

Remarks at the Development, Democracy and Security Bretton Woods Committee Conference

Secretary Colin L. Powell

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(1:45 p.m. EDT)

SECRETARY POWELL: Well, thank you all very much. It's a great pleasure to be introduced as the dessert. (Laughter.) Probably the nicest thing I'm going to hear about me for the rest of the day. And I was privileged to be a member of this Committee and I was a member of a number of organizations before returning to government, and they made me resign from all of them, some 52 nonprofit organizations of various kinds and manner -- the Boys and Girls Clubs of America, Howard University, United Negro College Fund and the Bretton Woods Committee. And the only saving grace is I save 250 bucks a year that I no longer have to contribute to the Bretton Woods Committee. (Laughter.)

But I do appreciate being with you today. I'm pleased to be able to extend my gratitude for the Committee's 20th annual meeting, commemoration. The very impressive program that you put together every year is testimony to the intellectual sophistication and well-deserved reputation that the Committee has enjoyed over the years.

I was privileged to address your meeting last year, and before that in 2001, and I look forward to these opportunities.

Today I'm going to focus on our development policies, our development agenda, and how those policies connect to both the promotion of democracy around the world and the promotion of global security around the world.

But we can't talk about global security without discussing terrorism. And the promotion and establishment of democracy is necessary because it is democracy that is the ultimate enemy of terrorism and that which will eventually defeat terrorism.

We've recently passed the 3rd anniversary of 9/11. We have been fortunate that our nation has not been struck again in the manner we were hit on 9/11. And I believe, therefore, that we're safer as a nation today than we were then, but we're not yet safe. But under the President's leadership we have tightened our borders, but without compromising the openness that defines us as a society.

This has been quite a challenge for me and for Secretary Tom Ridge and Attorney General Ashcroft to make sure that we know who's coming into our country, to make sure that we have visa and identification policies in place that protect us, and also protect those who are visiting here, the traveling public. But at the same time, we would lose who we are, we would fail to communicate to the world the nature of our society, if we got so tough with these restrictions that people cannot come to our country.

It's a problem that Tom and John and I and the President especially have been dealing with, trying to find the right balance. And in recent months we have increased the interconnectivity of our databases, we have done more with respect to making it easier to get the interviews needed to come into the country, we have worked with our Transportation Security Agency people and Homeland Security people to make it easier to pass through our airports.

And I hope that the world will see that the United States is as open as ever. We are a nation that touches every nation, we are touched by every nation, and it is essential that we always be seen as a nation protecting itself but welcoming the rest of the world to come visit, to come learn, participate in our business activities, go to our universities, come to our hospitals, go to Disneyworld, that whatever you choose to do in this country, know that you are welcome.

And so we are safer because the President's instructed us to make sure that our borders are secure and, at the same time, we remain open. We've created a Department of Homeland Security and we're now in the process of creating a National Intelligence Director in order to make sure that we are doing the best job we can to protect ourselves and to use the intelligence that we get in the best way possible.

We've achieved unprecedented intelligence and law enforcement cooperation not only here within the United States but with dozens of countries around the world, and not just to fight terrorism, but also to stop the proliferation and the transfer of weapons of mass destruction to keep such weapons from ever falling into the hands of terrorists, those who mean us harm.

And we've led coalitions, proudly led coalitions that have unseated two detestable and dangerous regimes: the Taliban in Afghanistan and Saddam Hussein's reign of blood and terror in Iraq. We've freed 55 million people from lives of fear, repression and stagnation.

We've given two nations a chance to build a future in freedom, and to be a beacon of hope and justice to all of their neighbors.

We've made the necessary start toward these goals, but we're not there yet. Achievements of such significance are never easy, cheap, or painless. Remnants of the old regimes in Afghanistan and Iraq know what coming democratic elections mean.

They mean the end to their hopes of regaining their undeserved privileges.

So these regime remnants and terrorists are doing everything they can to resist this, to resist freedom, and they do it with fury, murdering innocents, as we saw again today so tragically in Baghdad, destroying progress as they go.

