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Address by A PROFESSIONAL
SPEECHWRITER

THE BEST THOUGHTS OF THE BEST MINDS ON CURRENT INTERNATIONAL QUESTIONS

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On “Comfort Women,” and Korea

COMMITTED TO THE DIGNITY OF WOMEN ... AND THE IMPROVEMENT OF THE JAPAN-KOREA RELATIONSHIP

Address by TORU HASHIMOTO, Mayor, Osaka City, Japan
 Delivered at the Foreign Correspondents' Club of Japan, May 27, 2013

Ideals and values on which I stand

Today, I want to start by talking about my basic ideals as a politician and my values as a human being.

Nothing is more regrettable than a series of media reports on my remarks with regard to the issue of so-called “comfort women.” These reports have created an image of me, both as a politician and as a human being, which is totally contrary to my real ideals and values. This has happened because only a portion of each of my remarks has been reported, cut off from the whole context.

I attach the utmost importance to the universal values of human rights, freedom, equality and democracy, whose universality human beings have come to accept in the twenty-first century. As a constitutionalist, I also believe that the

essential purpose of a nation's constitution is to bind government powers with the rule of law and to secure freedom and rights of the people. Without such legal limitations imposed by the constitution, the government powers could become arbitrary and harmful to the people.

My administrative actions, first as Governor of Osaka Prefecture and then as Mayor of Osaka City, have been based on these ideals and values. The views on political issues that I have expressed in my career so far, including my view of the Japanese constitution, testify to my commitment to the ideals and values. I am determined to continue to embody these ideals and values in my political actions and statements.

As my ideals and values clearly include respect for the dignity of women as an essential element of human rights, I find it extremely deplorable that news reports have continued to assume the contrary interpretation of my remarks and to depict me as holding women in contempt. Without doubt, I am committed to the dignity of women.

What I really meant by my remarks on so-called “comfort women”

I am totally in agreement that the use of “comfort women” by Japanese soldiers before and during the World War II was an inexcusable act that violated the dignity and human rights of the women in which large numbers of Korean and Japanese were included. I am totally aware that their great pain and deep hurt were beyond description.

I also strongly believe that Japan must reflect upon its past offenses with humility and express a heartfelt apology and regret to those women who suffered from the wartime atrocities as comfort women. Our nation must be determined to stop this kind of tragedy from occurring again.

I have never condoned the use of comfort women. I place the greatest importance on the dignity and human rights of women as an essential part of the universal values in today's world. It is extremely regrettable that only the cut-off parts of my remarks have been reported worldwide and that these reports have resulted in misunderstood meanings of the remarks, which are utterly contrary to what I actually intended.

We must express our deep remorse at the violation of the human rights of these women by the Japanese soldiers in the past, and make our apology to the women. What I intended to convey in my remarks was that a not-insignificant number of other nations should also sincerely face the fact

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INTERNATIONAL

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that their soldiers violated the human rights of women. It is not a fair attitude to blame only Japan, as if the violation of human rights of women by soldiers were a problem unique to the Japanese soldiers. This kind of attitude shelves the past offenses that are the very things we must face worldwide if we are truly to aim for a better world where the human rights of women are fully respected. Sexual violation in wartime was not an issue unique to the former Japanese army. The issue existed in the armed forces of the U.S.A., the UK, France, Germany and the former Soviet Union among others during World War II. It also existed in the armed forces of the Republic of Korea during the Korean War and the Vietnam War.

Against this historical background, I stated that “the armed forces of nations in the world” seemed to have needed women “during the past wars”. Then it was wrongly reported that I myself thought it as necessary for armed forces to use women and that “I” tolerated it.

It is a hard historical fact that soldiers of some nations of the world have used women for sexual purposes in wars. From the viewpoint of respecting the human rights of women, it does not make much difference whether the suffering women are licensed or unlicensed prostitutes and whether or not the armed forces are organizationally involved in the violation of the dignity of the women. The use of women for sexual purposes itself is a violation of their dignity. It also goes without saying that rape of local citizens by soldiers in occupied territories and hot spots of military conflict are intolerable atrocities.

Please do not misunderstand, and think that I intend to relativize or justify the issue of comfort women for former Japanese soldiers. Such justification has never been my intention. Whatever soldiers of other nations did will not affect the fact that the violation of the dignity of women by the former Japanese soldiers was intolerable.

What I really meant in my remarks was that it would be harmful, not only to Japan but also to the world, if Japan’s violation of the dignity of women by soldiers were reported and analyzed as an isolated and unique case, and if such reports came to be treated as common knowledge throughout the world. It would suppress the truth that the violation of the dignity of women by soldiers not only existed in the past but also has yet to be eradicated in today’s world. Based on the premise that Japan must remorsefully face its past offenses and must never justify the offenses, I intended to argue that other nations in the world must not attempt to conclude the matter by blaming only Japan and by associating Japan alone with the simple phrase of “sex slaves” or “sex slavery.”

If only Japan is blamed, because of the widely held view that the state authority of Japan was intentionally involved in the abduction and trafficking of women, I will have to inform you that this view is incorrect.

While expecting sensible nations to voice the issue of the violation of the dignity of women by soldiers, I believe that

there is no reason for inhibiting Japanese people from doing the same. Because the Japanese people are in a position to face the deplorable past of the use of comfort women by the former Japanese soldiers, to express deep remorse and to state their apology, they are obliged to combat the existing issue of the violation of the dignity of women by soldiers, and to do so in partnership with all the nations which also have their past and/or present offenses.

Today, in the twenty-first century, the dignity and human rights of women have been established as a sacred part of the universal values that nations in the world share. It is one of the greatest achievements of progress made by human beings. In the real world, however, the violation of the dignity of women by soldiers has yet to be eradicated. I hope to aim for a future world where the human rights of women will be more respected. Nevertheless, we must face the past and present in order to talk about the future. Japan and other nations in the world must face the violation of the human rights of women by their soldiers. All the nations and peoples in the world should cooperate with one another, be determined to prevent themselves from committing similar offenses again, and engage themselves in protecting the dignity of women at risk in the world’s hot spots of military conflict and in building that future world where the human rights of women are respected.

Japan must face, and thoroughly reflect upon, its past offenses. Any justification of the offenses will not be tolerated. Based on this foundation, I expect other nations in the world to face the issue of the sexual violations in the past wars as their own issue. In April this year, the G8 Foreign Ministers in London agreed upon the “Declaration on Preventing Sexual Violence in Conflict.” Based on this accomplishment, I expect that the G8 Summit to be held in this June in Lough Erne, Northern Ireland, the U.K., will become an important occasion where the leaders of G8 will examine how soldiers from nations in the world, including the former Japanese soldiers, have used women for sexual purposes, face and reflect upon the past offenses with humility, solve today’s problems in partnership with one another, and aim for the ideal future.

With regard to my remark in the discussion with the U.S. commander in Okinawa

There was a news report that, while visiting a U.S. military base in Okinawa, I recommended to the U.S. commander there that he make use of the adult entertainment industry to prevent U.S. soldiers from committing sexual crimes. That was not what I meant. My real intention was to prevent a mere handful of U.S. soldiers from committing crimes and strengthen the Japan-U.S. Alliance and the relations of trust between the two nations. In attempting to act on my strong commitment to solving the problem in Okinawa stemming from crimes committed by a minority of U.S. soldiers, I made an inappropriate remark. I will elaborate my real intention as follows.

For the national security of Japan, the Japan-U.S. Alliance is the most important asset, and I am truly grateful to contributions made by the United States Forces Japan.

However, in Okinawa, where many U.S. military bases are located, a small number of U.S. soldiers have repeatedly committed serious crimes, including sexual crimes, against Japanese women and children. Every time a crime has occurred, the U.S. Forces have advocated maintaining and tightening official discipline and have promised to the Japanese people that they would take measures to stop such crimes from occurring again. Nevertheless, these crimes have not stopped. The same pattern has been repeating itself.

I emphasize the importance of the Japan-U.S. Alliance and greatly appreciate the U.S. Forces' contribution to Japan. Nonetheless, the anger of the Okinawan people, whose human rights have continued to be violated, has reached its boiling point. I have a strong wish to request that the U.S.A. face the present situation of Okinawa's suffering from crimes committed by U.S. soldiers, and take necessary measures to alleviate the problem.

It is a big issue that incidents of sexual violence have frequently happened without effective control within the U.S. military forces worldwide. It has been reported that President Obama has shown a good deal of concern over the forces' frequent reports of military misconduct and has instructed the commanders to thoroughly tighten their official discipline, as measures taken so far have had no immediate effect.

With all the above-mentioned situations, I felt a strong sense of crisis and said to the U.S. commander that the use of "the legally accepted adult entertainment industry in Japan" should be considered as one of all the possible measures. Even if there is no measure with an immediate effect, the current state of Okinawa should not be neglected. From my strong sense of crisis, I strongly hope that the U.S. army will use all possible measures to bring a heartless minority of soldiers under control. When expressing this strong hope, I used the phrase "the legally accepted adult entertainment industry in Japan." When this phrase was translated into English, it led to the false report that I recommended prostitution—which is illegal under Japanese law. Furthermore, my remark was misunderstood to mean that something legally acceptable is also morally acceptable. Although the adult entertainment industry is legally accepted, it can insult the dignity of women. In that case, of course, some measures should be taken to prevent such insults.

However, I understand that my remark could be construed as an insult to the U.S. Forces and to the American people, and therefore was inappropriate. I retract this remark and express an apology. In conclusion, I retract my inappropriate remarks to the U.S. Army and the American people and sincerely apologize to them. I wish that my apologies to them will be accepted and that Japan and the United States of America continue to consolidate their relationship of alliance in full trust.

My real intention was to further enhance the security relationship between Japan and the United States, which most U.S. soldiers' sincere hard work has consolidated, and to humbly and respectfully ask the U.S. Forces to prevent crimes committed by a mere handful of U.S. soldiers. My strong sense of crisis led to the use of this inappropriate expression.

In the area of human rights, the U.S.A. is one of the most conscientious nations. Human rights are among those values accepted throughout the world as universal. In order for human rights of the Okinawan people to be respected in the same way as those of American people are respected, I sincerely hope that the U.S. Forces will start taking effective measures in earnest to stop crimes in Okinawa from continuing.

About the Japan-Korea Relationship

The Japan-Korea relationship has recently gone through some difficult times. Underlying the difficulty are the issue of comfort women and the territorial dispute over the Takeshima Islands. Ideally, Japan and South Korea should be important partners in East Asia, as they share the same values of freedom, democracy, human rights, and the rule of law. I believe that a closer relationship based on greater trust between Japan and South Korea would contribute to the stability and prosperity of not only East Asia but also the world.

One of the points of tension is that concerning wartime comfort women. Some former comfort women in Korea are currently demanding state compensation from the Japanese government.

However, the Treaty on Basic Relations between Japan and the Republic of Korea and the Agreement on the Settlement of Problems Concerning Property and Claims and on Economic Co-operation between Japan and the Republic of Korea, both signed in 1965, have officially and decisively resolved any issues of claims arising from the war, including the right of individual persons to claim compensation. Japan has also performed its moral responsibility with the establishment of the Asian Women's Fund, and it paid atonement money to former comfort women even after the resolution of the legal contention with the treaties.

