SPEECH OF JAMES GUSTAVE SPETH

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1998

Mr. PORTER. Mr. Speaker, I would like to bring to the attention of the House a speech delivered by James Gustave Speth, the Administrator of the United Nations Development Programme (UNDP) and the highest ranking American at the United Nations (UN). Mr. Speth will be leaving UNDP soon but in his five-year tenure there, he has been a distinguished representative of the U.S. and transformed UNDP into one of the most effective agencies assisting development in the Third World.

In this speech, Mr. Speth focuses on the disconnect between the United States' ever-increasing interdependence with the rest of the world, specifically with the developing world, and the absence of U.S. leadership in international affairs, including at the UN. As Mr. Speth states very poignantly, ''The country that has benefitted most from globalization and has the greatest stake in its success, seems deeply reluctant to shoulder the load that our position in the world requires of us.''

As the world works to restructure and make more effective global financial systems, a similar renovation must be applied to those guiding development assistance and cooperation. Mr. Speth provides a five-point plan for these reforms, and outlines ideas that encompass more than the traditional forms of development assistance.

I hope that Members will take the time to read this speech and the U.S. will re-engage soon in the world and provide the needed leadership backed with real resources, both financial and human.

NON-BENIGN NEGLECT: AMERICA AND THE DEVELOPING WORLD IN THE ERA OF GLOBALIZATION

(By James Gustave Speth)

I should begin by introducing you to the world in which I have worked for the past five years as Administrator of the United Nations Development Programme (UNDP). UNDP is a serious development assistance actor, managing over $2 billion annually through offices in 130 countries. I've now visited over half of them to review our programs. Overwhelmingly, we focus on the poorest countries, and our core mission is to help to end the poverty which, by any reasonable definition, is the lot of about 3 billion souls. We see good governance as the key to poverty eradication and are now devoting half our resources to it.

Visits to seventy of the countries where we work have left me inspired, depressed, alarmed, angered and sometimes baffled. But I am left with one dominant impression. It is the persistence of hope, the determination, the endurance of the poor in the midst of the unimaginable deprivations they suffer.

In war-ravaged Kandahar, Afghanistan, where there is little or nothing left, I met with elders who collectively decide on issues that touch the lives of all villagers such as improving the water supply and road repairs. Near Guayaquil, Ecuador, I saw women leading the construction of new housing and schools in desperately poor and polluted neighbourhoods. Near Nairobi, Kenya, women are making a livelihood by gathering and composting scraps from the local market, and in Uganda communities are sponsoring training and support centres to encourage local private enterprise development. These are some of the seeds of hope planted in the rough terrain of poverty; your development dollars at work.

But the accumulation of all such efforts—large and small—is still no match for the scale of the poverty challenge. Among the 4.4 billion people who live in developing countries, almost three-fifths live in communities without basic sanitation; almost one-third are without safe drinking water; a quarter lack adequate housing; and a fifth are under-nourished.

For the 1.3 billion people who live on less than a dollar a day, there can be no doubt that poverty is a brutal denial of their human rights. Perhaps the most basic human right challenged by poverty is the right to life. Nearly a third of the people in the least developed countries, most of them in sub-Saharan Africa, cannot expect to live beyond forty. And women, as we know, are the hardest hit, both by poverty and by a vast array of powerful restrictions, laws and other barriers.

And poverty is increasing, growing as fast as global population. In over 60 low-income countries, individual consumption has declined by about one percent annually over the past 15 years. In Africa today, consumption per capita is 20 percent lower than in 1980.

Global poverty amidst global abundance translates into huge and growing disparities between rich and poor. The trend is towards much greater inequality, not less. The gap in per capita income between the industrial and developing worlds, far from narrowing, more than tripled between 1960 and 1995, moving from a gap of $5,700 to one of more than $17,000.

So the world I see when I visit our program countries and our donor countries is deeply divided. It has become more polarized, both between countries and within countries. The risk of an evolution towards an unstable, frightening, two-class world, with a huge global underclass, is quite real.

Now, all of the above is based on data available before the current world financial crisis and the so-called Asian contagion. Before the crisis, widespread poverty and economic depression were already the norm for much of the world. Indeed, most of the world was already in crisis. In 1995, in more than 100 countries, per capita income was less than it was 15 years earlier. As a result, more than a quarter of humanity is worse off today than 15 years ago. For example, most countries of the former Soviet Union, including Russia, saw their real GDP decline dramatically between 1985 and 1995—most of them by 40 to 80 percent. Some 150 million people have been pushed into poverty in the former Soviet Union. This is the combined population of France, the United Kingdom, the Netherlands, and the Nordic countries.

