—when needed to help them finance basic human needs, and when the money will be used to do so. In this context, we will work closely with other countries to maximize the benefits of the debt reduction initiative.

We believe the agreements reached this weekend will make it possible for three-quarters of the highly indebted poorest countries, committed to implementing poverty and growth strategies, to start receiving benefits sometime next year—actually receiving the benefits sometime next year.

If we do these things as nations, as international institutions, as a global community, then we can build a trading system that strengthens our economy and supports our values. We can build a global economy and a global society that leaves no one behind, that carries all countries into a new century that we hope will be marked by greater peace and greater prosperity for all people.

We have before us perhaps as great an opportunity as the people of the world have ever seen. We will be judged—by our children and grandchildren—by whether we seize that opportunity. I hope, and believe, that we all will do so.

Thank you very much.