The international community has welcomed the Asian Women's Fund. A report to the Human Rights Committee of the United Nations welcomed Japan's moral responsibility project of the Asian Women's Fund. Mary Robinson, the second United Nations High Commissioner for Human Rights, gave the Fund a favorable evaluation. Unfortunately, however, some former comfort women have refused to accept the atonement money from the Asian Women's Fund.

Japan has given significant importance to the Treaty on Basic Relations and the Agreement on the Settlement, both of which made final resolution of any legal contention in 1965, and Japan also sincerely faces, reflects on, and

apologizes for its own wartime wrongdoings with feelings of deep remorse.

The whole situation poses a rending dilemma for us: how to make such a compensation that former comfort women would accept as our sincere remorse and apology, while also maintaining the integrity of the legal bilateral agreements between Japan and Korea.

The Korean government has recently claimed that interpretive disputes over the individual right of compensation for former comfort women in the Agreement on the Settlement still remain. I hope that the Republic of Korea, as a state governed by the rule of law, recognizes the legal importance of the above-mentioned agreements. If the Republic of Korea still believes that there exist interpretive contentions

in the agreements, I think that only the International Court of Justice can resolve them.

One can hope that the same legal/rule-of-law stance is also observed in the resolution of the territorial dispute over the Takeshima Islands.

I firmly believe that neither hatred nor anger can resolve the problems between Japan and Korea. I firmly believe in the importance of legal solution at the International Court of Justice, which arena would allow both sides to maintain rational and legal argument while both maintain both respect for each other and deep sympathy to former comfort women.

I wish to express sincerely my willingness to devote myself to the true improvement of the Japan-Korea relationship through the rule of law.

The Five Things at the Top of My Mind

LESS OF A SPEECH, MORE OF A DOWNLOAD ON ECONOMIC POLICY, TRADE POLICY, INVESTMENT

Address by DAVID CAMERON, Prime Minister, United Kingdom
Delivered at the Global Investment Conference 2013, London, May 9, 2013

Thank you very much, Stephen (Lord Green), and good morning and welcome everybody. It is absolutely great to have you back in London for this investment conference. Of course last year we had the Olympics; I'm afraid we haven't been able to put that on for you all over again, but it's great to have you back.

Since that investment conference last year, there have been around 1,500 major inward investments into the UK and we want to keep up the pace of that work. As Stephen said, we've got some great speakers here today and I'm proud of the fact that the debate about global growth and investment is taking place right here in London.

Now, I could today give you the standard speech of why you should invest in Britain; it's easily done and every word of it is true. You can look at the natural advantages we have: the English language, a very handy time zone between east and west, brilliant universities, the City of London, the rule of law—so important, my colleague Ken Clarke often says if you want to know how fair a country is to invest in, ask how many times its government loses a court case, and I'm proud to say my government loses court cases all the time, because we have—frustrating as it sometimes can be. And the rule of law is one of the greatest advantages a country could have.

I could add those natural advantages to all the things this government has done to welcome business and inward investment. I think we are probably one of the most welcoming countries anywhere in the world. We're thoroughly relaxed about foreign investors investing in utilities, in transport, in nuclear power and we pride ourselves on that openness. I would argue that this government has done almost everything that business has asked for.

Business wanted lowered corporate taxes, and we have cut our rate of corporation tax down to 20%. Business wanted lower personal taxes; we've addressed that issue. Business wanted our planning system reformed so it's easier to build, easier to expand; we've cut our planning guidance from 1,000 pages down to just 50. Business said run more trade missions to the fast growing countries of the world; I have personally led trade missions to every single G20 country apart from Argentina.

But instead of making that speech, which is absolutely true, absolutely right and easily made, I thought today instead I'd just download, if you like, the five things at the top of my mind about how we get economic policy, how we get trade policy, how we get investment right. So less of a speech, more of a download, if you like.

The first thing I want to say is that I think countries like Britain should be absolutely clear about playing to our strengths. And one of our strengths we should be frank about is finance and the City of London, and I think it's clear that this is an industry where we have a massive international, global advantage and we should be proud about that and speak up about that. That means that we shouldn't spend our time in politics endlessly bashing banks and financial institutions. We want an economy to recover, if you want an economy to grow you have to play to your strengths.

And I think this leads to two quite important points that we need to make clear to our European colleagues. Ideas for a financial transactions tax, in my view, are not a good idea. Unless it is introduced in the same way all over the world, this is a mistake for Europe, and we will speak up

very clearly about that issue, not just because we are a financial centre here in Britain, but we actually account for 40% of Europe's financial services. This is an industry that serves not just Britain, but serves Europe. I think some European colleagues were surprised that we were prepared to stand up and oppose some of the rules that were being suggested on bonuses and on remuneration.

Well, look we're not going to make Britain a fairer country, we're not going to make Europe a fairer part of the world, if large parts of our financial services industry decides to relocate to Singapore or to Shanghai. So the first point I want to make is that we should play to our strengths, we should stand up for those strong businesses that we have; that is absolutely key to Britain's economic future.

The second point, not in contradiction to that, but we should have and we do have a proper industrial policy here in Britain. While our financial services are strong, we do need to rebalance our economy and build up manufacturing, technology, aerospace, life sciences. And to me an industrial policy does not mean picking winners or massive government intervention, it just means working out industry by industry what can government do to help. What framework can we with your help to create?

And just to give you two examples where I think we're making some real progress: one is the car industry, where Britain now has a net surplus in the export of cars. We have massive investment taking place by Toyota, by Nissan, by Jaguar Land Rover; I'm very proud of that and the government is right behind that industry.

Another example would be life sciences, where we have an incredibly active government strategy to help the life sciences industry, to help pharmaceutical businesses invest in Britain. We are introducing the patent box, so that if you invent something here in Britain and then go on and manufacture it here in Britain, you will pay a 10% rate of corporation tax. So a fully-fledged industrial strategy is what you are getting from this government.

Third thing on the top of my mind is infrastructure. Now we are having to make difficult spending decisions like every other European country, but we should really be getting behind massive infrastructure investment in our country. We have set out an infrastructure plan so you can see as investors all of the major infrastructure investments we need in our country. We have employed as our infrastructure minister Lord Deighton, who you'll be hearing from earlier, who managed to deliver one of the only Olympics on time, on budget, beautifully built and delivered, who's now working at the heart of government.

Our energy policy is being recast and set in front of you today with an energy bill that will involve building conventional power stations, but also crucially renewing Britain's nuclear power stations, which I'm confident will go ahead. And for the first time in our history, the Treasury has been prepared to give infrastructure guarantees—investment guarantees—for projects that wouldn't otherwise go ahead.

So I think the infrastructure piece of what the government is doing is absolutely vital.

Fourth thing at the top of my mind is the vital importance of these trade deals—bilateral and multilateral—that we are currently looking at. Britain is not alone in this situation. We have a very active monetary policy. We have obviously fiscal constraints in terms of what we can spend because of our deficit situation, and when you have those constraints the best place to find growth is through structural reform and trade deals.

So the EU-US trade deal: we very much hope we'll see a real impetus to that this year, including at the G8 which I'll be chairing in Northern Ireland. We're confident of completing the EU-Canada trade deal, and we're confident of taking reform of the European single market further and faster. This should be a major impetus for growth in the years ahead.

And let me just say this about the fiscal situation, because obviously this is important. We came to government at a time when Britain effectively had an 11% budget deficit. We have cut that by one third in the last three years. Now obviously we need to go on cutting that deficit; we cannot go on year after year adding to our national debt, reaching a dangerous level as a percentage of GDP. We're not doing this at an irresponsible pace; we're doing it a sensible and measured pace, but it absolutely has to be done and it will be done.

Fifth and final point at the top of my mind after playing to your strengths: proper industrial policy, prioritising infrastructure, making sure these trade deals really move. The fifth point I just wanted to share with you is the vital importance of making sure that Britain is as internationally connected as it possibly can be. As I've said, I think we are one of the most open economies in the world, one of the most welcoming economies in the world. But also we have a unique set of circumstances linking us to other countries in the world. I'll say something about the European Union in a moment, but we are also leading members of NATO, we are leading members of the Commonwealth, we're a Permanent Five member of the UN Security Council.

And while I know it has been contentious, our policy of keeping our promises on aid, but because we have kept our promises on aid Britain, I believe, is respected and trusted around the world as a partner, including right across Africa, which is now one of the fastest growing continents that there is. So keeping Britain internationally connected should be absolutely vital for our economic future.

And let me just say a word about the European issue. Clearly you will see there is a debate taking place in Britain about the future of the European Union. Frankly there is a debate taking place right across Europe about the future of the European Union, and that is hardly surprising when you see the stratospheric levels of unemployment that there currently are in countries like Spain and Portugal.

The difference with the debate here in Britain is that I have quite rightly brought it out into the open and said,

'Look, Europe needs to change. It is not competitive enough, it is not open enough, it is not flexible enough, and it is not competing effectively with fast-growing parts of the world.'

Added to that, you have the European single currency which is driving enormous change in Europe because it involves the members of that single currency giving up large amounts of sovereignty about how they run their countries. And at this moment, when the single currency is driving such change, it is completely right for Britain to say we want to make some changes in our relationship with the European Union and we want to make some changes to the European Union itself.

The European Union is going to have to become flexible enough to include within it countries like Britain, that are not in the single currency and won't join the single currency, and countries that are in the single currency. That is a totally logical, sensible, practical position. And I want to make sure that we get this right.

And I'm faced as I do so, if you like, by two groups of pessimists. There are some pro-European pessimists who say, 'You have to in Europe simply sign up to every single thing that anyone in the European Union suggests. You sign every treaty, you agree everything; there are no alternatives.' I think they're completely wrong. They've been proved wrong. We didn't join the single currency; that was a good decision. We're not a member of the Schengen no-borders agreement; that was a good decision. But nonetheless, that is one group of pessimists.

The second group of pessimists are people who say there is no prospect of reforming the European Union, you simply have to leave. I think they are wrong, too. I think it is possible to change and reform this organisation, and change and reform Britain's relationship with it.

But as I said, it is in Britain's interest to remain a country that is uniquely wellconnected around the world. And that is why I have set out a plan for how we reform the European Union, and then we give Britain a choice about whether to stay in that European Union or not. That is the right approach. It is an optimistic approach rather than a pessimistic approach. But it is absolutely achievable and deliverable.

Final point from me is that I see all of this through a very simple prism, which is that Britain is engaged—as other countries are right now—in a global race. We see enormous shifts in wealth and power and influence in our world, as these fast-growing countries in the south and the east see huge changes and huge growth.

This is, if you like, for the west and for countries like Britain, a sink-or-swim moment, and I'm determined that Britain is going to be one of the success stories of this century. We will do it by being more competitive, by keeping our taxes down, by reforming our welfare system, by investing in education, by welcoming international business here to invest, and from the audience I see in front of me, from the investments you've already made and from what I know are exciting plans for the future, I'm confident Britain can be a winner in this global race. Thank you very much.

Social Investment Can be A Great Force for Social Change

HOW DO WE CREATE THE BEST POSSIBLE ENVIRONMENT FOR SOCIAL INVESTMENTS IN BRITAIN?