What are they fighting? What are they blowing up? Why are they killing people? To keep people from deciding who they will be led by. To keep people from ratifying the constitution that will protect the rights of the minority and protect the rights of the individuals and society.

Why are they blowing up children? Why are they killing people? To go back to the past. To go back to a past where they invaded neighbors, where they tyrannize their own populations.

But their fury can't match the determination of the Afghan and Iraqi peoples to be free, and the determination of the United States and its allies to stand by them until they are free.

These elections will be held, a presidential election in Afghanistan on October 9th, next weekend. If you had told me a couple of years ago, after my first trip to Afghanistan after the Taliban was kicked out in the fall of 2001, that just less than three years later 10 million Afghans would have registered to vote, if you had told me 10 million Afghans were going to register to vote just six months ago, I would have told you we can't get there. And if you told me that over 40 percent of them are women who registered to vote, I would have said, "Can't be." But it is.

So many of them are refugees who were living in camps in Iran and Pakistan just a few years ago. Three million of them have walked home. They have already voted. They have already voted to go back and help build a new Afghanistan. And these people will vote next weekend.

There will be terrorists out there. There will be remnants of the Taliban. There will be al-Qaida out there. They will do everything they can to disrupt this process of democracy to keep the Afghan people from expressing their will.

But they won't succeed. They won't deny what 10 million people have asked for by the simple act of registration.

The same thing will happen in Iraq. It won't be easy. We face a very, very difficult insurgency. We see it every day on our television sets. I need not belabor it. Our commanders are working hard to defeat it. Iraqi leaders -- Prime Minister Allawi, President Sheikh Ghazi, all of the other cabinet officers who are involved in this -- are working hard to defeat it because they know what it means for their own people and they

know what it means for the region and they know what it means for the world.

Iraqis are standing up to defend their country. They are signing up to become policemen and members of the armed forces, members of the border patrol, securing their pipelines and doing other things.

Elections are taking place in Iraq. You don't read about it, but municipal elections have been taking place in various parts of the country. The whole country is not aflame. There are parts of the country that are settling down, creating municipal councils, rebuilding their schools and hospitals, getting ready for a better future.

Our challenge, principally, is in the Sunni triangle, and our commanders and our political leaders are working on that. We have to stand tall and firmly with our Iraqi colleagues.

As the President has said repeatedly, American policy is about so much more than the military side to the war on terrorism. It has to be, because we all realize that we can't defeat evil except through the process of building a greater good.

And that brings me to my main topic for today, which is precisely about such a process of building a greater good.

And I can't think of a more appropriate moment to address such a topic, as we mark the Committee's 20th birthday, and the 60th anniversary of the World Bank and the IMF, those great institutions that have done so much over a 60-year period.

The Bank and the Fund have been trying to build a greater good throughout their entire existences.

So it's appropriate to reflect back on the Bretton Woods experience to see what lessons we might learn as we go about a similar ambition here in the 21st century.

The pioneers of Bretton Woods and the Bretton Woods system were practical visionaries. They had to be visionaries because no one had ever done what they were getting ready to do, what they were trying to do. History records many instances of leaders gathering after major conflicts to reconstruct the global power balance. Remember the Treaty of Paris after the Napoleonic wars, the Versailles Treaty after World War I, and many, many other similar efforts.

But Bretton Woods is the only case of leaders sitting down to reconstruct global economic relations after a major conflict, and not merely to slice up the world into power centers.

With no precedent to guide them, the pioneers of Bretton Woods had to rely on their own

education, their own imagination, their own perspiration in order to be practical and to be effective. They worked hard to match what they understood about theory to what they knew from experience during a time of great and enormous historic change.

The three veterans of the 1944 conference who are with us today will testify to that. Jacques Polak, Burke Knapp and Raymond Mikesell, gentlemen: we thank you for your hard work, and through you we thank all your colleagues. The whole world remains in your debt.

