

## No Country Left Behind

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As the first George W. Bush administration moved toward its conclusion, many people asked me to sum up the president's foreign-policy record of the last four years. Almost invariably, their questions focused on September 11 and the war on terrorism, developments in Iraq and Afghanistan, the state of trans-Atlantic relations, or the difficulties of the intelligence craft. Almost invariably, my answers have keyed on distinguishing between issues such as these that tend to dominate the headlines, and issues of equal or greater long-term strategic significance that rarely generate as much interest.

Among these latter issues, none is more important than economic development in the world's poorest societies. As the president wrote in the National Security Strategy in September 2002, "A world where some live in comfort and plenty, while half of the human race lives on less than \$2 a day, is neither just nor stable." No issue has consumed more of the administration's concern and energy. And now that George W. Bush has a mandate for a second term, he intends to pursue his goals for economic development with the same determination that made possible the liberation of Iraq and Afghanistan. The president has said that he intends to spend the political capital he earned in winning the trust of the American people, and the world can be assured that much of that capital will be spent helping the poorest of its citizens.

In doing so, the president is building upon the legacy of President John F. Kennedy, who established the U.S. Agency for International Development (USAID) in 1961. Helping poor societies to prosper has long been part of our international goals. Achieving broad and sustained success, however, has proven more difficult than most diplomats and economists envisioned at the time.

We have come to understand that development assistance does not work well when it is conceived and pursued as a narrow economic exercise. It has become ever clearer that political attitudes and cultural predispositions affect the economic behavior of individuals, and that history has shaped the economic institutions of societies. External factors, including security conditions, also play a role in determining economic progress, especially as globalization weaves together the fate of nations.

The first George W. Bush administration took these lessons to heart. We see development, democracy, and security as inextricably linked. We recognize that poverty alleviation cannot succeed without sustained economic growth, which requires that policymakers take seriously the challenge of good governance. At the same time, new and often fragile democracies cannot be reliably sustained, and democratic values cannot be spread further, unless we work hard and wisely at 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.

Development is not a "soft" policy issue, but a core national security issue. Although we see a link between terrorism and poverty, we do not believe that poverty directly causes terrorism. Few terrorists are poor. The leaders of the September 11 group were all well-educated men, far from the bottom rungs of their societies. Poverty breeds frustration and resentment, which ideological entrepreneurs can turn into support for—or acquiescence to—terrorism, particularly in those countries in which poverty is coupled with a lack of political rights and basic freedoms.

The connection between poverty and the absence of freedom is not an incidental one. Although resource endowments shape development, poverty is not inevitable in countries that possess few natural resources. After all, Holland and Venice in days gone by, and Singapore and Israel today, are small territories without significant natural resources—but they have not suffered from poverty and powerlessness.

The root cause of poverty is social injustice and the bad government that abets it. Poverty arises and persists where corruption is endemic and enterprise is stifled, where basic fairness provided by the rule of law is absent. In such circumstances, poverty is an assault against human dignity, and in that assault lies the natural seed of human anger.

The United States cannot win the war on terrorism unless we confront the social and political roots of poverty. We want to bring people to justice if they commit acts of terrorism, but we also want to bring justice to people. We want to help others achieve representative government that provides opportunity and fairness. We want to unshackle the human spirit so that entrepreneurship, investment, and trade can flourish. This goal is the indispensable social and political precondition for sustainable development; it is the means by which we will uproot the social support structures of terrorism.

Development is not only a difficult and complex job; it is also a very big one. Half the people on this planet, about 3 billion human beings, live in destitute poverty. More than a billion people lack clean water. Two billion lack adequate sanitation and electrical power. However complex and massive it is, we have embraced the challenge head-on, and to do so, we have joined with other countries in reshaping development policy worldwide. The Financing for Development Summit held in Monterrey, Mexico, in 2002 reached a new consensus on development. It is a consensus we fully share, one with three central pillars: a shared commitment to private sector-led economic growth; social development; and the sound stewardship of natural resources, built on a foundation of good governance and the rule of law.

#### Market Incentives

Economic systems work best when access to opportunity is fair, when free people can use their talents to help themselves and others to prosper. Aid can be a catalyst for development, but the real engines of growth are entrepreneurship, investment, and trade. They are what produce jobs, and a job is the most important social safety net for any

family. If economic aid to developing countries is to succeed, it must be part of an incentive system for good governance. Foreign aid that succeeds is foreign aid that makes itself obsolete. If a country needs aid year after year, decade after decade, it will develop a dependency on outside assistance.

Indeed, foreign aid to undemocratic regimes can be counterproductive in that it increases the longevity of the ruling autocracy by making it easier for despots to keep their small clique of supporters happy. Foreign aid will not make a real difference if markets are manipulated by autocrats who control access to credit, licenses, and jobs. Foreign aid will not generate growth if sound banking institutions cannot arise, because transparency exposes nepotism and other forms of corruption. Foreign aid does not work if the heavy hand of authoritarianism crushes individual initiative.