Address by DAVID CAMERON, Prime Minister, United Kingdom
Delivered at the Social Impact Investment Conference, London, June 6, 2013

It's great to welcome so many of the world's top social entrepreneurs and investors to London. As prime minister I am frequently asked to speak at conferences. But this is a conference I actually asked to speak at. In fact, I asked to set the whole thing up. Today I want to tell you why.

We've got a great idea here that can transform our societies, by using the power of finance to tackle the most difficult social problems. Problems that have frustrated government after government, country after country, generation after generation. Issues like drug abuse, youth unemployment, homelessness and even global poverty.

The potential for social investment is that big. So I want to make it a success in Britain and I want to sell it all over the world.

So how does it work? Businesses need finance to grow and make profit. Governments need finance to fund big infrastructure projects. That's why we have banks, bonds, investment markets and all the rest. The idea here is just as simple and just as powerful.

Social enterprises, charities and voluntary bodies have the knowledge, human touch and personal commitment to succeed where governments often fail. But they need finance, too. They can get it from socially-minded investors. So we need social investment markets, social investment bonds and social investment banks.

And here government needs to help. Government needs to be more creative and innovative—saying to social entrepreneurs, "If you can solve the problem, we'll give you money."

As soon as government says that, social entrepreneurs can go out and raise capital. So that is exactly what the British government has been saying.

And I am proud that Britain has led the way from the outset. We have created the first social impact bond—with more of these bonds in the UK today than in the rest of the world put together. We had the first charity bond, too. And last year, I think our proudest creation yet, the first ever wholesale social investment bank: Big Society Capital.

I knew we had to be bold here to make this work. A few million pounds was never going to be enough. So we took not just some but all the dormant funds from banks, together with further contributions, to provide a pot of £600m to invest in our society. And we asked Sir Ronnie Cohen—the grandfather of social investment—to chair it.

In just its first year, Big Society Capital has already committed £56m to 20 different intermediaries, already supporting 23 frontline organisations and creating 13 new social investment intermediaries. That sounds quite technical. So let me put it simply. Big Society Capital matters because it is giving brilliant social entrepreneurs with dreams bigger than their budgets, the means to prove themselves, scale up and do more.

Take the story of Jim Clifford and his wife Sue who have nine adopted children. They are at the centre of the first social impact bond for adoption being created today.

How does it work? Every child who remains in the care system costs the taxpayer around three quarters of a million pounds. The fact is that government has never been that good at finding homes for them. This government is changing the rules, promoting adoption doing everything we can to give children the chance of a loving home and one of the ways we can do that is by using voluntary groups and social enterprises to find homes for the hardest to place children. So Jim has created a social impact bond that will help them access that finance from socially-minded investors.

The way a social impact bond works is simple. When it succeeds, investors are paid from the savings to the taxpayer, but if it doesn't work, the taxpayer doesn't pay a penny. By scaling up Jim's programme nationwide over the next decade, it's not just investors who could get a return. Two thousand children who would otherwise have been overlooked could get loving homes and the taxpayer could save as much as £1.5 billion in fostering fees.

That's the power of social investment. And it's why I want to work with our international partners—and the new Social Impact Investment Taskforce to grow a bigger global market in social investment that can change more lives here in Britain and right across the world.

Growing a bigger global market, starts at home. And today we are announcing three major new steps. Tax breaks for social investments. A Social Stock Exchange to measure how successful those social investments are. And most importantly, new help for our communities to buy local assets.

I want to take the third of those first. Some people will say, "*Social investment: all very interesting but how will it affect my life? What could it mean for my community?*" Of course, we all benefit from tackling deep social problems, but social investment can help transform every community.

Here's how: everyone knows how vital institutions in our towns and villages are, like village halls, playing fields, local pubs. And everyone knows how—despite the best efforts of parish and local councils—these can face closure. I want our social investment funds to give people the opportunity to take them over and run them. This isn't some pipedream. Already there are 311 community-owned shops, 18 community-owned pubs, as well as community owned bookshops, cafes, swimming pools, bakers, farmers markets, even community-owned broadband networks.

But people need finance to make this happen. And here is the answer. Today, Big Society Capital and the Big Lottery Fund are making a long-term commitment to provide a quarter of a billion pounds over the rest of this decade to help communities with ambitions to own local assets like pubs, shops, community centres and affordable housing.

Now, of course, some assets are never going to be viable in commercial terms and will always need grants and so part of the money from the Big Lottery Fund will go to help with that. But what is really exciting and innovative is that many assets can be run on a commercial basis given the right mix of upfront funding.

So as part of their longer-term commitment, Big Society Capital and the Big Lottery Fund are developing a £50 million Community Assets Fund that will provide a blend of grants and loans to help communities through the phases of local ownership. This will start making payments from next year. It will mean that community groups will be able to explore the feasibility of projects without incurring major debts if they decide not to proceed. At the same time, long-term loans will be available to those that do go ahead—attracting further funding from local authorities, philanthropists and local enterprise partnerships.

Take Fenham Swimming pool in Newcastle, for example. First opened in 1938, it was closed by Newcastle city council in 2003 despite opposition from local residents. So a group from the community representing schools, residents and health providers came together and saved it. But as they went along, they found they had to meet significant capital costs and the whole project was coming under pressure again.

But then with investment from Big Society Capital, they were able to install solar panels to heat the pool, reduce their running costs and make it financially viable as a community centre. Thanks to Big Society Capital and the Big Lottery Fund this new Community Assets Fund—another British world first—will mean that projects like this will be possible not in just in one community, but in every community across the country.

Let me turn to two other important developments. First, I've said before that I want to make Britain one of the best

places in the world in which to invest and do business and as a government we are working tirelessly to create the best possible environment for business investment. But if we are serious about social investment—the same test applies.

How do we create the best possible environment for social investments in Britain? One key part of that is the tax system. If we want people to take on the risk of an investment, we need to reward them and help their investment to become self-sustaining. We've done that for venture capital, it is time to do the same for social capital too.

That is why in the budget, the chancellor said that we would consult on a social investment tax relief. We are launching that consultation today and we welcome your input. Social investment can no longer be the poor relation. I want you to help us shape an effective tax incentive that mirrors many of the features of the successful tax advantaged venture capital schemes.

Big Society Capital tell us that tax reliefs could generate an extra half a billion pounds in social investments over the next five years. And I am determined that we should see the benefits of that.

Second, it is not enough just to incentivise social investments. We need a robust way of measuring their value and in doing so connecting businesses that deliver social and environmental value with investors seeking both a social

and a financial return. So I am absolutely delighted that today the London Stock Exchange is supporting the launch of the world's first Social Stock Exchange, an online portal that will become the first information platform on the planet to showcase publicly listed social impact businesses.

The market capitalisation of the first 12 Social impact businesses launching on the Social Stock Exchange today is already £500 million. The next 13 businesses set to join in October will add another £700m. And this is just the beginning. For years the London Stock Exchange has made London the home for private finance, today London can cement its place as the home for social finance, too.

Let me finish by saying this. Some people have asked whether I still believe in building a bigger, stronger society. I say to them—look around this room. See how social investment can help to change lives. See how social investment is bringing communities together. See how social investment is making our societies and therefore our countries stronger.

Am I prepared to fight for that? You bet I am. Social investment can be a great force for social change on the planet. It can help us to build bigger and stronger societies. That power is in our hands. And together we will use it to build a better future for ourselves, for our children and for generations to come.

States of Emergency

NO MATTER WHAT IT TAKES, WE WILL WIN THIS WAR ON TERROR

Address by GOODLUCK EBELE JONATHAN, President, Nigeria
Delivered in Abuja, Nigeria, May 13, 2013

Dear compatriots,
1. It has become necessary for me to address you on the recent spate of terrorist activities and protracted security challenges in some parts of the country, particularly in Borno, Yobe, Adamawa, Gombe, Bauchi, Kano, Plateau and most recently Bayelsa, Taraba, Benue and Nasarawa states. These unfortunate events have led to needless loss of lives and property of many innocent Nigerians including members of our security forces.

2. The recent killing of security operatives by a cult group in Nasarawa state is particularly condemnable. I have directed that no effort or expense be spared in identifying and bringing to justice all those who had a hand in the killing of the operatives.

3. The activities of insurgents and terrorists have been reprehensible, causing fear among our citizens and a near-breakdown of law and order in parts of the country, especially the North. We have taken robust steps to unravel and address the root causes of these crises, but it would appear that there is a systematic effort by insurgents and

terrorists to destabilize the Nigerian state and test our collective resolve.

4. Since I returned to the country after cutting short my visit to South Africa and aborting a planned state visit to Namibia, I have received detailed briefings from our security agencies. These briefings indicate that what we are facing is not just militancy or criminality, but a rebellion and insurgency by terrorist groups which pose a very serious threat to national unity and territorial integrity. Already, some northern parts of Borno state have been taken over by groups whose allegiance is to different flags and ideologies.

5. These terrorists and insurgents seem determined to establish control and authority over parts of our beloved nation and to progressively overwhelm the rest of the country. In many places, they have destroyed the Nigerian flag and other symbols of state authority and in their place, hoisted strange flags suggesting the exercise of alternative sovereignty.

6. They have attacked government buildings and facilities. They have murdered innocent citizens and state officials. They have set houses ablaze, and taken women and

children as hostages. These actions amount to a declaration of war and a deliberate attempt to undermine the authority of the Nigerian state and threaten her territorial integrity. As a responsible government, we will not tolerate this.

7. Previously, we adopted a multi-track approach to the resolution of this problem through actions which included persuasion, dialogue and widespread consultation with the political, religious and community leaders in the affected states.

8. We exercised restraint to allow for all efforts by both State Governors and well-meaning Nigerians to stop the repeated cases of mindless violence.

9. Yet, the insurgents and terrorists seek to prevent government from fulfilling its constitutional obligations to the people as they pursue their fanatical agenda of mayhem, mass murder, division and separatism.

10. While the efforts at persuasion and dialogue will continue, let me reiterate that we have a sacred duty to ensure the security and well-being of all our people and protect the sovereign integrity of our country. Therefore, we shall, on no account, shy away from doing whatever becomes necessary to provide the fullest possible security for the citizens of this country in any part of the country they choose to reside.

11. We have a duty to stand firm against those who threaten the sovereign integrity of the Nigerian state. Our will is strong, because our faith lies in the indivisibility of Nigeria.

12. Following recent developments in the affected states, it has become necessary for Government to take extraordinary measures to restore normalcy. After wide consultations, and in exercise of the powers conferred on me by the provisions of Section 305, sub-section 1 of the Constitution of the Federal Republic of Nigeria 1999 as amended, I hereby declare a State of Emergency in Borno, Yobe and Adamawa states.

13. Accordingly, the Chief of Defence Staff has been directed to immediately deploy more troops to these states for more effective internal security operations. The troops and other security agencies involved in these operations have or-

ders to take all necessary action, within the ambit of their rules of engagement, to put an end to the impunity of insurgents and terrorists.

14. This will include the authority to arrest and detain suspects, the taking of possession and control of any building or structure used for terrorist purposes, the lock-down of any area of terrorist operation, the conduct of searches, and the apprehension of persons in illegal possession of weapons.

15. The details of this Proclamation will be transmitted to the National Assembly in accordance with the provisions of the Constitution. But in the meantime, let me make it clear that within the purview of this Proclamation, the Governors and other political office holders in the affected states will continue to discharge their constitutional responsibilities.