As we think back about the origins and development of Bretton Woods, the key lesson is that we've got to keep doing what the Bretton Woods pioneers did: match theory against experience.

As Secretary Snow emphasized this morning, we've got to keep learning and adapting to a changing world if we're going to make a difference.

Of course, the IMF and the World Bank have been trying to do this for decades. And after all the debates and disputes we've endured, and all the policy reforms and recalibrations that we've tried, one thing has become clear: development is not easy; development is difficult.

Development has far more moving parts and far more nuance associated with it than most experts thought when the IMF and the World Bank were in their early decades. We know now that development doesn't work as a narrowly economic or a technical exercise, anymore than economics makes sense when it's entirely divorced from politics or psychology.

And that's because human beings, and human nature in all its complexity, are at the center of all the action, of development.

So of course political attitudes and cultural predispositions affect economic behavior. So do external factors, including security conditions under which development is taking place.

This doesn't mean that some societies are doomed forever to poverty and underdevelopment because of their cultures, or some other social or political circumstances.

As President Bush has often said, freedom and development are the birthright of all people.

It does mean that there's no one-size-fits all formula to make it happen. All the moving parts are still moving. Development remains difficult.

The Bush Administration has taken this point very much to heart. We see democracy, development and security as inextricably linked one to the other, and linked to what's happening throughout the world.

So we recognize that we can't succeed at poverty alleviation unless we take the challenge of good governance seriously, and simultaneously.

We can't sustain fragile new democracies and spread democratic values further without working on economic development.

And no nation, no matter how powerful, can assure the safety of its people as long as economic desperation and injustice can mingle with tyranny and fanaticism.

This is why President Bush wrote in his *National Security Strategy* about "expanding the circle of development by opening societies and building the infrastructure of democracy."

He doesn't separate in his mind or in his strategy the economic from the political, development from democracy. And he doesn't see security, as some might suggest, in narrow military terms. He doesn't think in stovepipes. His vision is an integrated one, so that it can be a practical one, one that will work.

Understanding the true scope of the challenge is important, but it doesn't make our jobs easy. For example, although we know that democracy and development go hand-in-hand, it's not always obvious what to work at first.

A country doesn't have to be wealthy to be a democracy, but it helps to be pointed in the right direction. That's because to a poor family in Africa, Asia or Latin America, democracy is an abstraction. It doesn't mean any, who cares if you have a democracy? Give me anything. Call it democracy, call it totalitarianism, call it anything you want, as long as it translates into a decent job for me, food on my table, a roof over the head of my family, an education for my children, a doctor when I need one, and a better future for my children. If democracy will do that for me, then I'm all for democracy. And if it doesn't do that for me, then let's go move on and find another system that will.

So, just as growth aids and sustains democracy, democracy aids and sustains growth. Totally interlinked.

Genuine democratic politics makes it hard to shelter corruption, makes it hard for small cliques to distort the market by manipulating access to credit, licenses and jobs. Genuine democratic politics produces maximum economic freedom, and that, in turn, produces growth, growth which produces jobs, jobs which give people hope, jobs which give people dignity. Dignity. Go home on a Friday night with a paycheck or with the results of one's labor and bring dignity into the home, to the family, to the children.

So we work to advance both development and democracy. We make progress where and when we can, using one success to reinforce another. We take it step by step, case by case.

Our vision for development and democracy is joined to our pursuit of global security. As the President wrote in that same strategy document, "A world where some live in comfort and plenty, while half of the human race lives on less than two dollars a day, is neither just nor stable."

Nor is that world safe. We don't see development as a soft policy issue. It's a core national security issue, particularly in a time of terrorism.

Most of my days are spent on these sorts of issues, rather than what some might call hard power. A large part of my day is spent on open trade issues, on the Millennium Challenge Account, on what we have to do about HIV/AIDS, which is also an enemy of development and an enemy of democracy.

And here again a burden of difficulty tests our understanding and our ability to act effectively.