But now comes the crisis. Starting in Asia, it has deepened and spread beyond expectation, and good sense, cutting the growth rate of the world economy in half, plunging more than a third of the world economy either into recession or sharp deceleration, and threatening a global recession.

The crisis remains worst at its epicenter. Indonesia, Thailand, the Republic of Korea, and Malaysia each had admirable records in human development and poverty reduction, but there has been an enormous reversal of fortune which has impacted most heavily on the poor within these countries. Let us be clear: everywhere the poor are paying the heaviest price for this mismanagement of global finance. Indonesia, the world's fourth most populous country, will likely see its economy shrink by more than 15–20 percent in a single year. Others at the epicenter will see declines of 5 to 10 percent. The fledgling Indonesian middle class has fallen into poverty and the social consequences of this downward trend are horrendous. World Vision estimates that 8 million children have dropped out of school in Indonesia owing to poverty, and that low income families are now spending 85 percent of their income on food alone. Famine has hit remote parts of the country and malnutrition is widespread.

In Thailand, the story is also bad. The ILO reports that by the end of this year unemployment in Thailand could well increase three-fold over last year, resulting in an additional two million Thais without jobs. This picture repeats itself again and again in the region. If current trends continue, the World Bank estimates that the number of poor people in Indonesia, Thailand, Malaysia and the Philippines will more than double—from some 40 million to more than 100 million. One estimate is that half of Indonesia's 200 million people will fall below the poverty line.

This downturn is not going to be confined to the Asian tigers and to other emerging market countries. It has already had its effect on those countries which are too poor to be considered emerging markets. Africa's overall growth for 1998, once expected to exceed 4 percent, is now projected to be about 1 percent.

These economic declines can easily translate into political instability and social unrest. Sporadic rioting and looting have broken out in East Asia, along with attacks on ethnic communities. What began as a financial crisis is tearing at the region's social and political fabric. It has become a deep human crisis—a social crisis for the poor and near-poor, with possibly severe consequences for fragile democracies and stability in countries where delivering prosperity has been key to social cohesion.

Over the past five years, I have often asked myself: does this world of underdevelopment, poverty and suffering matter to the United States? Were the financial crisis not lapping at our own American shores, one would have to wonder. All too often, the United States certainly behaves as if this world did not matter much to it.

Our economic interdependence with the rest of the world, including the underdeveloped world, has not been matched by a willingness at a policy level to engage the world. Take the case of development assistance. In 1956, 63 percent of all development assistance came from the United States. Last year it was down to 13 percent. In 1960, 4 percent of the U.S. budget went for development and international affairs in general. Today, that figure stands at less than 1 percent. When you compare the percentage of gross domestic product devoted to development assistance among the other industrialized countries, the U.S. ranks dead last. Contributions to the UN's development work remain modest, and the $1 billion plus owed to the UN remains unpaid.

Declining developing assistance is part of the larger picture. Basically, the issue is our country's flagging commitment to international leadership. Some 40 U.S. embassies, consulates and branch offices have had to be closed in the last 6 years. Coverage of international affairs in the major national newsmagazines has dropped by 50 percent since the early 1990s. The country that has benefited most from globalization, and has the greatest stake in its success, seems deeply reluctant to shoulder the load that our position in the world requires of us.

Perhaps the most telling critique of American policy is that offered by Jeffrey Sachs of Harvard:

''America has wanted global leadership on the cheap. It was desperate for the developing world and post-communist economies to

buy into its vision, in which globalization, private capital flows and Washington advice would overcome the obstacles to shared prosperity, so that pressures on the rich countries to do more for the poorer countries could be contained by the dream of universal economic growth. In this way, the United States would not have to shell out real money to help the peaceful reconstruction of Russia; or to ameliorate the desperate impoverishment and illness in Africa. . . .

''Washington became skittish at anything or anybody that challenged this vision. When developing country leaders pointed out that development was much harder than it looked; that their economies were falling further behind in technology; that they were being destabilized by financial flows they could neither track nor understand; that falling commodity prices were taking them further from the shared prosperity that they had been promised; that unattended disease was ravaging their societies; that the wreckage of Soviet communism would take real aid, not just short-term loans to overcome; or that they were still drowning in debt ten years after America acknowledged the need for debt relief; all these honest reflections were taken as hostile challenges to the vision of shared prosperity because they put at risk the notion of cost-free American leadership.''

There are many lessons to be learned from the spreading global crisis. And since the contagion is in fact approaching even the United States, perhaps we will learn them. Indeed, rarely have so many hoary myths and half-truths been dispatched so quickly and thoroughly.