16. I urge the political leadership in Borno, Yobe and Adamawa states to co-operate maximally with the Armed Forces and the Police to ensure that the exercise succeeds. We call on the citizenry to co-operate with our security agencies to ensure a return to normalcy within the shortest possible time.

17. I am again approaching our neighbouring countries, through diplomatic channels, as done in the recent past, for their co-operation in apprehending any terrorist elements that may escape across the border.

18. Nigerians are peace-loving people; these sad events perpetrated by those who do not wish our nation well have not changed the essential character of our people.

19. I want to reassure you all that those who are directly or indirectly encouraging any form of rebellion against the Nigerian state, and their collaborators; those insurgents and terrorists who take delight in killing our security operatives, whoever they may be, wherever they may go, we will hunt them down, we will fish them out, and we will bring them to justice. No matter what it takes, we will win this war against terror.

20. I am convinced that with your support and prayers, we shall overcome these challenges and together, we will restore every part of our country to the path of peace, growth and development.

Climate Change and the Story of Sarah

THE ROLE OF HEALTH PROFESSIONALS IN ADDRESSING CLIMATE CHANGE

Address by MARTIN LIDEGAARD, Minister for Climate, Energy and Building, Denmark

Delivered at the First Global Conference on Contraception, Reproductive and Sexual Health, Copenhagen, Denmark, May 22, 2013

Your Royal Highness, Distinguished guests, Ladies and Gentlemen.

Thank you for having me.

You might ask why the Minister of Climate, Energy and Building is here at your conference.

Let me be quite frank.

I am here for two reasons:

- One: Climate change is the single largest threat against

human reproductive health.

- Two: You are part of the solution! And I am here to ask you to play your part.

To work with climate change is to worry about our children's future.

To work with reproductive health is to worry about our children's future.

Let us work together.

The world is growing.

As you'll know, in 2050 we will reach 9 billion people on this planet and it will be 10 billion in 2100. 10 billion people: Using resources, emitting CO2 and increasing global warming.

As health professionals you have a vital part to play when it comes to women's reproductive rights, family planning and contraception. When we fight climate change we tend to focus on the next ten years.

That is when our global emissions of CO2 will have to peak if we are to keep global warming below two degrees Celsius and limit the most devastating consequences.

But climate change is not done after ten years. We still have a task to perform and here family planning is essential in reaching our climate targets, just as it is for woman rights and for development.

The importance of your work in this field cannot be over-estimated.

And I want to thank you for your contribution!

It is one thing to give poor women a choice. But I will argue that the challenge lies less with the 10 billion people and more with the growing middle class: People like ourselves.

In the last decades, the global middle class has grown 1 billion. It is a tremendous success: We have taken 1 billion people out of absolute poverty!

As a result, commodity prices have increased significantly since the turn of the century. We have not been able to reduce poverty and increase health in a sustainable way. The most important indicator of this is global warming.

The next 25 years the global middle class will grow another 3 billion people world wide.

That is 3 billion people who will get their first car, buy their first house and eat their first steak. That is good for their health but it is bad for our common climate.

A growing middle class means a growing consumption of energy and a growing emission of greenhouse gasses.

My message is that when more people—uses more things—it causes more climate change. And more climate change—means more health problems—for more people.

Climate change is probably the largest health threat of our generation!

And that is why we need you onboard!

Let us say that a woman has just gotten pregnant. We will call her Sarah.

Sarah will bring her child into a warmer world and not in a good way.

When global temperatures rise 2 degrees Celsius, twice as many people will die from heat strokes.

And WHO estimates that 140.000 people already die from global warming every year by ills such as diarrhoea, malnutrition, malaria and dengue fever. By 2030 malaria will increase from 300 million to affect 470 million people every year. By 2080 dengue fever will affect an additional 2 billion people. Pregnant women are the most exposed.

Sarah lives within 60 kilometers of the sea along with more than half of the world's population.

For every one drought in the past, there will be 10 to 30 in the future.

In some African countries less rain means only half the crops by 2020.

Sarah runs a risk of malnutrition, anaemia or lack of iron which kills as much as one-in-five women during child birth.

In Lima, the Capital of Peru, the people will have to make do with half of their normal supply of water because the glaciers melt.

On a global scale more than 1 billion people lack access to clean water already.

As the warmer weather makes the drought last longer, Sarah will have to walk further to find clean water.

90% of diarrhoea is due to dirty water and bad sanitation.

She won't have time for school and so she won't learn when to go see a doctor. She might wait until it is too late.

Eclampsia is responsible for 16 % of mothers dying during child labour and it doubles the risk of children dying in the womb.

After the drought comes the flood. The risk of coastal flooding will increase ten-fold for Sarah.

For all these reasons Sarah could easily end up in the slums on the city outskirts. She is poor—and so are the conditions which will affect her reproductive health and general wellbeing. And make her even more vulnerable to global warming.

That is the story of Sarah and Climate Change.

Obviously, human reproduction influences the challenge of climate change. And you have a central part to play.

But as the story of Sarah shows, a global rise in temperatures is the single largest threat against human reproductive health.

And here, your role is even greater.

- You can give Sarah the treatment she needs
- You can give Sarah the health education she needs
- You can give Sarah the adaptation advice she needs

And even more importantly:

• You can give Sarah the knowledge she needs about climate change.

• You can give Sarah the advice she needs about climate friendly behaviour

• And you can give Sarah the choice she needs to act in her own—and our common—interest.

My brother is a doctor and he is here today. I know the authority doctors have and I wish—as a politician—I had it too.

We could use some of that authority

- when negotiating in the UN,
- when talking to industry
- or when convincing the public.

As a Danish politician it is hard for me to understand why it has to be so difficult.

- In Denmark we are set to be fossil fuel free by 2050.

- We will cut our emission of CO2 with 40 % by 2020—half will come from wind power.

- We will use less overall energy.

And we will do it with electricity prices—excluding tax—below the European average, with economic growth and support from the business community, with steady job creation and care for our planet.

We see the symptoms every day, we know the cure by heart and we have the medicine at hand.

As doctors, you are everywhere and people listen when you speak.

People respect what you say and sometimes they even do what you tell them to.

I urge you. Let us battle climate change together

Please. Ask people to cut down on fossil fuels.

Let it be: “what the doctor ordered”!

Thank you.

The State of Religious Freedom Abroad: 2013 Annual Report

THE STATE OF RELIGIOUS FREEDOM OUTSIDE THE U.S. HAS NOT IMPROVED OVER THE LAST YEAR

Address by KATRINA LANTOS SWETT, Chairwoman, U.S. Commission on International Religious Freedom
Delivered at the National Endowment for Democracy, Washington, D.C., May 8, 2013

Thank you for that kind introduction.

It truly is a pleasure to join you today at the National Endowment for Democracy as we discuss USCIRF’s findings and recommendations in our 2013 Annual Report, which we released just last week.

For most of us who currently serve as USCIRF commissioners, the reporting year actually was our first year on the Commission.

It also coincided with my time as USCIR Chair, which is about to end since it is a one-year position. While I no longer will be USCIRF’s Chair, I look forward in the coming year to continuing as a USCIRF Commissioner.

The past year has been both a joy and a challenge, as my esteemed colleagues and I have labored together with our able staff in confronting the realities of a changing global landscape and its implications for freedom.

In recent years, our staff has had the pleasure of working with NED’s World Movement of Democracy to help build vibrant, open, and law-abiding societies. Today’s event is further evidence of the blossoming relationship between our two organizations.

And let me commend your organization for doing a splendid job supporting freedom for the past three decades.

During this time, we have all seen wondrous changes that have touched the lives of hundreds of millions of people.

When the Berlin Wall came down, when the Iron Curtain was rent, when the Soviet Union dissolved, we witnessed a historic expansion of freedom.

But since that amazing time, the fight for liberty has become a bit more challenging.

This is especially the case regarding freedom of religion or belief.

Indeed, most of the world’s people live in countries where

religious freedom is protected poorly if at all.

And as we see in our annual report, the state of religious freedom abroad has not improved over the past year, but remains problematic.

Today, I’m going to talk about the findings in our report.

I will also talk about the role of violent religious extremism in perpetrating and triggering much of the religious freedom abuses we see today.

And I will discuss solutions—concrete recommendations on how our country can help others to counter extremism by expanding freedom.

Tier 1 and Tier 2 Countries

As part of our report, we recommend that the State Department re-designate the following eight nations as “countries of particular concern” or CPCs, marking them as among the worst religious freedom violators:

Burma, China, Eritrea, Iran, North Korea, Saudi Arabia, Sudan, and Uzbekistan.

We find that seven other states also meet the CPC threshold and should be designated: Egypt, Iraq, Nigeria, Pakistan, Tajikistan, Turkmenistan, and Vietnam.

This year, we’ve placed eight countries on our Tier 2 List, which replaces our Watch List designation: Afghanistan, Azerbaijan, Cuba, India, Indonesia, Kazakhstan, Laos and Russia.

We found that the abuses are serious enough to meet at least one of three criteria, but not all, of the “systematic, ongoing, and egregious” CPC benchmark as defined by the International Religious Freedom Act of 1998.

So who is being affected by such abuses?

The answer is shockingly clear: an astonishing range and number of our fellow human beings.

From Rohingya Muslims in Burma to Coptic Christians in Egypt; from Buddhists, Uighur Muslims, Protestant house church members and Falun Gong in China to Baha'is in Iran; from Ahmadis and Christians in Pakistan to Muslims in Muslim-majority nations like Saudi Arabia and Uzbekistan and in non-Muslim nations like Russia, when the right of religious freedom is violated, real people are suffering.

And this suffering is occurring in far too many countries.

In Burma, despite political reforms, sectarian violence and severe abuses against ethnic minority Christians and Muslims continue with impunity.

In Egypt, despite some progress after Mubarak, the government has repeatedly failed to protect religious minorities, including Coptic Christians, from violence, while prosecuting and jailing people for “defamation” of religion. In addition, Egypt’s new constitution includes problematic provisions relating to religious freedom.

In China, conditions continue to deteriorate, particularly for Tibetan Buddhists and Uighur Muslims. To stem the growth of independent Catholic and Protestant groups, the government arrested leaders and shut churches down. Members of Falun Gong, as well as those of other groups deemed “evil cults,” face long jail terms, forced renunciations of faith, and torture in detention.

In Nigeria, protection of religious freedom continued to falter, as the terrorist group Boko Haram attacked Christians, as well as fellow Muslims opposing them, and inflamed tensions between Christians and Muslims.

Nigeria’s government has failed to prosecute perpetrators of religiously-related violence that has killed more than 14,000 Nigerians, both Christian and Muslim, fostering a climate of impunity.

In Pakistan, as historic elections approach, religious freedom abuses have risen dramatically due to chronic sectarian violence targeting Shi’i Muslims.

The government’s continued failure to protect Christians, Ahmadis, and Hindus, along with its repressive blasphemy law and anti-Ahmadi laws, have fueled religious freedom abuses and vigilante violence.

In Russia, conditions continue to worsen, as the government uses extremism laws against certain Muslim groups and so-called “non-traditional” religious communities, particularly Jehovah’s Witnesses, through raids, detentions, and imprisonment. In addition, massive violations continue in Chechnya. Outside of Russia, similar repression occurs across Central Asia as well.