We do see a link between terrorism and poverty. But we don't believe that poverty directly causes terrorism because the facts say otherwise. Few terrorists are poor. The leaders of 9/11 were all well-educated men, far from the bottom rungs of their societies.

What poverty does do is breed frustration and resentment which ideological entrepreneurs can turn into support for terrorism in countries that lack the political rights, the institutions, necessary to guard the society from terrorists. Countries that are lacking basic freedoms.

So we can't win the war on terrorism unless we get at the roots of poverty, which are social and political as well as economic in nature.

Sure we want to bring people to justice if they engage in terrorism. But we also want to bring justice to people.

We want to help others achieve representative government that provides opportunity and fairness under the rule of law. We want to unshackle the human spirit so that entrepreneurship and investment and trade can flourish anywhere in the world under any system -- cultural system, religious system. It shouldn't be restricted to those of us in the industrialized West.

This is the indispensable social and political pre-condition for real, sustainable development.

This is how we uproot the social support structures of terrorism, even as we go after

terrorists themselves by hard power means.

Development is a big and complex job, and we approach it with an integrated policy composed of three essential pillars. The first of these is a program of economic growth that emphasizes good governance and economic freedom, the key conditions that make possible the success of individual enterprise.

The Millennium Challenge Account is the touchstone of this first pillar, and you've heard Paul Applegarth say quite a bit about it already today.

I want only to reinforce the point that the Millennium Challenge Account isn't reserved for an exclusive club of emerging democracies. Nor is USAID going out of business. In fact, it's quite the contrary. USAID has come close to doubling the funds available to it over the last four years. We have been very successful in getting Congress fund more and more USAID programs at the same time we went forward with the Millennium Challenge Account.

Just as the President believes that no child should be left behind in education, that every child can learn, he believes that no nation should be left behind in development, that every nation can prosper.

We announced the first tranche of countries for the Millennium Challenge Account and later today we'll be announcing some countries that are not qualified for it, they're not ready for it -- it may take them a long time to be ready -- but we're going to use some of the money Congress has given us to point them in the right direction, give them some seed money so they can work in those areas where they need major improvement to even start becoming competitive for the Millennium Challenge Account.

One of the interesting and exciting things for me is a lot of countries who weren't picked in that first tranche, but thought they should have been and were annoyed by it, come to my office, sit across from me, express their annoyance, and then they say, "What do we have to do? What do we have to do to get ready for the next tranche? What do we have to do when the program really scales up in 2006 to 5 billion new dollars a year?"

And the answer I give them is pretty straightforward, and you've heard Paul, no doubt, talk to it this morning. We want to see honesty in government. We want to see the rule of law. We want to see the end of corruption. We don't want to pour any more money down rat holes that ends up in Swiss bank accounts. We want to see dignity for individuals within your society. We want to see you committed to economic reform that will ultimately get rid of the need for aid because you're trading, because you've joined the world that's moving forward, a world of trade, a world of investment.

We want to see you create conditions where people want to invest in your country. We don't want to keep sending you money from either USAID or the Millennium Challenge Account, nor should you want it. You should want to reach that point where you're

standing on your own two feet. It might take years, and we'll be with you for years, but you've got to be moving in the right direction if you want to benefit from this account.

So it's a development program. It's a pillar of our policy that supports those nations that have made the right choices and are moving in the right direction.

It isn't the only aspect of our first policy pillar -- the MCA. As the President said to the General Assembly nine days ago, and as Secretary Snow, I believe, repeated this morning, we're stressing debt reduction as well, debt reduction for the world's poorest most heavily indebted nations, who may have made bad choices in the past to get into the situation that they find themselves in, but unless we help them, unless we help them relieve themselves of that burden, we will just keep them underfoot forever, and that is not in our interest.

We've made a good deal of progress on this issue already, and we want to make more.

We also want to get at the problem of restricted labor migration and remittances. The international community needs to do better at matching labor that wants to work with markets that need that labor.

President Bush has taken the initiative here, specifically with regard to the U.S.-Mexican relationship. But it is a worldwide problem that takes a toll on all of us.

