

File Sub: CF/EXD/SP/1988-0013

Address by Mr. James P. Grant
Executive Director of the United Nations Children's Fund (UNICEF)
to the
Society for International Development 19th World Conference

"Putting Crises to Work for People"

New Delhi, India
28 March 1988



UNICEF Alternate Inventory Label



Rcf0006HP9

Item # CF/RAD/USAA/DB01/1998-02069

ExR/Code: CF/EXD/SP/1988-0013

Society for International Development 19th World Conferenc
Date Label Printed 17-Jan-2002

cover + 8pp + 06



United Nations Children's Fund Fonds des Nations Unies pour l'enfance Fondo de las Naciones Unidas para la Infancia
Детскому фонду Объединенных Наций 联合国儿童基金会 منظمة الأمم المتحدة للأطفال

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PUTTING CRISES TO WORK FOR PEOPLE

I feel very privileged to have had the opportunity to speak twice in the plenary of this distinguished gathering - once at the opening, and now, as we close. We have been exposed to a very rich menu of presentations, beginning with Prime Minister Rajiv Gandhi and Prince Claus, and concluding with the presentations of this day, including thought-provoking discussions on disarmament, on development, on drugs, and on the end of hunger by the year 2000. I am only sorry that we do not have another three days.

The substance of this conference compels action by us when we return to our spheres of influence, both as Society members and as individuals. In my remarks today, I would like to stress two areas of action which have emerged at this conference as principal challenges before us.

Hard choices

As a preface, there have been three historic factors which have dominated our discussions. First, the unprecedented progress of the past 45 years is now not only dangerously stalled - but, in the 1980s, we have seen major areas of actual retrogression, most notably in Latin America and Africa, and among the most vulnerable groups, including women and children.

A second historic factor is that a new morality has evolved which compels us to seek remedial action to restore momentum and a more holistic, sustainable approach to development. It was over half a century ago that Arnold Toynbee said, "Our age is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of

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civilization available to the whole human race". This has become increasingly true in the years that have passed, and as it has become a part of our reality, it has become increasingly apparent that morality must be made to march with the new capacity. If 40,000 children were dying each day from causes which we could not do much about in this short life, that would be regrettable. But when nearly 40,000 children die every day for largely avoidable reasons, then it becomes obscene.

The third historic factor that we have been dealing with is the harsh reality that few of the hard choices that have led to major advances in the past century, have been made without there first having been tragic, severe crises which provided the tremendous energy required to overcome the inertia of prevailing policies. Thus it took the great depression to achieve the breakthrough to the New Deal. World War II preceded the establishment of the United Nations and the Bretton Woods institutions. World War II and the awful, often painful struggles of whole peoples to control their own countries and their own destinies preceded the end of colonialism. World War II and the advent of the Cold War led to the Marshall Plan. Crises, of course, are dangerous - they are not only costly themselves, but they can lead to still more costly crises, as we found in the 1930s, during which the Great Depression that brought on the New Deal also contributed to the rise of fascism and World War II. In all of these cases we paid dearly, in terms of massive human suffering, to face the fact that true innovation was required. Choices which were difficult to push through on the short-run came to be recognized as not only essential but reasonable for our humane survival as a civilization.

Our challenge today is to determine, first, whether the present multiple crises are sufficiently severe to stimulate a major new opportunity for creative approach. Or perhaps stated more accurately, it is to determine whether we have developed the political will and sophistication to react to the present multiple crises - without the catastrophic suffering of a world war or a major depression - by making the hard choices to exploit new development opportunities. If, indeed, we are up to this challenge, then we must face a second: to determine whether we can present creative, do-able plans of action to take advantage of the new opportunities for progress in overcoming poverty, restoring development momentum on a sustainable basis, and promoting domestic survival.

Darkness before the dawn

The fundamental question is, of course, whether we have reached that darkness before the dawn - that point at which we have tolerated all that we will - referred to by K. G. Lall yesterday morning. He said that the wisdom of our ancient seers tells us that when the night is at its darkest the dawn is but moments away. He went on to say, "Is this so? Or am I dreaming? Do you not detect some glimmer of dawn on the horizon?"

We certainly have been given ample evidence of the dark times currently everywhere around us. The financial crises of much of the Third World are very real indeed. Latin American per capita income is significantly down.

African per capita income is down even more. The impact is heaviest on the poorest countries, and even within them, a disproportionate share of suffering is borne by the most vulnerable.