In Indonesia, extremist violence coupled by government arrests of individuals considered religiously deviant threatens its tradition of tolerance and pluralism.

Spotlighting Other Countries and Themes

Besides documenting abuses and formulating recommendations for Tier 1 and Tier 2 countries, the Annual Report also

spotlights countries and regions in which current trends are worth monitoring—Bahrain, Bangladesh, Belarus, Ethiopia, Turkey, Venezuela and Western Europe.

This year’s report also addresses several themes which relate to religious freedom.

These themes range from legal retreat from religious freedom in post-communist countries to severe religious freedom violations by non-state actors.

And let me add that recently, USCIRF released a separate report on religious freedom conditions in Syria, including how our government can help Christian and Alawite minorities, as well as members of the Sunni majority.

Violent Religious Extremism and Governmental Failure

Among the themes I’ve just cited, the role of non-state actors leads us to the phenomenon known as violent religious extremism, in which religion is hijacked to advance radical agendas by force.

This extremism not only violates the rights of others, but contributes to the destabilizing of countries.

Since our USCIRF mandate includes encouraging Washington to hold other governments accountable for religious freedom abuses, the Commission looks at religious extremism from the lens of government actions or inactions.

When it comes to such extremism, we focus on how governments either perpetrate or tolerate religious freedom abuses.

Governments *perpetrate* these abuses in at least three ways.

First, some governments actually embody the extremism itself.

Both the Iranian and Sudanese governments, for example, are run by religious extremists who violently impose their worldview on others.

As for Iran, it remains a world-class religious-freedom violator.

As for Sudan, USCIRF deemed it the world’s most violent religious-freedom abuser due to its conduct during the North-South civil war of 1983-2005 when it called for jihad against the south. Since South Sudan became independent, conditions in Sudan have deteriorated, as its leaders continue to repress their people.

While Iran and Sudan repress freedom on behalf of extremism, other governments engage in repression in the name of opposing this same extremism.

Both China and Russia repress Muslims in the name of fighting extremism in Muslim communities.

And finally, by their actions, other governments embolden extremists to commit abuses. One example is Pakistan with its anti-Ahmadi and blasphemy laws which encourage extremists to commit violence against those they perceive as transgressing them.

These are examples of how governments can harm religious freedom in connection with their stance on extremism.

But it is also true that governments also bear responsibility for extremist-driven violations through their *toleration* of them—that is, by their failure to prevent violence or bring justice to the responsible parties. Such failures create and perpetuate a climate of impunity.

Egypt's failure to protect Coptic Christians and Nigeria's failure to protect both Christians and Muslims from sectarian violence are two examples of this problem.

Religious Freedom = Antidote to Religious Extremism

Thus, through sins of commission and omission, governments are responsible for religious freedom abuses within their borders, including those driven by violent religious extremism.

Such abuses are harmful not only to human rights, but also to the stability of their societies and other countries.

Indeed, studies show how countries that honor religious freedom enjoy greater stability, harmony, and prosperity, while those whose governments perpetrate or tolerate violations create the conditions for failed societies.

There are three reasons for this correlation.

First, governments that persecute or fail to protect people against religious persecution can drive them into extremist hands.

When our Commission visited Ethiopia last year, we saw disturbing signs of this problem.

Ethiopia's recent efforts to combat extremism by forcing its Muslim community to embrace a foreign form of Islam runs the risk of producing exactly what it feared—the radicalization of individuals within that community.

Second, as I noted with Pakistan, governments that enforce laws which violate religious freedom unwittingly encourage people to monitor others for signs of trespass and take violent actions against perceived transgressors.

And third, governments that restrict religious freedom in the name of fighting religious extremist groups end up strengthening these groups by weakening their more moderate but less resilient competition.

Egypt is an obvious example.

President Mubarak's restrictions weakened the hand of pro-freedom movements, making it easier for the Salafists to emerge in the post-Mubarak era on a much stronger footing than their more democratic competition.

Generally speaking, during times of severe governmental repression, fanatically-driven extremists are far more willing than democratic opponents to cut corners and break rules in order to survive.

U.S. Leadership Needed

So when it comes to violent religious extremism, it is clear that religious freedom abuses not only offend human rights, but pose a grave threat to the security and stability of countries.

And unfortunately, this instability and violence often spills beyond national borders into neighboring countries, threatening entire regions.

As Americans living in a post-9/11 world, we of all people know what happens when violent religious extremism is exported globally as terrorism.

This is why the U.S. government must prioritize religious freedom not just as a core human right, but a global security imperative, and a vital part of any counter-extremism strategy.

Our government must recognize the pivotal role of religion in countries that top our foreign policy agenda and how limitations on religious liberty can harm entire societies.

Religious freedom has national security relevance. Conditions favoring it can help counter extremism by undercutting the message of extremists and fostering religious diversity and minority rights.

As a fundamental right, religious freedom is a core component of a healthy society, as it encompasses other freedoms—including those of expression, association, and assembly.

To further the religious freedom agenda, our Commission recommends the following:

The Obama administration should issue a National Security Strategy on supporting religious freedom abroad, combining all U.S. government activities in a “whole-of-government” effort to confront this challenge.

Congress should hold hearings and embrace legislation that prioritizes religious freedom and reflects its critical importance to national security and global stability.

The State Department should prioritize this pivotal freedom by pressing countries to implement reforms that will confront extremism and protect liberty.

And the State Department should also make CPC designations soon, before previously designated actions expire later this year.

Naming countries as CPCs isn't the end of engagement, but rather the beginning of a high-level process to encourage governments to improve.

When combined with the prospect of sanctions, the CPC designation can create political will where none existed, moving repressive governments to undertake needed changes.

Conclusion

And so, as I conclude, let me stress to all of you that despite the bleak picture we see of religious freedom abroad, change for the better is possible.

If we as a country reaffirm our commitment to religious freedom by making it a permanent and integral part of our foreign policy, it can be a game-changer for both us and the world.

Change will not happen overnight, but if Washington supports a truly free and vibrant marketplace of ideas, including

religious ideas, I believe that in spite of a host of obstacles, the desire for a better life on the part of hundreds of millions of our fellow human beings is going to prevail.

I believe that if truly given the chance, a critical mass of humanity will say “no” to more repression, “no” to more extremism, and “yes” to more freedom.

In accordance with our mandate, we who serve on the Commission will do our part. It is our fervent hope that in the coming months and years, Washington will fully do its part on behalf of religious freedom.

Thank you.

We Must End Widespread Currency Manipulation

CURRENCY MANIPULATION VIOLATES THE MOST BASIC PRECEPTS OF THE INTERNATIONAL ECONOMIC SYSTEM

Address by C. FRED BERGSTEN, Senior Fellow and Director Emeritus, Peterson Institute for International Economics
Delivered as the Stavros Niarchos Foundation Lecture, Peterson Institute for Economics, Washington, D.C., May 16, 2013

I am deeply honored to be invited to present this twelfth Annual Stavros Niarchos Foundation Lecture at the Institute and want to take the occasion to add my personal gratitude to the Stavros Niarchos Foundation, led and represented here by Spyros Niarchos and Andreas Dracopoulos, for making this series possible and for supporting it so generously at the Institute over the past decade.

I began my professional career in international economic policy almost precisely fifty years ago and spent much of my first two decades in the US Government, first working for Dick Cooper (who is here) among others at the State Department, then as Henry Kissinger’s deputy for foreign economic policy at the National Security Council and subsequently in charge of the international part of the Treasury Department under Secretary Mike Blumenthal. With enormous help from many people in this room, especially Pete Peterson, I began my stewardship of the Institute thirty-two years ago. In presenting today’s lecture, I want to draw on both sets of experiences to analyze the dramatic evolution of the world economy, and especially the role of the United States within it, over the past half century. I will rely heavily on the research of my Institute colleagues, which has been responsible for its and much of my success, over the history of this institution. At the urging of my colleagues, I will also try to spice up the presentation with a few anecdotes drawn from my personal recollections—though I hope you will not conclude that I have moved too far into my anecdotalism just yet. A full text of my lecture, which adds several arguments that I will not have time to address tonight and is replete with tables, footnotes and references, will be available after the presentation.

When I was discussing what topic to address tonight with my successor Adam Posen a few weeks back, he suggested that I might want to celebrate the triumph of competitive liberalization as the driving strategy for the global trading system, an idea which I conceptualized and helped implement in the middle 1990s as chairman of the APEC Eminent Persons Group and then in a series of papers after Carla Hills had gotten it going as USTR and as Bob Zoellick then car-

ried forward so effectively during his tenure in that position, and which is now proceeding boldly with negotiation of the three megaregional agreements: throughout Asia, across the Pacific (beginning to fulfill the original APEC vision) and across the Atlantic. Alternatively, I could have reiterated my (and Jacob Kirkegaard’s) conviction, which has proved correct so far, that the euro will survive its current crisis and perhaps emerge stronger as a result of the policy and institutional reforms that its member countries have been forced to adopt at an accelerated pace. But I decided instead to revert to the topic of my first book, which has concerned me deeply throughout my career, the shortcomings of the international monetary system and particularly their effects on the United States.

I do so in the hope that I can persuade you of six central points:

1. That currency conflict is very sizable and very widespread, and that it could get worse (maybe much worse);
2. That it has very large economic effects, especially on the United States and the weak peripheral countries of the Eurozone;
3. That these developments stem from a gaping hole in the international economic architecture, encompassing both the monetary and trading systems;
4. That there is a feasible set of effective policy options that can be adopted to counter the objectionable practices now and deter them in the future; and
5. That the United States, as both the systemic leader and the most injured party, should initiate a major effort to do so multilaterally but be ready to act unilaterally as well if necessary.
6. In short, it is time to declare war on the currency wars.

I address all this through the lens of the international monetary system because, as Joseph

Nye has famously said about the security system, the monetary system is like oxygen: you never notice it until its absence poses serious, even existential, problems. I also do so because the system is clearly suffering from secular

erosion. Crises have become much more frequent. They are intensifying, with the latest downturn the worst since the 1930s. They have afflicted all major regions: Asia in the late 1990s, the United States in 2007-09 and Europe now. The rich countries were the epicenter of the latest disruptions, broadening their impact. The calls are clearly getting closer. The system is undergoing its most severe stress test to date.

The international monetary system also now faces a clear and present danger: currency wars. Virtually every major country is seeking depreciation, or at least non-appreciation, of its currency to strengthen its economy and create jobs. My colleague Joe Gagnon has identified more than twenty countries that have been intervening directly in the foreign exchange markets for this purpose for a number of years, resulting in cumulative buildups of reserves exceeding \$10 trillion in total and averaging almost \$1 trillion annually of late. They have done so mainly by buying dollars and euros, to keep those currencies overly strong and their own currencies weak, mainly to boost their international competitiveness and trade surpluses.

This list includes some of the largest economies in the world, both developing and developed. It is led of course by China but includes a number of other Asians as well as several oil exporters and a couple of Europeans. They account for almost one third of the world economy and more than two thirds of global current account surpluses. Broadening the list beyond China roughly doubles its magnitude. Currency manipulation is very large and very widespread.

