

U.S. GLOBAL LEADERSHIP COALITION

TRIBUTE DINNER FEBRUARY 2, 2011

REMARKS OF BILL GATES

BILL GATES: Thank you. (Applause.) Well, thank you, Secretary Glickman. I'll have to go back and watch that movie again. (Laughter.)

Well, it's a great honor to join the U.S. Global Leadership Coalition in paying tribute to Secretary Albright and Secretary Ridge. Secretaries, as someone still adjusting to my second career, I'm inspired by the fact that you're not only still engaged but you're still innovating and leading. (Applause.)

It's a great privilege to address this group. For over a decade you've been driving the discussion about the role of development and diplomacy in American policy. I want to thank you for your contributions to the public debate and for the hard work you'll need to do in the next year.

I also want to recognize Raj Shah, the administrator of USAID. (Applause.) It was always a great pleasure to work with him at our foundation, and Melinda and I always relied on him for his great insights, and we're excited by the innovation reform he's bringing to AID.

The talent and seriousness of the leaders in this room give me confidence that we will rise to the challenges we face. Unlike many of you, I don't have a background on smart power, but I have a background in business, and looking at these issues as a businessman, I believe that investing in the world's poorest people is the smartest way our government spends money. (Applause.) It saves lives, it improves livelihoods, it promotes stability, and it stimulates economies.

The national security arguments I have heard in support of foreign assistance from President Obama, President Bush, Secretary of State Clinton, Secretary of Defense Gates, and General Petraeus appeal to my common sense. I believe that the world will be a safer place if there is enough food to go around, that it will be a more stable place if children grow up with opportunities instead of frustrations. Furthermore, I can only assume that if the United States plays a role in helping to create prosperous societies. We will have friends to call on in times of need.

Secretary of the Treasury Geithner's arguments in favor of development resonate with what I've seen. He points out that exports to developing countries have grown six times faster

than exports to major economies in the last decade. He concludes from this that, quote, “Growth of this country in the future is going to be overwhelmingly dependent on our ability to see faster income growth in the most populous parts of the world,” close quote.

We already have important stakes in the success of developing economies. Half our exports go to developing markets, and that’s over half a trillion dollars every year and growing quite rapidly. A new book about Africa tells the story – it’s called “Emerging Africa” – tells the story of the 17 countries there that are developing their economies at a very high speed. And I think it will be eye-opening to people who see the continent as a lost cause and haven’t really looked at the changes taking place there.

As an example, Mozambique has grown at over 7 percent a year since the mid-1990s, partly due to the steady and predictable flow of aid. In the future, the growth in these developing economies will be an engine for our own economy. Our success is tied to the progress of those around us, and the investments we make today will help create the jobs of tomorrow.

When my wife Melinda and I first started learning about health and development in the late 1990s, the American public didn’t know nearly as much about the issues as it does now. I always marvel at how fast awareness of what’s happening in poor countries has grown.

When I was 40 years old, I had very little understanding of the terrible inequities that divide the world, but today when I speak to young audiences and I hear about what they’re seeing on the Internet, the way they’re reaching out; when I hear from my own children as they come back from school classes where they’ve heard about the Millennium Development Goals, I believe that the world is becoming a smaller place with more caring for the problems anywhere in the world.

When Americans begin to appreciate what assistance to the poorest can accomplish, they want to do more. Over the past decade, with strong support from both Democrats and Republicans, our country has steadily increased its commitments. The United States launched some of the most effective health and development initiatives in history, including the President’s Emergency Plan for AIDS Relief, or PEPFAR; the President’s Malaria Initiative, PMI; and the Millennium Challenge Corporation, MCC.

Behind those acronyms are some really fantastic programs. Americans are now, and have almost always been, the largest donor to projects for the poor. That is something we should be proud of. As a nation, we express our noblest values when we make a priority of helping others. (Applause.) We set an example for the world to follow. Our generosity encourages other donors to give more.

However, this economic crisis has forced us to reevaluate everything. In the short term, we have an employment challenge with unemployment over 9 percent. The crisis is certainly compounded by the growing pressure on our deficit and debt, and Congress will have to take a hard look at all spending as it decides how to get the economy moving and restore the long-term health of the budget.