Gone are the myths that globalization is working well, that most of the developing world is doing fine economically, and that Asia is blazing a trail for other developing countries to follow.

Gone too is the myth that trade and private capital are reliable substitutes for development assistance. In lucid moments, political leaders know that development cooperation works. That is why whenever there is a high-stakes crisis—from the Middle East, to Bosnia, to Indonesia—development resources are mobilized to support peace and stability.

And gone are the notions that progress can be left to the wisdom of the market, that government is hardly necessary. If the state is needed to save the market from itself, imagine how much more it is needed to save people.

And at least weakened, for the moment, is the tendency by America to view itself as relatively immune from the troubles of the developing world.

Too many Americans have nestled comfortably behind these and related myths, but they are now revealed for what they are—simply convenient concoctions.

So let me return to the question: does the world of underdevelopment and poverty matter of the United States?

Looked at objectively, the short answer is that the developing world means a lot for America today, and it will mean even more in the next century. By the year 2000 four out of five people in the world will be living in the developing countries. When we consider market growth for American products in the next century, the center of gravity will continue to shift toward the developing countries. Since 1987, more than two-thirds of all American export growth has occurred in the emerging markets, and this has generated roughly two million new jobs in the United States.

Interdependence can also be negative. The U.S. is now entering a period of substantial trade deficits as ships leave West Coast ports virtually empty and return with Asian goods selling at bargain prices. In the Port of Seattle alone, imports are up 37 percent over last year and exports are down 24 percent. The crisis will increasingly affect American jobs. The financial and economic problems of the developing world are also having a major impact on U.S. investments. For example, the California Public Employees Retirement System has lost more than $2.7 billion in emerging market investments in the past year.

Beyond our positive stake in the economic health of the developing world, Americans have a large stake in what we might call the ''avoidance agenda''—the avoidance of humanitarian emergencies, national and regional conflicts, environmental deterioration, terrorism, illicit drugs, the spread of diseases, illegal migration, and other human and ''natural'' disasters. We now see plainly that economic, environmental and political problems do not need passports to travel around the globe. Many of these threats stem directly or indirectly from poverty, inequity, joblessness and social disintegration. No one would attribute such problems solely to under-development, but underdevelopment is surely part of the disease. And development—sustainable, people-centered development—will almost always be part of any cure.

I can state fairly simply the most important take-home lesson from my years at the United Nations: None of the admirable goals that the U.S. has pursued around the world—not peace and stability, not human rights and democratization, not the expansion of trade and markets, not environmental protection, not population stabilization, not an end to hunger and extreme deprivation—not one of these can be accomplished except in the context of successful development—equitable, sustainable successful development. And that kind of development does not have a snowball's chance in Hades of succeeding unless we forge a new framework for development cooperation, and back it up with real commitment and financial resources. I must commend both President Clinton and the World Bank's Jim Wolfensohn for the leadership they showed on these issues at last week's annual meetings of the Bank and the IMF.

So let us take a leap of faith here—faith, and hope, that enough Americans do care, that enough leaders are far-sighted, that we can see the farther shore beyond Wall Street and the daily closing of the stock market and even beyond the immediate financial crisis, and that we want a leadership agenda worthy of our great nation. What would it be?

Yes, we must act urgently on the current emergency, including the proposals to lower interest rates and take other steps to stimulate demand and reinvigorate the world economy. And, yes, we must also act to prevent the spread of the current financial crisis. But we must do so in a way that supports growth in a much wider group of countries than those hit by the Asian contagion, including those countries whose deep, abiding poverty was never relieved by high growth. They have been in long-term recession, often struggling to regain the income levels they had twenty or even thirty years ago.

Yes, we need a new international financial architecture to protect countries and people reeling from the effects of vast, unregulated movements of capital. But we also need to act on the fact that most countries, including virtually all the low-income countries, never benefited from foreign investment and loans; that most countries have banking and regulatory systems and governance capabilities far less developed than the Asian tigers; and that only 0.2 percent of global commercial credit reaches the poorest 20 percent of the world's people. Special programs are needed to address these pre-emerging market challenges as well.

Yes, we need much larger social investments and social safety nets from the development assistance community to protect the poor victimized by recession in Indonesia and elsewhere. But we also need antipoverty development assistance such as that UNDP and others provide to help the other hundreds of millions of families who live in the prison of poverty.