Gagnon shows that the global surpluses of the currency manipulators have increased by \$700-900 billion per year as a result and created corresponding deficits in other countries, with consequent losses of output and jobs there under current and foreseeable conditions of slow growth and high unemployment. The largest loser by far in absolute terms is the United States, whose trade and current account deficits have been \$200 billion to \$500 billion per year larger as a result, at least one half of our total external imbalances. The United States has suffered 1 million to 5 million job losses in the present and likely continuing environment of excess unemployment. Correction of this situation would have a powerful positive effect on the US economy on a scale comparable to the fiscal stimulus of 2009 or the Fed's quantitative easing (QE) initiatives taken together. For their part, most of the manipulators can and should be expanding domestic demand instead of relying on large trade surpluses—the famous “rebalancing” that has been a staple of G-20 statements but precious little accomplishment from the very outset of the global crisis.

Europe is the second largest loser, with trade deterioration of \$150-200 billion annually and corresponding job losses. IMF research shows that several of the southern European crisis countries were particularly adversely affected by Chinese competition including through the “very sharp nominal appreciation of the euro”. Studies by the European Commission, while also diplomatically refraining from

explicitly calling out currency manipulation, concur that “strengthening in the nominal exchange rate of the euro” especially hurt the eurozone's deficit members and inveigh against euro appreciation. The global imbalances have clearly intensified the euro crisis.

- The reserve buildups and imbalances declined lately and China, in particular, has let its currency rise substantially and sharply reduced its current account surplus. But the currencies of all of the Asian manipulators, with the possible exception of Korea, remain substantially undervalued—several of them by considerably more than the RMB. Moreover, much of the adjustment progress is due to cyclical factors, mainly the sharp slowdown in growth in (especially) Europe and the United States, and the IMF projects that the imbalances are likely to rise again in the near future, especially for China and the United States.

- There are signs that they have already begun to do so, especially in China. Its reserves have risen by more than \$150 billion over the past two quarters, almost as rapid a pace as at the peak of its current account surpluses in 2007. The IMF estimates that its surplus will triple from 2012 to 2018, rising to almost \$650 billion.

- But those forecasts could well prove to be too conservative. China could maintain or even increase its renewed intervention if its recent slowdown continues and/or its stated goal of relying more heavily on domestic demand growth continues to progress slowly and/or it were to experience the long-feared banking crisis. The Treasury Department's latest semiannual report on exchange rate policies, while it again shamefully failed to designate any of the intervening countries as “manipulators,” expressed concern about Korea and Taiwan, stressed that China had again “apparently resumed large-scale foreign exchange intervention” and that its current account surplus is likely to double as a share of global GDP by 2017, and once again concluded that the RMB is “significantly undervalued.” The latest estimates of “fundamental equilibrium exchange rates” by Cline and Williamson show that the RMB would need to rise by 14 per cent to eliminate the projected Chinese surplus (and that the dollar would have to fall by a trade-weighted 15 per cent to eliminate the US deficit). The G-20 and G-7 continue to inveigh against the global imbalances and were sufficiently alarmed at their latest meetings in February 2013, with an eye especially to recent developments in Japan, to emphasize their “commitments to avoid exchange-rate targeting.” Brazil has taken the issue to the World Trade Organization.

The outlook is most worrisome because some of the world's largest and richest economies have already joined, or seem to be contemplating joining, the “currency wars.” Switzerland became the world's largest manipulator in 2012, most immediately for monetary policy reasons but also to preserve its huge current account surplus in the midst of continuing recession in its main trading partner, the eurozone. Japan triggered the latest wave of concern when its new government, both before being elected and immediately after taking office,

aggressively talked down the yen by about 30 per cent against the dollar. The President of France has called for a weaker euro and so have a number of economists, including in the United States, indeed viewing that as the only feasible escape for Europe from many more years of stagnation or worse—especially if Germany continues to resist expanding domestic demand more rapidly to promote intra-eurozone rebalancing.

This reminds me of why, along with the overriding geopolitical basis for European integration, I always think of the euro as so hugely in Germany's interest and indeed as "the revenge of Helmut Schmidt". During our many discussions, especially when Dick Cooper and I were trying to persuade West Germany to become a locomotive for the world economy, he would fulminate every time a German export-led boom was thwarted by a sharp rise in the DM, which he always called "a fall in the dollar." He and all other Germans can now enjoy both the world's largest trade surplus and a weak currency, however, obviating the usual adjustment pressures even more than other surplus countries. The Germans have now protected themselves even further by insisting that the new Eurozone procedures for dealing with its internal imbalances go very easy on its surplus countries—unfortunately replicating the asymmetries of the global system.

The concept of defensive intervention enters the picture at this point. The currencies of a number of countries have become overvalued and produced external deficits, importantly due to the widespread manipulation. Counteractions by them are fully justified and have already been taken by some, such as Brazil and most recently New Zealand. Some perceptive British observers believe that its officials have subtly "talked down the pound". Australia and Thailand are the latest countries to express anxiety about appreciation of their currencies and will be hard-pressed to maintain their policies of non-intervention.

There is also a degree of defensiveness in some of the manipulators themselves, particularly the Asians that emulate China's intervention policies to avoid deterioration of their own competitiveness against their formidable neighbor. However, they run large surpluses of their own and could let their currencies rise without suffering undue damage. Even recipients of "hot money" inflows, such as Switzerland, can hardly justify their protracted one-way intervention on such grounds when they continue to run very large current account surpluses.

The systemic problem arises with the maintenance of significant and continuing currency undervaluation generated primarily through substantial and prolonged intervention. Figure 1 illustrates the application of these principles to the present situation; its northwest cell constitutes the objectionable behavior.

In the absence of agreement on which actions are justified, however, even legitimate defensive intervention intensifies the perception of growing currency conflict. The global macroeconomic picture heightens these risks con-

siderably. Fiscal policy is constrained in almost all the "advanced" economies by their large debt burdens. The result is widespread reliance on QE, including in the United States, that has led to charges of "competitive devaluation" against it. Such charges are analytically foolish: the transmission of all monetary policy occurs to some extent through the exchange markets. QE aims primarily, if not solely, at domestic economic outcomes. It is conducted in domestic rather than foreign currency. Successful QE helps rather than hurts a country's trading partners by strengthening growth, and thus imports, of the country undertaking the policy. The distinction between QE and direct currency manipulation should be crystal clear.

However, QE does move exchange rates in the same direction as direct manipulation. Hence countries on the receiving end of those policies, and the broader public, understandably conflate the two. Brazil, which leads the international criticism of "currency wars," has done so as have other Latin American countries and more mischievously, China. Continued reliance on QE will sustain this tension. The three-way conflation among QE, aggressive manipulation and defensive intervention is analytically unjustifiable but psychologically understandable and adds to the perception of budding currency conflict.

In addition, QE along with fiscal policy has limits and doubts over its efficacy are widespread. Hence there is inevitably a search, in many countries, for additional policy tools to enhance growth and create jobs. Governor Mervyn King of the Bank of England worried at the end of last year "that in 2013 what we will see is the growth of actively managed exchange rates as an alternative to the use of monetary policy". This search is likely to be most acute where performance has been poor, notably Europe in addition to Japan. It of course heightens the risk of a new wave of currency conflict.

The bottom line is that we have witnessed extensive competitive depreciation for a number of years. The practice is widespread. Much more seems quite possible in the near future. The economic damage that has already resulted is immense and could become much worse.

This is similar to what occurred in the 1930s with such disastrous consequences. The entire postwar economic order aimed to avoid replication of that experience. But it was not structured to deal effectively with surplus countries in general, let alone currency manipulation in particular, importantly because the United States as the surplus country of the day would not permit it to do so. Thus it has done very little to head off such problems or respond when they occurred. The single greatest flaw in the entire international financial architecture is its failure to effectively sanction surplus countries, especially to counter and deter competitive currency policies. Indeed, this systemic failure almost assures that the problem will continue because the manipulators get away with it and thus are presented a policy option, especially attractive in tough economic times, through

which they can subsidize exports, import substitutes and jobs without budget costs domestically or effective restraint internationally.

The Impact on the United States

The impact of this situation is particularly acute for the United States, with manipulation as already noted increasing the US current account imbalance by \$200-500 billion annually and costing it 1-5 million jobs under current conditions of slow growth and high unemployment. Fiscal consolidation is likely to drag on the economy for at least several years. Monetary ease is thus essential but interest rates are near zero and most potential avenues of quantitative easing are being pursued. The private sector is sitting on huge amounts of investible capital but needs a more robust growth outlook to mobilize it. Improvement in the trade balance could provide crucial help but the IMF projects that the US external deficit will increase steadily between now and 2018. It is thus imperative to terminate the adverse impact of currency manipulation by others.

During periods of slow growth and prolonged high unemployment like the present, external deficits cause particularly severe damage to the economy. Most estimates suggest that US GDP is 4-5 percent below potential. Eliminating excessive currency intervention would narrow the trade deficit by 2 to 3 percent of GDP and move the economy half or more of the way to full employment, with even larger pay-offs once multiplier effects on domestic demand are taken into consideration. The full effects would ensue over two or three years and increase the US growth rate by as much as 1 percent annually over this period. There would be no cost to the US budget; indeed faster growth would reduce the budget deficit.

The United States must of course put its own house in order. It must gradually but decisively reduce its budget deficits at least to a level that will stop the increase in its debt to GDP ratio (and we should in fact run small surpluses over the course of the business cycle to compensate for our low private saving). It must strengthen fundamental components of its national competitive position, ranging from its shockingly poor K-12 education system to its antiquated infrastructure. It must foster rather than impede the huge creative potential of its private sector with reforms that include tax and immigration policies. But it must also insist that other countries stop intensifying its problems.

This is not a cyclical issue. The United States has run large trade and current account deficits for more than 30 years. The deficit has averaged almost 3 percent of GDP since 1980 and peaked at 6 percent in 2005-06. It is currently running at an annual rate of about \$500 billion, or 3 percent of GDP, and the IMF expects it to grow to more than \$700 billion over the next few years despite the likely reduction in energy imports due to the natural gas and oil revolutions. Cyclical factors were in fact responsible for the

sharp decline in the deficit at the trough of the recession and continue to improve it now because of subpar US growth.

During much of those past 30 years, US macroeconomic policies have been able to keep the United States at full employment despite continuing trade deficits stemming from dollar overvaluation and other competitiveness problems. But the deficits have distorted economic activity and damaged the US economy even when there was no excess unemployment. When the rising external deficit was slowing (as well as reflecting) US growth and destroying substantial numbers of US jobs in the early 2000s, for example, the Federal Reserve had to keep monetary policy easier to support full employment and thus began sowing the seeds for the coming housing bubble. When the deficits reached record levels in the middle 2000s, the large net capital inflows to the United States that arose largely from the surpluses of the intervening countries promoted continuation of the easy monetary conditions and lax regulation that brought on the subsequent crisis. The inflows of official money alone depressed US long-term interest rates by 50 to 100 basis points and go far to explain the famous “conundrum” enunciated by Chairman Greenspan when the Fed (belatedly) sought to tighten monetary conditions in 2004-05 but could not get longer term rates to rise. They reflect the “savings glut” that so troubled Ben Bernanke at the time and subsequently.