Ultimately, it is not possible to separate economics from politics. We should not expect democracy to work in places where there is blatant economic injustice. We should not expect sustained economic success in places where political life remains shackled. This symbiosis between political and economic freedom is the basis for the Millennium Challenge Account (MCA), which offers a contract modeled on the free market itself—that is its genius. Recipients of MCA money have to meet a set of eligibility requirements before they get a nickel. Governments must already have in place effective policies to rule justly, invest in their people, and promote economic freedom. They must also agree to achieve measurable results from aid assistance in terms of reducing poverty and generating broad economic growth.

Put a little differently, the MCA is an incentive system to reward the spread of freedom of speech and assembly; broader access to credit so that people can start new businesses; adherence to the rule of law to protect private property and enforce the sanctity of contracts. It is an incentive system for countries to provide their people with the basic tools for their own prosperity.

The power of the MCA was evident even before it became law. For example, one country passed and enforced four pieces of anticorruption legislation in order to become eligible for MCA funds. Now that the MCA is up and running with 17 countries eligible for funding, its influence will spread rapidly as funds for the program grow. The U.S. Congress appropriated \$1 billion for the first year. The administration asked for \$2.5 billion this fiscal year, and we hope funding levels will increase to \$5 billion a year by fiscal year 2006.

Of course, not every country will be eligible for the MCA soon. Not every autocratic government will risk its grip on power to help their people. And the persistence of bad governance will continue to generate political instability and the humanitarian crises that usually go with it. We will continue to help alleviate those crises when we can. We will not punish people for the actions of bad governments over which they have little or no control. The work of USAID is critical in this regard. But humanitarian assistance is a stopgap measure. Our true aim is to eradicate poverty by challenging the leaderships of

developing countries to take their nations' futures into their own hands. They are ultimately responsible for the success or failure of their own development efforts.

We believe that no country is excluded from this responsibility, and the benign possibilities that arise from it. 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. Phase by phase, one country at a time, for as long as it takes, the president aims to bring every poor society along—with USAID pushing from one end as the MCA pulls from the other.

In the meantime, we can help empower individual men and women worldwide. The international community needs to do better at matching people who want to work with markets that need their labor. At least 180 million people worldwide do not reside in their countries of birth. Some are political refugees, but the vast majority are migrants, legal and illegal. People want a better life, and they are often willing to take daunting risks to achieve it for the sake of their families' future.

Those risks are yielding rewards. Remittances sent home by migrant laborers have become a financial lifeline for developing countries, totaling around \$93 billion dollars in 2003, compared to total official development aid of \$77 billion. More people would migrate toward hospitable labor markets if the barriers to doing so legally were reduced. Remittances could double, or even triple. Yet there is no effective multilateral mechanism in the world today to handle these issues, nor any effective international regime to reduce the human costs of illegal migration.

The president's global initiatives on trafficking in persons—which seek to end forced prostitution, forced labor, and child soldiers—is a part of our effort to deal with illegal migration. The administration is also acting to reduce the costs of sending remittances from the United States. Most important in this regard, however, was President Bush's proposal last year of a new partnership with Mexico, calling for a temporary worker program that can match labor with markets. The president proposed a way to transform a process that is too often illegal, inefficient, and inhumane into one that respects the law, works economically, and understands that laborers are, above all, human beings.

These principles need not be limited to our own borders. Wherever it occurs, illegal migration undermines the rule of law, poses public health and security risks, and ruins lives. Illegal migration also sustains organized criminals, who peddle people with no more scruples than they peddle drugs and weapons. The deaths of desperate people suffocated in cargo containers, in the back of unventilated trucks, and in the filthy holds of cargo ships tell us what is at stake here. Illegal migration is a global challenge, so it must be dealt with on a global scale. We must redouble our efforts to form international partnerships to deal with this pressing issue.

#### The Health of Nations

Sound economic and political institutions cannot 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, which makes commodity donations and emergency food assistance available for developing countries facing food crises. We support poorer countries that invest in their own people, especially in education.

We also try to spur business development through programs such as the Digital Freedom Initiative, which helps make new information and communications technologies accessible to entrepreneurs and small businesses throughout the developing world. We are conducting pilot information technology-development projects in Senegal, Indonesia, Peru, and Jordan. If these projects work as we hope, we aim to involve at least 16 more countries over the next four years.

Above all, we see the achievement of basic health and sanitation as the key prerequisite for development, and we see clean water as central to this task. Growing populations and increased economic activity in many parts of the world have made access to clean water harder for millions of people. The United Nations Children's Fund estimates that 6,000 children die each day from water-related diseases, such as diarrhea, which are a consequence of poor sanitation. Our Water for the Poor Initiative, which helps partnering countries better manage their water supply and prevent the pollution of precious fresh water supplies, will help ensure that every person, particularly every child, can look forward to a world where the simple act of drinking a glass of water is not a life-threatening risk. With \$970 million as seed capital, we are trying to leverage at least \$1.6 billion worldwide for this purpose.

