



## Committee for Economic Development

FOR IMMEDIATE RELEASE

CONTACT: Michael Petro  
202/296-5860 ext. 15  
703/725-7831 (On-Site)  
Thomas Nelson  
202/296-5860 ext. 28

### **BUSINESS LEADERS CALL GLOBAL POVERTY “UNACCEPTABLE”**

*World poverty can be reduced through business- and government-led initiatives*

NEW YORK, N.Y. MAY 15, 2002 – Poverty in developing countries is “unacceptable” and must become a high-priority for the world’s business community. Working together, business, government, educational and social institutions, and international organizations can significantly raise incomes in the developing world. That is the conclusion of the Committee for Economic Development’s (CED) new report, *A Shared Future: Reducing Global Poverty*.

“Advances in communications and transportation have shrunk the distances between global haves and have-nots, and have effectively erased any doubt that we share a common future,” said Edmund B. Fitzgerald, retired Chairman of Nortel Networks and Co-Chair of CED’s Subcommittee on Globalization. “We cannot afford to leave developing countries behind. It is in our economic, political, and humanitarian interests to foster a more prosperous, democratic, and stable world.”

**Globalization has helped to raise incomes and reduce poverty worldwide. The global economy offers the key to growth and reduced poverty, the report argues. Countries that have grown the fastest and made the most progress in reducing poverty have taken advantage of the opportunities that economic integration offers. As a central recommendation, CED argues for greater foreign trade and investment and a new Millennium Challenge Account within the U.S. foreign aid budget, consistent with President Bush’s proposal.**

“Developing countries need additional foreign capital so they can raise productivity, which raises incomes and reduces poverty. Development assistance often provides an important supplement, and for the least developed nations, it can account for 100 percent of capital investments,” said Paula Stern, President of The Stern Group, Inc., former Chairwoman of the U.S. International Trade Commission, and Co-Chair of the CED Subcommittee.

-more-

Beyond opening markets and sparking greater foreign investment, CED calls on both government and multinational corporations to address basic human capital needs such as education, health care, and job training. In particular, investments in the education and health of women have high social rates of return because of their work and family roles.

“Empowering women through human investment is essential because women are often the workers in families, while also carrying the responsibility of educating their children, ensuring their health, and providing for their future,” Stern said.

Furthermore, the health of the world’s poorest people could be greatly improved by targeting a relatively small set of diseases and conditions, including HIV/AIDS, malaria, and tuberculosis. Businesses feel the effects of these diseases through the reduced ability of employees to perform their jobs, the erosion of short-term profitability, and the slowing of long-term growth. **Already, businesses have responded in a variety of ways, through the Global Business Council on HIV/AIDS and the Global Health Initiative (GHI) of the World Economic Forum. CED encourages further involvement on this front.**

Economic development through trade and investment, supported by sound domestic policies that build human capabilities, has the potential to raise the standard of living for all and to make our shared future more secure and more prosperous.

## **SUMMARY OF KEY RECOMMENDATIONS**

- Leaders of global business, educational, and social institutions should rally public and private support for a strategy to overcome global poverty.
- Donors should provide increases in official development assistance as long as they are confident that such aid can be spent effectively, and there is ample room now for more spending.
- The United States and other developed countries should reduce trade barriers to developing country products and services.
- In conjunction with reducing trade barriers and tightening standards for anti-dumping actions, the United States should bolster its system of adjustment assistance. As part of this effort, it should adopt a limited system of wage and health insurance for displaced workers.
- All countries should ratify the OECD *Anti-Bribery Convention* and fully prosecute under national laws the illegal payment of bribes.

- The United States should push to extend the World Trade Organization's *Agreement on Trade-Related Investment Measures* (TRIMs) into a more effective multilateral investment code.
- Special attention and resources should be dedicated to improving the status of women and girls.
- Business leaders and their employees should become involved in the leading educational and social organizations that are promoting constructive solutions to the economic, health, and social problems of low-income countries.
- Developed and developing countries should form public-private partnerships to achieve carefully articulated and specific outcomes, such as building institutional capabilities, transferring technical expertise, and delivering critical services.

#### About CED

CED is a non-profit, non-partisan organization of more than 200 business leaders and university presidents. Since 1942, its research and policy programs have addressed the nation's most pressing economic and social issues, including education reform, workforce competitiveness, campaign finance reform, health care, and global trade and finance. CED promotes policies to produce increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all.

For a full copy of CED's report, please call 202/296-5860 or visit [www.ced.org](http://www.ced.org).

# # #