Yes, we need to allow certain countries to temporarily suspend debt repayments—a standstill—while they renegotiate new terms on what they owe. But we also need to go far beyond current arrangements for reducing external indebtedness which, for the developing countries and countries in transition, has climbed to over U.S. $2.2 trillion. Two-thirds of this is long-term public debt. In Africa, governments are now transferring four times more to international creditors than they spend on basic health and education. New initiatives to relieve both bilaterial and multilateral debt burdens are clearly in order.

Yes, we need new institutional arrangements for better governance of the global monetary system and economic globalization. But we also need norms and rules of the road to guide globalization in other ways—to protect and benefit poor countries and poor people, the environment, workers, consumers, and investors. Globalization is on trial, and a growing backlash from many quarters could threaten the process itself—killing, or at least weakening, the goose that lays the golden eggs. Multilateral challenges require multilateral solutions, and the United Nations has an important rule to play in helping to make globalization work for people and for human development.

In short, we need a new architecture for development cooperation, not just a new architecture for international finance. Let me mention five elements of this new architecture for development cooperation—elements we are working to build into our program at UNDP.

First, we must broaden the scope of development cooperation to include not only development assistance but also trade, debt management, private investment and capital flows, private sector development, and access to technology. These elements must all be made supportive of a more equitable and sustainable world, not inimical to it. Also, the strictly government-to-government foreign aid of the past should go to the dustbin of history with the Cold War. The new development assistance must focus on being synergistic with private sector development and the strengthening of civil society as a whole.

Second, the relationship between industrial and developing countries needs to be redefined. Common interests and complementary needs of the rich and the poor, as well as global goals forged through the United Nations, must provide the basic rationale for new partnerships and compacts. Global challenges require cooperative, global solutions. We must act in concert, preventively, to attack the root causes of today's threats because we cannot afford to cope with the future tragic consequences of neglect. Development assistance is an essential part of the cost-sharing needed for global compacts.

Third, a new development framework is needed to consolidate the emerging concept of sustainable human development. Too often, development cooperation has been shaped by short-term military, political and economic interests. Past aid has not, for the most part, been used for poverty eradication and human development. We must now ensure that scarce funds address the most

pressing needs of people, particularly the poor, and we must reinforce this commitment by an unequivocal acknowledgement that freedom from poverty is a fundamental human rights of all people.

Fourth, we must learn from past mistakes and ensure the development cooperation supports the polity and not just the economy; that it is country-driven and not donor-driven. The challenges of growing poverty and widening inequity will not be met without democratization and good governance. Development cooperation must be fully committed to these ends. Assistance projects must also be owned by the people they are intended to help, because these projects respond to their actual needs and because, through their participation, they themselves helped design the project. Development assistance must empower the poor—economically, socially and politically—not marginalize them.

Finally, we must have the foresight to increase development assistance, not reduce it. We know much better now—often from sad experience—how to succeed in development cooperation. Yet, right at this confluence of greater need and greater opportunity, we find tragically that resources are declining, not increasing. Development assistance has declined for five years running, and is now at an historic low. This trend that must be reversed, or we will pay dearly later—in missed economic opportunity, with emergency relief, with peacekeeping forces, through the spread of disease, environmental deterioration, illegal migrants, refugees, or terrorism. Certainly, we will pay through the great pall cast on the human spirit by the knowledge that we have not acted to help relieve poverty's suffering when we could so easily have. An enlarged volume of assistance is absolutely critical right now, for example, if we are to avoid the ''Sophie's Choice'' problem of increasing assistance to Asia without further diminishing assistance to Africa.

We must see development assistance not as an alternative to private investment but, for much of the world, as an essential building block to a vibrant private sector and successful financial markets. We must see development assistance not as a handout but as a solid investment in ''global public goods,'' including peace and a more equitable and habitable world from which we all benefit. And we must seek development assistance not only from traditional sources but also from new and innovative sources of finance.

These are challenging objectives. But let's make no mistake about it: the policies the U.S. adopts today, in the context of the globalizing world, with regard to development cooperation and the United Nations—these are defining decisions for the United States. They will define the values for which our country stands. The world is watching, and expects a lot of America. Let us not disappoint them—or ourselves.

Thank you.

TRIBUTE TO LOUIS P. MARTINI

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1998

Mr. RADANOVICH. Mr. Speaker, I rise today to introduce the New York Times Obituary of Louis P. Martini. Louis Martini was a leading figure in the California business and he will be sadly missed.

''Louis P. Martini, a leading figure in the California wine business and chairman of the Louis M. Martini Winery in Napa Valley, died Monday at his home in St. Helena, Calif. He was 79.

The cause of death was cancer his family said.