The Chinese and other surplus countries of course did not force US banks to make stupid subprime loans. Their currency manipulation played a central role in creating the macroeconomic and monetary environment that laid the foundation for the crisis, however, which had devastating effects on the world economy as a whole as well as on the United States at its epicenter. In his definitive study of the international role of the dollar, Eichengreen concurs that “the cheap finance that other countries provided the US... underwrote the practices that culminated in the crisis” and that the capital inflows both helped explain Greenspan’s “conundrum” and clearly exacerbated the crisis and its costs.

The Global Economic Order

Can we blame these developments at least partly on the failures of the international monetary system? The answer is unambiguously positive. From its very inception, the system has been unable to bring effective pressure on surplus countries. This is particularly true with respect to currency undervaluations, whether of the Germans in the 1960s or the Japanese in the 1970s or the newly industrializing economies (mainly Korea and Taiwan) in the late 1980s or the Chinese over the past decade.

Nor is currency manipulation a new phenomenon (although it has grown much greater in recent years). We do not have comprehensive data for earlier years but one of my very personal experiences with this practice occurred in the middle 1970s, when on my first extended trip to Japan (ironically as a guest of MITI, as it was then) I discovered that the

Japanese were intervening heavily to keep the yen from rising but parking the dollar proceeds in Japanese banks to hide their actions. I was delighted to be able to return to Tokyo six months later, traveling as Assistant Secretary of the US Treasury with Vice President Mondale at the very outset of the Carter Administration, to tell them with the full authority of Secretary Blumenthal, and indeed the President, to get their “(censored) hands off the exchange rate”. This was hardly the optimal way to manage the monetary system but, to the credit of the Japanese, they did so immediately.

There are two plausible and complementary explanations, one primarily political and one primarily financial, for these current shortcomings of the international economic order. The broader perspective returns to the seminal insight of my old professor in graduate school, Charlie Kindleberger, that the world economy collapsed in the 1930s because of the absence of leadership to save it: the United Kingdom was no longer able and the United States was not yet willing. Today’s analogue would of course be that the United States is no longer able and China is not yet willing.

China is a unique economic superpower, however. It remains a relatively low-income country. Its economy has not yet fully marketized, and it retains extensive capital controls and a currency that remains far from full convertibility. Its political system is hardly compatible with those of the traditional economic powers. Despite the predictions of my colleague Arvind Subramanian, it would be a bit premature to expect China to shoulder full global economic leadership. There are strong reasons to doubt that China will even become a “responsible shareholder,” to use Bob Zoellick’s famous term, any time soon. Indeed, as indicated throughout my remarks, China is a large part of the contemporary problem rather than a leader in resolving it.

But there is enough truth in the proposition from the US side to merit close perusal. The United States is caught in a scissors movement. On the one hand, it has become increasingly, and in some instances critically, dependent on the world economy—at least four times as much as when I entered this business in the early 1960s. On the other hand, it has become decreasingly able to influence, let alone dictate, the outcome of global economic developments—with half the share of global output it had half a century ago. Figure 4 depicts this transformation, which represents nearly a mirror image of the two trends: US dependence on the world economy, defined as the share of trade in goods and services plus factor incomes in our own GDP, has risen from 10 to 40 per cent while the US share of global output has dropped from 40 to 20 per cent.

Since 2000, both trends have accelerated more rapidly than at any time since the 1970s. Time is not on the side of the United States in seeking to promote its global economic interests. It needs to start pursuing the needed systemic reforms as soon as possible.

I believe there is an even more fundamental if subtle reason, however, for both the systemic erosion and its adverse

consequences for the United States: the international role of the dollar. Under either “fixed” exchange rates prior to 1971 or “floating” rates since, there is a basic asymmetry in the rules of the game. The dollar, by far the most widely used international money, is the “nth currency” in a world in which only n-1 exchange rates can exist without conflict. Hence the United States is expected to remain passive in the currency markets and the exchange rate of the dollar, while obviously reflecting US fundamentals, is to a substantial degree determined by the combined actions of other countries including their direct, indirect and oral intervention in the currency markets. Global monetary arrangements are based on an implicit “grand bargain” in which the United States accepts the deficits that result from the dollar’s role and other countries finance those deficits without complaining too much.

The conventional wisdom is that the international role of the dollar is good for the United States and bad for the world. In reality, the opposite is true: other countries clearly benefit from the convenience and cost reduction of a single currency, and the ability to set its price in terms of their own, but the United States suffers two very tangible costs (and the offsetting systemic benefits of the past have diminished sharply, as I have argued). On the real side, other countries can determine the exchange rate between their currencies and the dollar by buying dollars in the foreign exchange markets to avoid appreciation. As we have seen throughout the postwar period, this contributes importantly (if not always decisively) to substantial dollar overvaluation, large US external deficits and debt buildup, and loss of domestic output and employment. The Chinese clearly recognize this effect: in his famous pronouncements on the international monetary system in 2009, Governor Zhou Xiaochuan of the Peoples Bank of China seems to invite the United States to exit the international currency business by noting that “when a country’s currency is no longer used as the ... benchmark for other economies, the exchange rate policy of the country would be far more effective in adjusting economic imbalances”.

One advantage of the (otherwise dysfunctional) interwar monetary system was that gold was still the “nth currency” so that everyone could (and did) ultimately devalue against it. The resultant increase in the price of gold was expansionary and part of the remedy to the Great Depression. But the dollar is now the closest equivalent of gold in the interwar period. Hence the United States inherently suffers the adverse consequences of the depreciations of other countries and must ultimately lose any “currency war” under the current system.

On the monetary side, the “automatic” buildup of dollar balances by surplus countries, very directly when those balances accrue as a result of intervention, enables the United States to run large external deficits for prolonged periods of time. This carries certain advantages for the United States, including cheaper imports and anti-inflationary pressure.

It also conveys short-term macroeconomic benefits, mainly the ability to sustain excessive domestic spending including by the government via fiscal deficits, which is highly desirable during periods of crisis as we have just experienced.

The problem is that this represents the ultimate moral hazard: an absence of market pressure on the United States to adjust its economic policies when it should be doing so, like the boom period of the early and middle 2000s, to keep its imbalances from reaching unsustainable levels that may require very sharp and very costly correctives as we are in fact seeing now. The international role of the dollar does indeed create “deficits without tears” for prolonged periods but this provides the United States with such a long leash that it will be constantly tempted to hang itself. We experienced this effect as far back as the late 1970s, when the United States was still the world’s largest creditor country, when a sharp fall of the dollar contributed importantly to the onset of double-digit inflation for three consecutive years and the rise in interest rates beyond 20 per cent—which I can testify personally from sitting at the Treasury at the time, with the exchange rate falling by 2-3 per cent daily for a number of market sessions in a row, felt very much like a “hard landing”. Our inability or unwillingness to tighten monetary or fiscal policy in time to head off the collapse of the housing bubble and the Great Recession provides recent evidence of this powerful impact.

There is some similarity between the huge inflows of capital to the United States and the huge inflows to southern Europe in the early years of the euro. Both reflected market judgments, driven by key features of the institutional framework, that kept interest rates very low in the capital importing area. We know the result in the European periphery and must be alert to a similar risk here.

But “dollar primacy mentality” is very potent. It seems virtually on a par with the “gold standard mentality” that prevented so many countries from moving off gold in the 1930s and thus suffering so needlessly from the Great Depression. In the early 1980s, the editorial page of the *Wall Street Journal* and many others extolled the soaring dollar of the first Reagan Administration even though it converted the United States from the world’s largest creditor country—where I had left it upon departing my responsibilities in that area in January 1981!—to world’s largest debtor in just five years. (The *Journal* also excoriated my Secretary of the Treasury, Mike Blumenthal, for allegedly “talking down the dollar” while uttering nary a peep when Jim Baker drove it down by at least three times as much with the Plaza Agreement a few years later.) I also recall how Bob Rubin recounted in his memoirs that selling dollars for yen in 1998 was the hardest decision he had to make as Secretary of the Treasury, even though the yen at the time was approaching 150:1 against the dollar—a hugely undervalued rate. I believe that Larry Summers was also uneasy about selling dollars for euros in 2000 when the euro was approaching 80 cents to the dollar—another grossly undervalued rate.

I regarded these actions as highly desirable, indeed indispensable, to restore a level playing field for the American economy and strongly supported Bob’s and Larry’s actions. But our best and brightest were seemingly reluctant, which I can only ascribe to “dollar primacy mentality.” I believe it will have to be overcome if US policy is to effectively pursue termination of currency manipulation and thus provide an effective response to the current and systemic problem.

It is not necessary for the United States to take policy steps to drive or even talk the dollar down (though it should avoid repeating the meaningless “strong dollar” rhetoric of the past). It simply needs to make sure that other countries refrain from taking actions to push the dollar up. This should become the main thrust of US international monetary policy.

What Is To Be Done?

Systemic reform is clearly required. It should include both changes in the rules themselves and much tougher enforcement of those rules. The governance structures through which the rules are implemented must be substantially revised to legitimize the new regime and thus promote both its initial acceptability and then its sustainability. The United States has a major national interest in achieving such reforms.

An important part of the needed reform is likely to occur through the increasing multipolarization of the global currency regime. The role of the dollar has declined over the past three decades, from about 75-85 per cent to about 50-60 per cent of the global total, and will almost certainly continue to do so. Once the Eurozone has definitively resolved its current crisis and emerged with a stronger and comprehensive institutional foundation, including banking union and partial fiscal union, the euro is likely to trend upward as a global asset. Whenever China liberalizes its capital controls and embraces current account convertibility, the RMB will become at least a third international money. If the United States fails to put its own house in order, these alternatives could attract substantial diversification from the dollar and generate considerable market pressure on the United States.

The advent of a multiple currency system cannot be relied upon to implant an effective adjustment process, however, and its establishment will in any event take many years or probably decades. In the meanwhile, the perennial absence of effective means to prompt adjustment by surplus countries, especially to preclude their intervening in the foreign exchange markets to undervalue their currencies, will persist. We should in fact seek to move as quickly as possible to a multiple currency system with manipulation-free floating, rather than today’s dollar-based system with extensive competitive intervention, and specific changes will have to be adopted for that purpose.

Such changes should be implemented through both the International Monetary Fund and the World Trade

Organization. Both already have rules against competitive undervaluation. The IMF rule is clearer but has no followup enforcement mechanism. The WTO has an enforcement mechanism but its rule is much more ambiguous. The United States has tried for a decade to persuade China to let its currency appreciate much faster and by much larger amounts but its success has been modest, importantly due to the absence of effective international rules and procedures that it could mobilize for that purpose.

In the case of the IMF, the chief need is to add effective policy instruments to enforce the two existing rules: the proscription of significantly undervalued exchange rates that are maintained by “protracted large-scale intervention in one direction” in the exchange markets, and a failure by violators to consult with the country in whose currency they plan to intervene before doing so. The IMF rules should thus be reinforced to provide, for the first time, effective sanctions against countries that meet a two-part test: maintenance of significantly undervalued exchange rates *inter alia* through extensive intervention in the currency markets.

One sanction should be countervailing currency intervention (CCI) through which countries in whose currencies intervention took place, if their requests to stop the objectionable practice were unsuccessful, would buy the currencies of would-be manipulators in sufficient amounts to offset the impact on their own exchange rates. Such a measure would parallel the well-established WTO rule under which countries can apply countervailing duties against prohibited export subsidies. If the indicted manipulators felt they were being treated unjustly, they could protest to the Fund and the counter-interveners would have to desist if it found against them.