Several years ago President Nyerere asked, "Must we starve our children to pay our debts?" I regret to say that actual practice has all too often answered with a "yes". And possibly some millions have died as a consequence. Remedial actions are in process, but still too little, and still too late. We heard eloquently from Ambassador Stephen Lewis at this conference about the encouraging prospects attainable for Africa for US\$5 billion, yet he noted that even that was too small a sum for comprehensive minimum improvements. Furthermore, he pointed out that the length of time it would take to actually reach the people in need is unreasonable. Mike Faber, more generally, at the end of the debate yesterday, articulated very eloquently and effectively that the 1982-87 IMF-led adjustment strategy has failed, or rather, that it has brilliantly succeeded in containing the Third World external debt problems. It has kept the Third World part of the international financial system, and banks have had time to strengthen their balances. In short, it has worked relatively well for some. But make no mistake: the costs of this crisis for Least Developing Country debtors have been appalling. Living standards are down 15 per cent in Latin America and 25 per cent in Africa south of the Sahara, and the relevant debt ratios in both continents were worse in 1986 than they were in 1982. And I was struck by the Sisyphus imagery depicted in yesterday's deliberations: "The Third World debtor is the Sisyphus of the modern age - but with this difference from the tragic hero of antiquity - every time the Sisyphus' rock rolls down to the bottom of the mountain, he finds that it has become heavier, and each time that Sisyphus looks up at the top, behold the mountain has become higher!"

Furthermore, we see arms expenditures still rising - to more than one trillion dollars, according to Inga Thorsson. Environmental degradation is still accelerating, as is so usefully documented and analysed in the Brundtland Report. AIDS is a new problem, an actual threat in itself, but an even greater threat as vast sums are diverted to the necessary fight against this new and growing danger.

Crises in the North; solutions in the South

Two additional major areas of deterioration that will contribute further to this darkness before the dawn have been referred to, but they have not been sufficiently stressed in terms of their potential for releasing creative pressure in the near term for the changes we seek. It is these two which hold the potential to reveal, against the horizon, rays of a greater hope for the future than the other crises which we have been discussing, because they directly and significantly affect the well-being of the North. The first is the emerging economic crises of the Western industrial world, in which far more difficult circumstances exist than surface appearances indicate. The United States needs to reduce its great deficit by at least one hundred billion dollars a year if it is not to acquire the altered standard of living and status of a debtor society.

The economic crisis of the West has been largely concealed and ameliorated in the mid-1980s by virtue of the U.S. becoming the "engine of growth", but at the cost of more than doubling its national debt and shifting from being the world's largest creditor nation to the world's largest debtor. This is a role which is no longer sustainable. The October stock market plunge was one manifestation of the weakened economic foundation, and, frankly, candid discussion of this problem has been restrained by the U.S. elections.

We are faced with two alternatives. For the United States to get out of its present situation through recession and devaluation would bring incalculable disaster to the entire world. There is another alternative, however: to do it through growth - to design the entire progressive reduction of the deficit to be restructured through growth. But most of these discussions have been interpreting restructured growth primarily within the context of the United States, Japan and Western Europe. Frankly, it will not work within that limited framework. Restructuring through growth does have the potential to work, and could help us avoid major catastrophic economic upheaval. But it can work if - and only if - we can involve the Third World in a major way with this restructuring through growth. This is because democratic political processes in the United States, Japan and Western Europe at this point do not allow the rapidity of structural response which would be needed to restructure the Western industrial world within an acceptable time frame. Shortly before this conference convened, the Washington-based Overseas Development Council (ODC) issued the most trenchant discussion I have seen of this problem in its Agenda 1988: Growth, Exports and Jobs in a Changing World Economy, which stated that, for the economic well-being of the United States and the North generally, it is imperative to restore economic progress in the South. In the report, ODC President John Sewell said:

"The negative impact of the economic downturn in the developing countries on the U.S. economy was direct and measurable: U.S. exports to all developing countries dropped from US\$88 billion in 1980 to US\$77 billion in 1985. If exports had grown in the first half of this decade at the same rate as in the 1970's, the exports would have totalled about US \$150 billion in current dollars. The impact on employment also was dramatic. The actual and potential employment loss (if exports had grown as they did in the 1970's) amounted to 1.7 million jobs - or nearly 21 per cent of total official unemployment in 1986. In addition, the global recession cast doubt on the ability of the middle-income debtor countries to make their debt service payments to commercial banks in the industrial world."

And as Lal Jaywardena explained to us so effectively yesterday, restructuring of Japanese and German surpluses through foreign aid would have a far more rapid and beneficial impact on the global restructuring needed than comparable expenditures devoted to domestic expansion. He described the study which showed that a US\$25 billion expansion of expenditures within the Japanese economy would benefit the US balance of payments by US\$2 billion, but that a comparably increased expenditure on foreign aid would benefit the U.S. balance of trade by US\$9-11 billion dollars - a five times more beneficial impact.