In this time of tradeoffs, it's fair to ask tough questions about our aid expenditures. The first question on everybody's mind is, how effective are development programs for the poorest? Some say the return on investment doesn't justify the expense. Others claim a significant portion of aid is lost to corruption.

It's not surprising that people feel this way. In the past, there were foreign assistance efforts that were not measured by their impact, and in past time we often didn't have a clear metric of what impact we expected. Especially during the Cold War, aid was often focused on forging alliances rather than helping the poorest. But in the past decade, there has been a substantial change. Donors have gotten a clearer, more principled view of the purpose of the assistance. The new programs are all focused on investments that we know have incredible impacts on people's health and well-being.

Of course, there are still challenges to run these programs in all these countries. Last week, news coverage of a Global Fund report that had been issued months earlier about misused money in a few countries brought the issue of accountability back to the forefront. When Global Fund money is stolen, it costs lives, but we should not respond to the finding that a small portion of Global Fund money has been misspent by calling for cuts because that will also cost lives.

The point of oversight is to save more lives, not simply to find fault. In fact, the Global Fund does a very strong job making sure that almost all its money is used to save lives. It hires independent investigators, it makes the results of investigations public, and it quickly corrects the mistakes uncovered by the investigations. That's how oversight is supposed to work. If you show me a program that doesn't report any diverted funds, I'll show you a program that doesn't have a mechanism in place to track how its funds are being used. (Applause.)

We need to continuously monitor, evaluate and improve our aid. We need to be relentless, not just about rooting out fraud but also about measuring results, understanding what works and what doesn't, and squeezing more out of every dollar. I believe in the life-saving goals the Global Fund has set, which is why our foundation has provided it with over \$1 billion in support. The Global Fund has saved more than 6 million lives, and I am confident that it will build on that success if given the chance.

The danger, of course, is that these issues will obscure the very significant accomplishments of international affairs programs. Let me be clear: Any claim that foreign assistance to the poorest countries is just wasted money simply doesn't stand up to scrutiny. (Applause.)

Because of U.S. leadership and foreign assistance, the world eradicated smallpox 30 years ago. Because of our foreign assistance, we're on the threshold of eradicating polio. (Applause.) The number of cases is down from 350,000 at the start of the eradication campaign in 1988 to less than 2,000 last year. (Applause.) Because of foreign assistance, 5 million people with AIDS are receiving lifesaving treatment. Because of foreign assistance, hundreds of millions of children are sleeping under bed nets that protect them from malaria.

We need to understand the benefits of foreign assistance so we can have an honest debate about the costs of cutting it. If we take people off AIDS treatment, they will die. If we fail to replace bed nets when they wear out, children will get sick and die. If we pull back from the goal of polio eradication, we will lose the only chance we've ever had to eliminate this scourge from the earth.

Foreign assistance is largely responsible for the greatest accomplishment of the last 50 years, which is the incredible reduction in childhood deaths. In 1960, over 20 million children died before they turned five years old. Last year the figure was 8.1 million. That's a 60 percent decline, and it happened in a period when the number of births rose by over 25 percent.

There are several reasons for this progress, but the most important one is the funding of vaccines. Vaccines are the most effective health tool available. Just a few doses protect a child from deadly and debilitating diseases for their entire lifetime. In the case of measles, for example, just two 18-cent doses of vaccine end the threat of one of the world's most contagious diseases.

American assistance buys vaccines every day, and the number of lives saved, as impressive as it is, doesn't capture the full benefits of improved health. Morality statistics don't tell the story of morbidity, which is the fancy word for saying that disease doesn't just kill children, it also disables them.

Take diarrhea – it kills about 1.5 million children every year, but it also affects hundreds of millions more. Frequent bouts of diarrhea mean that a high percentage of these children never get the nutrition that allows for full mental development. So, by the time the children who survive diarrhea are well enough to go to school, a high percentage are unable to learn. The disease doesn't take their life but it does steal their future. The huge disease burden of poor countries means that a substantial portion of their human potential is lost by the time their children are old enough to talk.

A recent study published in *The Economist* shows this incredible correlation between substandard IQ and disease burden. And although IQ is not a perfect measure, the trend is stunning. The less disease in a country, the higher the average IQ. So, by fighting diseases and helping countries make the most of their human potential, you have a substantial impact on their economic growth.

