



## 94-09-06: Statement of IMF. H.E. Mr. Michel Camdessus

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AS WRITTEN

Address by Michel Camdessus

Managing Director of the International Monetary Fund

at the U.N. International Conference on Population and Development

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Mr. President: To discuss the problems of world population brings us to what is of the essence, to the central values, of humanity: to life, to love, to family, and to the standards of living and even more to the dignity of life of all people in our world community, in this and future generations. For such central values to flourish, an environment of peace, of course, but also of economic and social development is indispensable. This is why, Mr. President, we are very much indebted to Dr. Sadik, the Secretary-General of this conference, for having suggested that we consider population issues in relation to development. This is indeed the appropriate perspective. Population trends have enormous implications for long-run economic and social development and the alleviation of poverty, and conversely the pace of economic and social change has an equally important relevance to population

developments.

Following the conclusions reached by ministers at the meeting last spring of the joint World Bank-IMF Development Committee, I will first comment on the key elements of a basic agenda to face the population trends and speaking from the standpoint of the IMF, I will naturally concentrate on the macroeconomic and financial pre-conditions for the success of a population strategy this conference could adopt.

#### I. How to face the population trends

Even if there is continuing debate on many aspects of how global population may evolve, there is broad agreement on the prospects for its growth over the next 20 years. Thus we can take as well-founded, and as a striking basis for reflection, the UN's current projection of an increase of 2.2 billion from the present world population of 5.7 billion an increase of 40 percent with the expectation most of it will be in the poorest parts of the world. This prospective growth of world population is such that decisive policy actions must be taken urgently, having continuously in mind our paramount responsibility not only to improve the living standards of the current population of the world but also to provide those yet unborn with the basic elements of a decent human life. The task is daunting. We well know what rapid population growth means in a context of poverty. It means, inter alia,

- growing numbers of inadequately trained and unemployed young people;
- environmental degradation;
- increased migration;

- the mushrooming of "mega-cities";
- increased risks of social and political conflict; etc.

At a time when so many ideological issues could distract us from what is central, Mr. President, we must keep the right focus. What is central here is poverty and this culture of poverty in which de facto millions of people-particularly women-are denied their basic rights or the minimal conditions to exercise them. How to eradicate it? Truly the task would be impossible if we were not able to correct the way we manage the world economy. Nothing less. The task is enormous, reflecting in part the many opportunities we have missed in the past for creating conditions for stronger and more sustainable world economic growth and for developing responsible population policies. In fact the experience of the last twenty years is a mix of missed opportunities for improvement of human conditions, but also lessons about the feasibility of decisive progress. Let us have in mind two basic lessons:

- . one is the perennial risk of a vicious circle of rapid population growth and growing poverty, a risk that is tragic reality in many of the poorest countries;

- . but the other lesson is one on which we can build. I refer to the fact that the demographic transition has been most rapid in countries that have provided themselves with a strong enabling environment, by which I mean stable macroeconomic conditions and successful efforts at structural adjustment, allowing increased education and provision of health care and decisive improvements in the status of women.

These two central lessons remind us, of course, of the importance--to which I will return later--of proper economic policies but also--to take the words of the Development Committee--'that an integrated

population policy in developing countries must recognize the links between economic growth, population, poverty reduction, health, investment in human resources and environmental degradation." 1/ Experience demonstrates that improved

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1/ Indeed, the ministers in the Development Committee, after recognizing that "All couples and individuals have the right to decide freely and responsibly on the number and spacing of their children," made the point that "Family planning is only one of the available instruments and needs to be seen in the broader context of changing social patterns and the increased awareness of women's role. Institutional arrangements for the delivery of services may need to be strengthened, and must be tailored to local conditions and needs, taking full advantage of available non-governmental and private sector organizations. They must pay full regard to the social and cultural traditions of each country.

education and employment prospects (particularly for girls), improved health, and increased income all tend to reduce the birth rate.

This is indeed an essential factor to keep in mind. From this standpoint, the Development Committee agreed that for a basic but feasible agenda, three objectives deserve special attention:

First, to address the most fundamental deficit we suffer from, namely a deficit of education, this makes improvements in the primary school enrollment rate in low-income countries to achieve universal primary education a basic must;

Second, improving access to the broad range of family planning and related health services, estimated by UNFPA to require a doubling of investments by the year 2000;

Third, reductions in maternal and child mortality in developing countries."

Let us now see what is needed in the economic and financial fields for these objectives to be attained.

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## II. Conditions for Success

My point on this is quite straightforward: more financing for these three objectives is needed and must be found, but financing is only part of the far-reaching global economic effort that is required.

### A. The requirements of a high-quality growth strategy

For developing countries to be able to generate their own share of resources for population, education and health investments, as envisaged by the program of action, and simultaneously to create the domestic environment needed to complete the transition to appropriate fertility levels, it is essential that they achieve a major improvement in the way they focus their economic policies on the objective of high-quality growth. It is the particular responsibility of the IMF to help countries in the design of such policy programs, in the gathering of the appropriate resources for their financing once they are adopted, and in assisting efforts at institution building to facilitate their implementation. In the light of the experience of the most successful

developing economies, I cannot but repeat the importance of five key ingredients of such programs:

1. sound macroeconomic policies based on a disciplined fiscal strategy, a firm anti-inflationary policy, and international cost competitiveness;

2. appropriate structural policies to ensure an efficient economy and a market-oriented environment for growth;

3. a trade and exchange regime ensuring that the economy is open to trade and investment with the rest of the world and well integrated into the global economy;

4. an effective social policy that militates against poverty and marginalization; provides for girls and women education; and effectively enables men and women to exercise freely and responsibly their parenthood rights including the number and spacing of their children.