Western Europe, the USA and Japan would do well to look to low- and middle-income countries for export markets to help them restructure with growth.

So we are seeing the entry into our calculations of a really major new factor of crisis for the North which highlights the depths of our global interdependence today. While the reverse situation has long been all-too-evident, today we see that in order to address the problems of the North, the North may well be required to focus on development in the South.

The other major new area contributing to the darkness of our times, and which we have hardly discussed at all here, is that the USSR and the socialist countries, too, are nations in crisis. This, of course, is one of the major reasons for Mr. Gorbachev's initiatives. Consequences can already be detected in the arms race - nuclear and conventional - as well as in regional areas of conflict, such as we see in Afghanistan and other areas. And consequences can be seen in Soviet participation in the United Nations where the USSR has now paid its back debts. Major possibilities are opening up for a whole new participation by the socialist countries in the United Nations and in the Bretton Woods institutions.

In short, both industrial East and industrial West have increasingly inescapable reasons for a global restructuring. The time may soon be coming for a call for a new global economic order - a NGE0.

Prioritising what is do-able

Let me shift quickly to focus on the second aspect of the challenge before us - ie, whether we can present creative, do-able plans to restore development momentum in the social sectors. These crises are also providing, in addition to their negative effects, a major beneficial impact in terms of creating a new political will for highly cost-effective social action which could well lead toward overcoming the worst aspects of absolute poverty by the year 2000. We all have known for many years that it is possible for a low- or low-middle-income country or region to overcome the worst aspects of poverty, if it only has enough political will. This has been demonstrated for low-income areas by China, by the Koreas, Taiwan, Sri Lanka and Kerala, and for middle-income countries by Cuba and Costa Rica.

The 1980's have forced a re-examination of the approaches to meeting basic needs and of the assumption that the ever-growing size of the pie would carry with it improved conditions which would encompass the meeting of human needs. A keen look at today's situation reveals two arenas in which we must respond quickly with a redirection of approach. The first avenue has come to be called "adjustment with a human face". To have developing countries modify their structure to meet human needs while adapting to the new circumstances inherent in economic adjustment is one way to protect their most vulnerable human resource side while developing their more directly productive side. Such policy is an investment.

Secondly, there is an imperative that the social sectors improve their efficiency, too. For us in UNICEF, this re-examination has led to a newly identified potential - for a health breakthrough for children, so dramatic that it carries with it the title of a "Child Survival and Development Revolution" (CSDR). This arises mainly as a result of two converging forces. The most important factor is a by-product of recent development and technological progress - it is our new potential to communicate with those who most need to know. Today we have radio, TV, schools and teachers in the great majority of villages, literacy rates greater than sixty percent, and even the immensely increased use for social benefit of traditional channels of communication, such as folk art and the deeply entrenched networks of organized religions, with their highly respected spokespersons. In fact, a communications revolution has taken place in the developing world which has given rise to a potent new capacity which has barely begun to be used in the context of its most significant potential - to empower people with the vast mass of knowledge that could be put to work on people's own behalf. We at UNICEF have been particularly involved with tapping this new resource for health purposes. It is being used dramatically here in India (and in scores of other countries), for example, with the major immunization programme. For fifty cents worth of vaccine per child, the population can be protected against six diseases which only a few years ago were taking the lives of one million Indian children a year. But first, parents must bring their children multiple times for immunization. We still have in India over one million children dying every year, because their parents have not yet been empowered with the knowledge of how to use oral rehydration therapy (ORT). The communications revolution gives society the capacity to educate and motivate those parents: to bring their children for immunization, and to administer ORT.

A tremendous potential exists here, and it is now only beginning to be used. These interventions, as well as the other measures singled out in the CSDR, are not only low-cost and high-impact health tools. Fortunately, in a time of our financial austerity, such approaches have great political significance as well. They are good politics. Country after country turns to these methods for bringing progress to the poor. And all of this is being helped by the spreading democratic process that we heard our new SID President, Enrique Iglesias, speak about yesterday. Because the more democracy there is, the more pressure there is on a government to be seen as doing something for its poor majority.

The mobilization of this new capacity is already resulting in major achievements. The "twin engines" of universal child immunization and oral rehydration alone saved two million child lives in 1987, and the total could reach five million annually by 1991, thus providing a whole new emphasis to primary health care. We are finding, furthermore, that it has a favorable impact on reducing population growth.