Because there's too little legal labor mobility, there's too much illegal migration -- with all the security, public health and humanitarian liabilities that go with that illegal migration.

The global economy also pays a cost in the reduced flow of remittances, which contributes more to developing countries each year than all the official foreign assistance combined. And here too we've taken the initiative, trying to find ways to make it easier and cheaper to send remittances back to countries and the families desperately in need, to make a more reliable system available to those who rely on those remittances.

The second pillar of our policy is a commitment to social development.

Sound economic and political institutions can't work unless people are healthy and educated enough to take advantage of them.

So we fight hunger and malnutrition through the Food for Peace program and in other ways. We encourage poorer nations to invest in their own people, especially the most valuable investment of all -- in education.

And we fight diseases, particularly the scourge of HIV/AIDS.

President Bush sees the struggle against global HIV/AIDS as a moral imperative, but he

also sees the ravages that HIV imposes on development. Its victims include not just those who become ill, but whole societies held hostage by this tragedy.

This is a sophisticated audience. You all have traveled the parts of the world where HIV is rampant. You've seen what it does. It takes out the teachers. It takes out the doctors. It takes out the military. It takes out those in the age group roughly 18 to 40 and it leaves you orphans and grandparents, neither of whom can really generate the income needed to take care of either group. It's a destroyer of societies, a destroyer of families, a destroyer of democracy and a destroyer of development.

The President's Emergency AIDS Fund devotes \$15 billion over 5 years to prevent new infections, to treat millions of our fellow citizens of the world who are already infected, and to care for orphans that have been left behind.

Under President Bush's leadership, the United States is now contributing more than twice the resources of the rest of the world combined in fighting HIV/AIDS. But we all know it's not enough. We need to do more. The rest of the world needs to do more. The need is great.

But here, too, fighting disease as a part of our development strategy can't be separated from its political and security dimensions.

Fighting AIDS isn't just a medical problem, and money alone won't conquer it. It's a problem with social roots.

It's a challenge where political obstacles often loom large in some countries to fighting this disease. It's a challenge with very serious global security implications if we fail the test before us.

And it's a challenge that intertwines with other issues that may seem unrelated at first glance.

We have so much to do with respect to HIV/AIDS, and as I talk to my colleagues around the world, especially those not necessarily in the developing world but in larger countries, countries that are more sophisticated, countries that have the capacity to go after this problem now, I sense an increasing awareness of the need to do something about this in places such as Russia, India, China, as well as the places you know so much about in Africa and in the Caribbean.

The third pillar of our development policy is the sound stewardship of natural resources. Development must be a process that invests as well as it pays dividends, plants as well as harvests. You don't eat your seed corn. You husband your resource base so future generations can prosper.

And we believe deeply in the sound stewardship of natural resources. Let me point out that the relationship between the word "conservation" and the word "conservative" is not coincidental. It's organic.

Remember that it was a Republican President, Teddy Roosevelt, who invented the modern concept of conservation, about a century ago.

So no one should be surprised that this Administration has initiated 17 major programs promoting sustainable development – from an initiative against illegal logging to clean water and sanitation initiatives in Africa and in South Asia.

And we're getting results from these initiatives by working with other governments and with the private sector. And these results are not just what we can show in bar graphs and in charts.

Here's what an elderly woman, Madam Bambini from Kasai in central Ghana, said when after one of our water projects had reached her village: "Today I thank God that he made me live to see safe, clean water in my village. Now I can 'go home' to my ancestors knowing that my grandchildren and their children will have better lives."

It's that's the kind of result that matters. We talk about it in the Department all the time. Don't think of this in terms of nation-states. Don't think of this in terms of geo-power politics. Think of this in terms of people. Think of this in terms of families that will be saved. Think of this in terms of children who will have a better life. That's what development is all about and those are the kinds of results that matter. Those are the kinds of results that will turn people on, results that stir people's imagination, so that they know in their hearts that yes, they can have better lives.

