

Monterrey: A Turning Point

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In 1945 the U.N. Charter boldly stated the determination of the community of nations "to employ international machinery for the promotion of the economic and social advancement of all peoples." Yet, over the past few decades the gap between rich and poor countries has become wider.

This week in Monterrey, Mexico, the International Conference on Financing Development offers an opportunity to re-launch a worldwide agenda to foster economic and social progress. The fact that the conference is taking place at all is good news, because it underscores the fact that multilateralism can be a better policy option than unilateralism in tackling some of the most pressing international issues, and because after Sept. 11, there is an urgent need to reevaluate the ways that economic aid is planned and delivered.

A key feature of the conference is the active participation not only of U.N. agencies but also of the World Bank, IMF and WTO -- institutions that have a crucial role to play in finding new ways of dealing with the issue of development. Civil society representatives and members of the business community have also taken an active part in preparing for the event and will be present in Monterrey.

Close to 50 heads of state or government will be attending. Their presence guarantees a meaningful debate and provides an opportunity for decision-making at the highest level. As hosts of the conference, we are determined that Monterrey will, like Bretton Woods and Camp David, become short-hand for a significant turning point.

The draft of the so-called "Monterrey Consensus," unlike many previous declarations, actually has teeth. The goals to be endorsed at the conference are ambitious but not unrealistic.

On the one hand, the conference will seek to strengthen the policies and institutions required to mobilize domestic resources and attract foreign investment, emphasizing the primary responsibility of developing countries to implement sound economic policies, strengthen the rule of law, create fair and impartial judicial systems and fight impunity and corruption.

On the other, industrialized nations in North America and in Europe will have an opportunity to prove they are genuinely committed to supporting this new drive for development by reversing the persistent decline in official development assistance (ODA), by opening their borders to trade, and by reducing subsidies to agriculture. This last issue is particularly important because agricultural produce from developing countries would, in many cases, be highly competitive and a source of desperately needed income if developed countries did not impose artificial market barriers.

The conference will also look for ways to foster an adequate international environment for development by promoting a universal, open and equitable trading

system, and by ensuring that from now on, external debts are really sustainable. Finally, we will discuss ways to grant developing countries a bigger say in management of the global economy.

As a stepping-stone on the path toward development for all, Monterrey should allow us to move closer to new and more far-reaching goals, including some proposals that didn't make the radar screen this time. For example, global taxes such as the one proposed on carbon emissions could be used to finance global public goods. This is based on a simple premise: fairness. The industrialized countries that generate a disproportionate share of carbon emissions into the atmosphere should pay accordingly, providing money for development and also a more efficient use of scarce resources.

Another pending item is the long-standing target of asking developed countries to provide official development aid equivalent to 0.7 percent of their GDP, a target that has been controversial and difficult to meet for many nations. A better and more comprehensive way might be not to focus solely on official development assistance but rather to include a mix of additional instruments such as foreign direct investment, loans and private credits equivalent to slightly above 1 percent of GDP. Every country would then be in a position to contribute, and to receive, a combination of resources most suitable to its possibilities and needs.

Regardless of specific goals and programmatic decisions, the task ahead is clear. Besides ensuring that the resources available to finance development are increased, we must also embrace a new vision for the common future of humanity. The United States and Mexico are leading the way by showing that regardless of economic asymmetries, developed and developing nations can tackle these differences and build productive and mutually beneficial partnerships. Many of the issues that President Bush and I will be addressing -- from regional development in Mexico to migration to water and sewer projects along the border -- are powerful examples of how the debate between nations ought be conducted, and that progress is feasible.

This week in Monterrey we have the duty to take steps to ensure that future generations in the developing world can be spared the poverty and suffering that until now have been their inevitable destiny. We also have an opportunity to build a bridge between what we promise developing countries today and what we can accomplish tomorrow.

It is not a matter of becoming our brother's keepers, but simply their partners.

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