We are fighting disease on many other fronts. Along with the Group of Eight industrialized countries (G-8), we are determined to eradicate polio once and for all. To this end, the G-8—with public and private partners—has pledged \$3.48 billion. We are also combating malaria and drug-resistant tuberculosis. And we are dedicated to improving the global public health system, because, as the SARS epidemic revealed, infectious diseases know no borders.

Above all, we are fighting the scourge of HIV/AIDS. President Bush sees the struggle against this pandemic 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. The president's emergency AIDS fund devotes \$15 billion over five years to prevent new infections, to treat millions already infected, and to care for the orphans the dead leave behind. Under President Bush's leadership, the United States spends nearly twice as much as the rest of the world's donor governments on fighting AIDS.

Here, too, fighting disease as a part of our development strategy cannot be separated from its political and security dimensions. AIDS is more than a medical problem, and money alone won't cure it. It is a problem with social roots, and political obstacles still loom large in some countries. Our world will be less secure if we fail this test before us.

## Compassionate Conservationism

To be sustainable, development must be a process that invests and pays dividends, plants as well as harvests. We believe deeply in the sound stewardship of natural resources, as the organic connection between the words "conservation" and "conservative" suggest. It was, after all, a Republican president, Theodore Roosevelt, who pioneered the modern concept of conservation nearly a century ago. No one should be surprised, therefore, that the first George W. Bush administration initiated or joined 20 major programs promoting sustainable development.

For example, in 2002, during the World Summit on Sustainable Development in Johannesburg, I launched the Congo Basin Forest Partnership. That program is a coalition of 13 governments, 3 international organizations, and 10 civil society groups united to protect the world's second-largest tropical forest. We want to protect it because it is beautiful and irreplaceable, but also because it provides a livelihood to millions of people by being a key source of natural resources and tourism. In 2003, the president presented his initiative against illegal logging worldwide. Poachers who chop down and sell timber harm the environment, the legal lumber business, and consumers by making the sound use of scarce resources far more difficult. We are organizing ourselves and others to put a stop to this form of environmental desecration and theft.

Also at the 2002 World Summit on Sustainable Development, the United States joined the Global Village Energy Partnership. This public-private partnership that started with just over 70 entities now encompasses more than 300 governments, international organizations, and business and civil society groups. It is devoted to shaping national and regional energy strategies that balance development needs with resources, and it is starting to yield results. In the first six months of 2004, for example, USAID spent upward of \$7.2 million to provide more than half a million people with access to clean, efficient, and healthy forms of energy in areas either not served or underserved by current energy delivery systems.

We also need to better husband ocean resources for sustainable development, and to that end the Bush administration helped launch the White Water to Blue Water program. This project has already mobilized more than \$3 million to create or support over a hundred partnerships for watershed and marine ecosystem management in the wider Caribbean area.

We live in a world in which our own self-interest depends on advancing the interests of others. Key environmental goals, such as ensuring biodiversity, affect all people in all nations. So we have shared our experience and our technology, and we have used our wealth to help others grow and develop. By helping others, we help ourselves.

## A Mandate for Hope

Our goal is to eradicate poverty. The president has a vision of how to achieve that goal: enabling the spread 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—a strategy that combines growth methods that work 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: faith in the capacity of human beings to care about one another. After all, most people do not work to get rich; their labor is an act of love. They work to provide for spouses, children, and grandchildren, sometimes parents, grandparents, and other family members and dear friends. When we realize this underlying truth, then the all-important moral dimension of what we're striving for stands out—and that provides both our highest motivation and our greatest hope.

As President Bush begins his second term in office, the United States now has an unprecedented opportunity to translate our hopes into lasting achievements. Americans have been telling people around the world for many years that representative government and market systems are the best means to unleash the energy that produces prosperity. Through our words and deeds, we have demonstrated that respect for human dignity empowers people, motivating them to dream and to work toward those dreams.

Today, just a dozen or so years after the Cold War, more people who believe in these principles can act on their beliefs. More national leaders accept these tenets. More societies are embracing freedom. But this task is not easy; results do not spring up overnight. The path to reform and development has many obstacles. The United States has a particular moral obligation to help overcome those difficulties, and we are doing so through the most creative development policies since the birth of USAID and that will be, if fully funded by congress, the most generous since the Marshall Plan. By 2006, U.S. government assistance will have doubled since 2000, and its trajectory remains upward. If one combines official development assistance, U.S. imports from poorer countries, and voluntary philanthropic grants from private citizens and foundations, the United States alone accounts for more than 65 percent of all Group of Seven economic development activities.

Yes, development is a big job, but it is a crucial one. What is at stake is whether globalization can be made to work for enough people, in enough ways, to produce a world that is both stable and prosperous. We believe it can, and we are determined to ensure that outcome, for ourselves and for others.