Our 3-pillar development agenda is linked firmly to our broader international economic policy, particularly our push for freer trade and a more liberalized investment climate. I said it last year to this Committee, but it's so important that I'll say it again, and I touched on it earlier:

Aid can be a catalyst for development, but the real engines of growth are entrepreneurship, trade, investment. All of these things come together. That's what produces jobs, and a job is the most important social safety net of all for any family.

So we're pleased, very pleased, with the G-8's "Agenda for Growth", which Secretary Snow discussed with you this morning. And we're pleased that a new multilateral framework for trade negotiations is now in hand. Turns out there is life after Cancun, after all.

My friends, we in America have a goal: to eradicate poverty.

We have a vision of how to achieve that goal, too: we see the multiple births of political systems where access to opportunity is fair, and where democracy and the rule of law enable free people to use their God-given talents to prosper.

And we have a strategy that sees economics, politics and security as three parts of a whole, and that combines effective growth methods with social development and sound environmental stewardship.

We have a goal, a vision, and a strategy -- but we also have something else of supreme importance. We have faith in the capacity of our fellow human beings to care about one another and to love one another, to take care of one another.

Why do I say this? Because most people don't work to get rich. They work because they're in love. They're in love with their family. They're in love with life. They work to provide for spouses, for children and grandchildren, sometimes parents, grandparents, other family members and dear friends.

When we understand this, when the all-important moral dimension of what we're striving for stands out, and that provides both our highest motivation and our greatest hope for success with our efforts.

We now have a tremendous opportunity to translate our hope into lasting achievements. We Americans have been telling people around the world for many years that representative government and market systems unleash the energies that best produce prosperity.

We've been telling everyone that respect for human dignity empowers people, motivates people to dream and to work for those dreams.

And now, just a dozen or so years after the Cold War, more and more people who believe in these principles can act on their beliefs. More and more national leaders accept this. More and more societies are trying it.

But it's not easy. Results don't spring up overnight.

There are complications to understand, difficulties to overcome, even when ample resources are at hand and intentions are pure all around.

So we in America feel a particular moral obligation to help overcome these difficulties, and we are helping them. The development policies of this Administration are very creative, perhaps the most creative since the birth of USAID back in 1961, and the most generous by far since the Marshall Plan.

We can do more. We have to do more. I'm so pleased that this Committee exists to give

us guidance and to point us in the right direction.

With all the challenges that we are facing today, with all of the difficult scenes that we see on television every day, I believe that there are great opportunities every day as well. A good part of my day is spent trying to make sure we do not lose sight of these opportunities. So many nations that used to be my enemies, I joke with them. They come in and they sit in my office and we sit around, and they're from the Balkans or the Caucasus or Central Asia or somebody who used to be in the Warsaw Pact but now they're in NATO or the European Union, and I joke with them, "It's great to have you here. You all used to be on my target list. Now you're all here." (Laughter.)

And it is the most wonderful thing for me now to sit and talk with them, not about nuclear exchange, not about the Cold War, not about the Iron Curtain, not about that which I am an expert in from my 35 years as a soldier, but instead to talk to them about democracy and openness, dignity of the individual, the desire that we all have to see the world a better, safer place, free of terrorism, but also free of hunger, free of poverty.

This is something we can all rally around. This can be our great cause for the 21st century, a cause that governments can unite around, that individuals can unite around, that corporations can unite around. It's a great cause and I think that destiny has put America in place in this 21st century to lead that cause and to do everything we can to defeat terrorism -- yes -- but also to defeat poverty and defeat disease and to make sure that people throughout the world can dream like our youngsters dream and can achieve like our youngsters achieve, as long as they're willing to work hard, as long as they're willing to believe in themselves and to believe in their political systems and in their societies.

So we need the work of everyone in this room, in your individual capacities but especially when you come together as the Bretton Woods Committee. So I thank you for your service and I thank you for your attention today and I look forward to working with you in the months and years ahead.

Thank you so much.

(Applause.)

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