The Martini family has been involved in the California wine industry for more than 70 years. Mr. Martini's father, Louis M. Martini, founded the family winery as the L.M. Martini Grape Products Company in 1922 in Kingsburg, near Fresno. The elder Martini, who never thought of Prohibition as anything more than a temporary aberration, began planning the expansion of his business while other wine companies were closing.

In 1933, he moved to the Napa Valley and changed the company's name to the Louis M. Martini Winery.

Louis Peter Martini was born in Livermore and grew up in Kingsburg, working in the winery and the vineyards as a boy. He graduated from the University of California at Berkeley in 1941 and spent four years in the Army Air Forces during World War II. He joined the winery as vice president in 1946 and became the winemaker in 1954; wines he made in the 1950's and 60's are still prized by collectors.

At 6 feet 4 inches, Mr. Martini was a gentle giant, who worked in the shadow of his flamboyant father until the elder Martini's death in 1974. To an extent, the son's self-effacing nature is reflected in the winery's reputation. While he was a major producer of fine wine and an important behind-the-scenes industry leader, Mr. Martini avoided the well publicized social side of Napa Valley life, and his winery rarely appeared in trendy articles about the wine business.

But his achievements were numerous. In the 50's and 60's, he helped improve grape quality by identifying and propagating superior grape clones. He developed vineyards in the Carenros district of the valley when it was considered useful only for grazing sheep, and he is credited with making the first Carenros varietal pinot noir in 1952. Today many of the best California pinot noirs come from Carenros. Mr. Martini also made the first varietal merlot wine in the United States with his merlot blend in 1968 to 1970. And he was a pioneer in the use of mechanical grape harvesting.

From 1968 to 1985, he was president and general manager of the winery, which remains in family hands. His daughter is president and chief executive.

Mr. Martini was a founder and former chairman of the Wine Institute and a charter member of the American Society of Enologists.

Surviving, besides his daughter, are his wife Elizabeth Martinelli Martini; two sons Michael of St. Helena, the current Martini wine maker, and Peter, of Seattle, another daughter Patricia of San Francisco, and four grandchildren.''

Mr. Speaker, I rise today to pay tribute to Louis P. Martini. Mr. Martini was a great American businessman and patriot. I ask all my colleagues to join with me in expressing my sincerest condolences to the Martini family.

H.R. 901, THE AMERICAN LAND SOVEREIGNTY PROTECTION ACT

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1998

Mr. YOUNG of Alaska. Mr. Speaker, I introduced H.R. 901, ''The American Land Sovereignty Protection Act,'' to reestablish Congress as the ultimate decision-maker in managing public lands and maintain sovereign controls of lands in the United States. The bill insists that no land be designated for inclusion in international land use programs, such as World Heritage Sites, without the clear and direct approval of Congress and requires that local citizens and public officials participate in decisions on designating land near their homes for inclusion in these international land programs.

World Heritage Sites are natural areas of cultural monuments recognized by the World Heritage Committee of the United Nations Educational, Scientific and Cultural Organization (UNESCO), under ''The Convention Concerning Protection of the World Cultural and Natural Heritage.'' Proponents of World Heritage Sites keep saying that they are designated at the request of local communities. They seem to believe that if they keep repeating this mantra often enough, then somehow it will prove true. The Committee on Resources has now held three hearings on this issue and has yet to find one example where a World Heritage Site designation was requested by a broad-based cross-section of either the public or local officials. On the contrary, the Committee has found that World Heritage Site designation efforts are almost always driven by federal agencies, usually the Department of Interior, and often face strong local opposition.

The Department of Interior, in cooperation with the Federal Interagency Panel for World Heritage has identified a shopping list of 94 sites in 31 States and the District of Columbia that they would like to make World Heritage Sites. So far, twenty-two of the sites on this list have been designated World Heritage Sites. I would like to include this list and the detailed descriptions of the natural properties on this list. More information on this important issue can be found on the Committee on Resources website at: http://www.house.gov//105cong/issues.htm

WORLD HERITAGE SHOPPING LIST FOR UNITED STATES (BY STATE)

ALABAMA

Moundville Site.

ALASKA

Aleutian Islands Unit of the Alaska Maritime National.

Wildlife Refuge (Fur Seal Rookeries).

Arctic National Wildlife Refuge.

Cape Krusenstern Archaeological District.

Denali National Park.

Gates of the Arctic National Park.

Glacier Bay National Park and Preserve, inscribed 1992.

Katmai National Park.

Wrangell-St. Elias National Park and Preserve, inscribed 1979.

ARIZONA

Casa Grande National Monument.

Grand Canyon National Park, inscribed 1979.