5. good governance: in other words and inter alia, publicly accountable and participatory government, legal and regulatory frameworks that are transparent, fair, and limited to what is strictly necessary for the government to be able to undertake efficiently the tasks that are its primary or exclusive responsibility for the common good.

These five ingredients are now more and more seen as part of an international economic wisdom. The population pressure we are facing gives them, if anything, an added relevance and calls for renewed efforts:

- to recognize the particular importance of well-designed and well-targeted expenditures related to the social priorities of basic education, population and health. Such expenditures can have major pay-offs in speeding up the demographic transition;

- to reduce drastically the frequently still sizable unproductive spending by the public sector--notably military expenditure, but also prestige projects, and subsidies whose purposes can be served more effectively by other means--in order to help shift resources to human and other productive priorities.

I do not see any alternative to this approach if we want seriously to fight poverty and overpopulation.

#### B. Financing the conference's program of action

The "draft program of action of the conference" provides a good order of magnitude of what will be needed both from developing countries and bilateral and multilateral donors. Altogether it amounts to a major effort, but for developing countries, ministers in the Development Committee recognized, quite remarkably, that, I quote, "the resource requirements are affordable, compared with other major expenditure programs." But, as the ministers also recognized, "The poorest countries will still need help from donors. Bilateral and multilateral donors currently contribute about \$1 billion a year to population programs in developing countries. Ministers hope that many individual bilateral donors will be able to improve the present average 1.25% share of existing aid budgets allocated to population programs, as well as their support for health and education."

The statement about the affordability of the needed financial resources is confirmed by the experience of many successful developing countries that have been able over the last thirty years both to improve their economic performance and to curb their fertility rates dramatically. Their experiences show that the affordability of population and human development programs depends crucially on the existence of a policy framework for growth-oriented sustainable structural adjustment. It is only in such a context that the budgetary effort required to meet the desired levels of education, health, and population investments, and the related current expenditures, can be sustained. Allow me to insist on this, as the relationship between the financial affordability of the programs we seek to put in place and the quality of the economic governance of countries is essential, and must be highlighted in the conclusion of this conference.

#### C. The requirement of international cooperation

The problem of world population is not just a problem for developing countries: through its long-term and environmental aspects and its potential for social and political conflict it is a problem for the entire world, and must be addressed in the framework of renewed international cooperation, to which industrial countries should contribute in not a lesser proportion than developing countries:

I presume that many industrial countries delegations intend to announce here a significant augmentation of their cooperation efforts in the population field; I welcome it, but indispensable as this effort may be, I hope they will be convinced by the conference to go beyond this and to take their full share of the burden of the universal fight against poverty in three effective ways.



- through the quality of their own adjustment policies for sustainable growth;

- through the openness of their own markets; and

- through their official development assistance (ODA) and the appropriate allocation, particularly of grants, to the three priorities agreed and to those countries undertaking effective social sector reform.

Mr. Chairman no one of these three basic contributions can be seen at this stage as fully in place. Not so many industrial countries are steadily implementing high quality growth policies, boldly opening their trade barriers or have reached the objective of 0.7 percent for their ODA. Yet, only significant progress in these three directions would provide a decisive help to the developing countries in their efforts to reach sustainable growth and would generate the needed resources for financing of the conference program of action.

Lastly, for success in such an endeavor, the international institutions, working together, must ensure that their respective policies and procedures are cost-effective and coherent, and that their respective contributions in support of these objectives are complementary. They must redouble their efforts where they are inadequate, particularly, I think, in the field of migration.

The ultimate objectives of this conference--to reduce poverty and improve the quality of human life--are closely linked to those of the World Social Summit to be held next March in Copenhagen. The decisions and recommendations of this conference will feed into the deliberations

of the Social Summit. And of course the elements of international cooperation I have outlined are also relevant to achieving the objectives of the Social Summit.

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Mr. President, for all the actors--the developing countries, the industrial countries, and the international organizations--the approach I suggest amounts to a major world-wide retargeting of policies toward human development objectives; this will need to be a long term effort--an effort for the next twenty years--and thus an effort to be started with no delay.

The timing of population and related social-sector investments is critical to offset the momentum that is projected to add large numbers to the populations of many countries. Investments to increase educational opportunities, expand family planning and related health services, and reduce maternal and child mortality need to be made now. Delaying such investment will only add to the ultimate costs of poverty reduction and environmental degradation, while making soon such investments can bring benefits that far exceed their costs. In fact, there are few, if any, areas where better policies can bring such dramatically beneficial results for mankind. Mr. President, while this agenda is a demanding one, we can surely go for nothing less. By so doing we will go a long way also toward serving two essential purposes:

- to make substantial gains in reducing poverty and advancing the human condition and human dignity;

- to consolidate our world global village at its two essential levels:

- the family, its basic cell;

- its global governance, and its capacity still to be demonstrated to address globally the key issues of our common destiny.

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