At this historic juncture, we must act quickly. We must explore the applicability of lessons gleaned in the CSDR to other fields essential for meeting the basic needs of the world's poor: to the food producers - particularly to women food producers; and to meeting literacy and education needs. As we apply these approaches we must also remember that we are finding

that the role of increased democracy is a very major and effective means of redistribution for the poor.

A related glimmer of hope in these dark times is that we are also seeing a changed attitude towards the efforts on behalf of the rights of children. Poland in 1979 proposed that there be a Convention on the Rights of the Child. At the time, I thought that that was not feasible in my life-time. Today, prospects are quite good that the Convention will be adopted by the United Nations General Assembly in 1989, the tenth anniversary of the International Year of the Child. In fact, what we are witnessing is a new effort emerging - worldwide and at all levels, from international to village - for seriously addressing one aspect of our portfolio - children and mothers. A long-overdue shift in priorities is clearly beginning to take place.

Planning to meet the challenge

In conclusion, I will focus on how we can organize and prioritize that which is do-able in our moment of history. First, the world economic crisis is now becoming sufficiently serious for all, rich as well as poor, East as well as West, to think of a new Global Summit, an enlarged Cancun, which would draw on the major regions of the world, such as the eight power clusters identified at this conference by Prince Claus: the European Community, North America, South America, Eastern Europe, Asean, Japan, China and SAARC, to which I will add the Arab World with its oil resources and the OAU with its special problems.

The agenda for this Summit should include:

- first, restoring development momentum for the global community;
- second, focusing on sustainable development which will carry us into the next century;
- third, mapping out the strategy to overcome the worst aspects of absolute poverty by the year 2000, including halving the child mortality rates of 1980; and
- fourth, exploiting the linkages between disarmament and development to move toward global co-operation on the only war we seek - that against the evils of poverty.

The new global summit might be convened in 1990, on the eve of the Fourth Development Decade - which will take us to the end of this millenium. It should be preceded by intergovernmental consultations through all channels - the U.N., and through the OECD during 1989, following the U.S. elections. But the non-governmental organizations should start now. The North-South Roundtable, the SID chapters, and other non-governmental organizations should start building the public pressures which will create a receptive environment not only for urgent action, but equally important, for the right kind of urgent action. They should track the issues, and focus discussions onto do-able propositions for their own countries, and, for their own reasons, maintaining awareness of our global interdependence.

Are we, at this conference, alone in these aspirations? I would say "no". I have been privileged in the last month to attend other major sessions - this is the third I have attended in recent weeks. The first was a major - the largest ever - meeting of Nobel Laureates, held in Paris. From that group of distinguished individuals (I should hasten to add I participated on behalf of UNICEF, which received the Nobel Peace Prize), came the conclusion that, of the outstanding problems facing us as we moved into the next century, quite possibly first among them was the gap between the North and the South. The second session I attended, at Talloires, France, was called "Bellagio III", which gathered health ministers and health secretaries from most major developing countries of the world, heads of major international organizations such as Barber Conable of the World Bank, Halfden Mahler of the WHO, and myself, plus major aid agency administrators such as Margaret Catley-Carlson of CIDA, Carl Tham of SIDA, and Alan Woods of USAID. And out of this review of the world immunization effort, of the child survival effort, came the exciting conclusion that it is do-able - by the end of this century - in twelve years - to reduce the 1980 child death rate by more than half, saving from death or disability in this process some one-hundred million children over the period. There was determination to pursue further goals, including, as a gift to the next century, the eradication of polio to add to the already accomplished eradication of small pox.

I also strongly endorse the proposal made by K.B. Lall, that after an enlarged Cancun-type summit, such efforts be regularized into the U.N. system by creating an Economic, Environmental, and Social Security Council, to parallel the other Security Council that now exists for political/conflict issues. I further support the proposal that there be a special early warning group set up to advise this developmental security council. This, too, warrants vigorous follow-up at this time. These measures could provide milestone contributions to a strongly enhanced ECOSOC.

This conference meets at a moment which may be characterized as the best of times and the worst of times. We are all sorely aware of the threats to the very existence of the human race and life on the planet we inhabit. And yet these are far more opportune times for action than many of us thought possible even just a year ago. It is a moment of potential political breakthrough in our ability to "make the benefits of civilization available to the whole human race". As the current crises worsen, let us once again, as in the post-World War II era, put these crises - which are so costly in human terms - to work to overcome the inertia of past policies. Let us make the hard choices at this time of opportunity, to commit our resources, our creativity, our wisdom, and all that we are and can be, toward ending this century by alleviating the worst aspects of absolute poverty for all humankind.