Another benefit of vaccines beyond lives saved is that saving children's lives actually promotes sustainable population growth. While at first you might think that saving children's lives will cause overpopulation, in fact the opposite is true. The reason, we've discovered, is that parents tend to make choices about how many children to have based on needing to have a high probability that several will survive into adulthood. So, when the child mortality rate goes down and parents know that their kids are likely to grow into adulthood, they chose to have smaller families.

This is one of the most dramatic effects we've seen in the last several decades that's meant that the peak population will be far, far less than was predicted back in the 1970s. And so

by this magic mechanism of improved health leading to reduced population growth, this means you make it possible for countries to meet their basic needs: to have enough food for everyone, to be able to educate everyone, and to have the stability that comes with those achievements.

The investments made in agriculture have also paid huge dividends. Fifty years ago, more than half the people in the developing world did not get enough calories to be healthy. Now, thanks to the aid-supported green revolution that help farmers plant better seeds and manage their land more effectively, that percentage is under 20 percent.

So it's not just that more children are surviving to age five; they're also growing up to be healthier adults. Most poor people in the world feed their families and earn their income by farming small plots of land. So when farmers increase their productivity, they do more than fend off starvation. They also build wealth. Ghana has cut hunger by 75 percent in the past two decades. And in the same period, the income of the average Ghanaian has gone up by 40 percent.

So these advances go together. Agricultural assistance comes with an exit strategy built in. As farmers improve their productivity, access new markets and boost their income, they become self-sufficient. And, incidentally, the global revolution in food production over the past several decades has made food cheaper for consumers all over the world, including in the United States.

When you put these factors together, you have many of the key factors for successful development. A poor country with a sustainable healthy population and a thriving agricultural sector won't remain poor for long. Assistance that intervenes at strategic points triggers a virtuous cycle. Simple things like seeds and vaccines lay the foundation for more complicated things, like education, environmental sustainability and good governance. Brazil, India, Indonesia and Poland are compelling case studies of how aid can help lead to prosperity.

Last year I joined South Korean Foreign Minister Yoon Jeung-hyun and others to launch the Global Agriculture and Food Security Program. Minister Yoon described his memories of being hungry as a child and eating food given to him and his family by the American people.

I can make the case my whole life about how aid can help move countries out of dependency. It will never have the impact of his personal testimony. South Korea used to receive aid. Now it gives aid. In fact, it has given more than it ever received. And you could see the minister's enjoyment of being able to return these benefits to the poorer countries.

When people make the argument that development assistance isn't effective spending, I don't just say I disagree; I say I think well-spent aid is uniquely effective among all the different kinds of spending our government does. (Applause.)

But even given this effectiveness, there is a question we're obliged to ask, which is, do we have the money to spend on it now? I believe we do. I look to the inspiring example of the United Kingdom, which, under David Cameron's leadership, passed an austerity budget while

increasing foreign assistance to meet their commitment to give .7 percent of GDP in aid.
(Applause.)

As Congress looks rightly to retrench, it is imperative that we consider the costs and benefits of each line-item in the budget. The 1 percent we spend on aid for the poorest not only saves millions of lives, it also has an enormous impact on developing economies, which means it has an impact on our economy.

In my work at Microsoft, I staked a lot on my belief in innovation. When pessimists look ahead, they often assume a world without innovation. They extrapolate in a straight line from the current reality. They don't see that new insights will bend the curve. And they don't see the most exciting areas for growth.

I'm an optimist. When I started Microsoft, I was motivated by the conviction that computers could change everything. I couldn't predict the exact future, but I could see that software could fundamentally transform our lives for the better. More than 30 years later, I am proud to say it has, in some ways that I expected and in some that went even beyond my imagination.

When I look forward to the future of our economy, I believe the reason to be optimistic is that we have the ability to innovate and the ability to unleash the creative power of millions of people and enter thousands of new markets. I can't predict the exact future, but I can predict that a world with 200 healthy and thriving countries offers much greater opportunity than the world we have now. (Applause.) Our country has a phenomenal strategic opportunity right now by continuing to invest in the world's poorest people for their sake and for ours. Thank you.
(Applause.)