The second new policy instrument would be taxes on the buildup of foreign exchange holdings that result from the proscribed currency intervention. These increments are of course the direct result of the intervention so penalizing them would be an appropriate remedy. For countries with inconvertible currencies, such as China, CCI could probably not be fully effective (though it would still send a very powerful policy signal) so this second line of defense might be necessary.

Whatever the enforcement mechanisms, the Fund will have to win widespread agreement on a methodology for identifying the key concepts of “misalignment” and “manipulation,” perhaps including through the adoption of automatic triggers based on intervention (which can be monitored in real time) or current account surpluses. Both new policy instruments would by definition be applied mainly by the reserve centers, which would imply a growing decision-making role for a limited number of countries that would clash with the multipolarization of the monetary system and thus underline the need for nesting the new procedures firmly within the global and rules-based context of the IMF. One possible tactic, suggested to me by Morris Goldstein, would be to start the reform process by seeking to negoti-

ate a new code that ran the gamut on manipulation from definition of the problem through enforcement of whatever judgments were reached in specific cases.

Two changes should also be made in the rules of the WTO. The simpler would be to explicitly add “manipulated currency undervaluation” to the list of proscribed export subsidies against which countervailing duties can be levied by member countries. This could be quite potent if a “coalition of the injured” then used the new authorization to countervail in a variety of their sectors that are injured by the manipulation.

The second, and potentially even more significant, change would be to amend or re-interpret Article 15(4) to clarify that manipulated undervaluation by individual countries justifies the erection of across-the-board barriers against their exports by all members of the organization that choose to do so. As under its current rules, the WTO would under both remedies first ask the IMF for a judgment as to whether a currency is “undervalued” and “manipulated” and then apply its own standards to the trade measures that were proposed in response.

These changes could be made either through amendment of the charter or (more likely) via developing a consensus on the issue. The latter approach, following standard WTO practice, could be achieved initially by a plurilateral group that fell short of the full membership of the organization as laid out in detail by my colleagues Gary Hufbauer and Jeffrey Schott. Another tactic would be to begin including such mechanisms in bilateral or regional trade agreements, rather than or in addition to the WTO itself, that would suspend the benefits of the agreement to countries that were found to be manipulating their currencies; the United States should seek to add such chapters to the TransPacific Partnership, which already includes several current and former manipulators, and the Transatlantic Trade and Investment Partnership, where the negotiating agenda is still to be determined and the participating countries are more like-minded.

These trade policy responses would be decidedly inferior to the monetary alternatives because they would apply to only one side of the trade balance, imports from the manipulating country (and perhaps only a subset thereof via CVDs), and only to trade with countries that implemented the newly permitted devices. The monetary options, by dealing directly with the intervention itself or its proceeds, would by contrast be comprehensive both geographically and across the trade account. The trade policy approaches should nevertheless be part of an overall strategy because the WTO already has a culture of authorizing enforcement actions, and a dispute settlement mechanism to oversee their use, whereas the IMF would have to develop both and could thus take much longer to start playing its new role.

The fundamental purpose of these systemic reforms would of course be deterrence. Countries contemplating competitive undervaluation should be placed on clear notice that such policies would trigger prompt and forceful

reactions by their trading partners under agreed rules and procedures. This was the central goal of the original Bretton Woods arrangements but their absence of precision and teeth, due ironically to US resistance, rendered the effort impotent and now needs to be revived.

Some observers will view these proposals for systemic reform as quixotic but it is essential to launch such an effort now for the reasons noted at the onset. In fact, the US Administration will not be able to avoid addressing these issues for much longer. It will, at some fairly early point, have to seek Congressional approval for its pending new trade agreements across the Pacific and Atlantic, perhaps preceded by a request for renewed Trade Promotion Authority (aka “fast track”) to facilitate both. Congress, encouraged by the auto industry and perhaps others, will almost certainly raise the currency issue in these contexts and, especially if it remains dissatisfied with the Administration’s performance, insist on including relevant chapters in these and future trade agreements. Hence it would greatly behoove the Administration, including to enable it to retain control of the issue, to anticipate such Congressional initiatives by attacking the problem pre-emptively along the lines outlined here.

How to Get There?

The preferred approach is clearly to negotiate the proposed reforms internationally and the United States should seek to mobilize a coalition of non-manipulators to achieve the needed systemic reforms. Fortunately, there are a number of potential candidates. The eurozone as a whole floats freely, like the United States, and suffers the competitive effects of both direct intervention in its currency (as by Switzerland) and diversification into euros out of the dollar (as with China and others). There are at least thirteen countries whose currencies are held as foreign exchange reserves (counting the Eurozone as one) and thus can experience unwanted appreciation as a result of diversification by national monetary authorities. Japan, despite being charged with manipulation itself, has criticized China’s manipulation and successfully negotiated at least a temporary response to it, and would find it difficult to line up against the United States due to its geostrategic problems and likely participation in the TransPacific Partnership. Brazil has adopted the most aggressive stance on the issue of any country. Russia too is a vocal critic of manipulation. India, Mexico and a number of other emerging markets have spoken out against it.

The G-7 has maintained a reasonably effective commitment that its members will consult each other before intervening and recently added agreement that “our fiscal and monetary policies have been and will remain oriented towards meeting our respective domestic objectives using domestic instruments,” i.e., warning Japan not to conduct its QE by buying foreign assets as mooted by some advisers to the new government there. The G-20 has agreed

that “we will not target our exchange rates for competitive purposes.” These pledges give the United States and other aggrieved countries a basis for exerting peer pressure on the manipulators.

But they do not go very far. G-7 members can proceed with intervention even if their consultations elicit negative responses. G-20 countries can and do claim they are intervening for other than “competitive purposes.” It would be worthwhile to continue the efforts to strengthen the G-7 and especially G-20 understandings on these issues. But these informal pledges cannot substitute for changing the permanent and binding rules of the formal international institutions and those initiatives should command priority attention.

As with most systemic change, however, it may be necessary for one or several major countries to break some crockery to galvanize serious consideration of the issue and launch the multilateral reform process. This was the case with the most far-reaching systemic reform of the postwar period, the shift from the adjustable peg (“fixed exchange rate”) system of Bretton Woods to (relatively) free floating. The United States made tentative efforts to negotiate such systemic change, both at the end of the Johnson Administration in 1968 and in the early part of the Nixon Administration in 1969-70 (led by Paul Volcker with support from yours truly). Those efforts were rebuffed by the Europeans, however, and change occurred only when the United States floated the dollar in August 1971 by abandoning its link to gold and—thanks to Pete Peterson!—adopted an across-the-board import surcharge to strengthen its negotiating posture. The US “unilateralism” of the time, which was then almost universally excoriated, including by me, turned out to be essential to achieve systemic reform and produce a better world economy although that was certainly not its original intent.

If I may be permitted a personal observation at this late point in the evening, I believe that the Nixon-Connally-Peterson-Volcker initiative of the early 1970s reflected a profound revolution in how the United States viewed its position in the world economy. When I became Kissinger’s economic deputy in 1969, at the tender age of 27, my responsibility was to coordinate US foreign economic policy through the National Security Council. There was no National Economic Council or any analogue and Volcker has famously recounted finding a memo on his desk when he arrived at Treasury (which I wrote!) that suggested he worked for Kissinger rather than his own Secretary. Globalization’s impact on the United States was proceeding so rapidly, however, that by late 1970 George Shultz, then Director of the Office of Management and Budget, could (with my collusion) persuade the President to lift foreign economic policy out of the NSC and create a new Council on International Economic Policy, to be run by one Peter G. Peterson, to henceforth provide at least an equal voice for domestic economic concerns. The CIEP itself did not last very long but the institutional handoff from Bergsten

to Peterson personified a fundamental shift in the orientation of US foreign economic policy that persists to this day.

A somewhat similar US initiative to the Nixon-Connally effort of 1971 occurred in 1985-87 when the second Reagan Administration, led by Secretary of the Treasury James Baker, reversed the “benign neglect” approach of the first Reagan Administration toward the soaring dollar by initiating the Plaza Agreement and driving down its hugely overvalued exchange rate by 30-50 per cent. The other major countries largely agreed on this occasion so there was much less conflict than in 1971-73. Indeed, Japanese Vice Minister Toyoo Gyohten visited me in Washington the day after the Plaza and called his office in my presence to direct them to sell \$1 billion for yen—which was a lot of money in those days. However, there were important holdouts as there undoubtedly would be today: the newly industrializing countries of the period, particularly Korea and Taiwan, maintained their dollar pegs for some time, became substantially undervalued and started running huge surpluses, and had to be brought into the program via a second round of (mainly US) initiatives.

Dramatic ad hoc national actions again initiated efforts to negotiate systemic reform. The first was an agreement at the G-7 summit in Tokyo in 1986 on a wide-ranging set of economic indicators that were supposed to guide adjustment policies. The biggest change came with the Louvre Accord in 1987, to halt the excessively rapid decline of the dollar that was then emerging and the subsequent risk of a hard landing, by initiating a system of target zones (called “reference ranges” at the time) as proposed by Bergsten and Williamson five years earlier. Both Tokyo and Louvre included important obligations for surplus countries. This effort to inject a degree of coordinated management into the system of exchange rates prevailed for only a short time, however, permitting the return of unmanaged flexibility and contributing to the problems that we face today.

The contemporary analogue to 1971 and 1985-87 would be for the United States on its own, or preferably, with as many allies as could be assembled, to implement one or more of the four steps proposed above: countervailing currency intervention against manipulation; taxes on further dollar buildups by the manipulators; application of countervailing duties against imports that are subsidized by currency manipulation and injure domestic industries; and/or submission of an Article 15(4) case to the WTO that would seek authorization to apply across-the-board import restraints to offending countries. A wide range of tactics could be deployed, from prior warning to the target countries in a final effort to get them to cooperate voluntarily to initiation of CCI by one or more aggrieved parties in one or more currencies without any announcement at all to a highly public launch of “all of the above.” The goal, to repeat for the sake of emphasis, would be to galvanize the needed global systemic reforms in the only manner that would seem to have much chance for doing so.

Conclusion

Such systemic reforms and/or unilateral actions to terminate the contemporary currency wars would have substantial payoff for the countries that are adversely affected by the competitive depreciations or non-appreciations. The United States could see its current account deficit cut by \$200-500 billion per year and its unemployment rolls drop by 1-5 million. The Eurozone would be the second largest beneficiary, to the tune of more than \$100 billion and a very large number of jobs, and one would in fact hope that it would take on a leadership role with respect to those parts of the problem, like the massive Swiss intervention, that affect it much more than the United States. The threat of protectionist trade policies and hard landings in deficit countries with overvalued currencies should recede substantially.

For the longer run, the greatest flaw in the global economic order of the past seventy years—the absence of effective mechanisms to prompt adjustment by surplus countries and avoid currency wars—would be overcome. The system would become much stronger in responding to large imbalances and to heading them off by deterring predatory currency policies. Its institutional pillars, the International Monetary Fund and the World Trade Organization, would become far more effective and credible.

I would like to close with a historical footnote from over 40 years ago that bears some resemblance to where we stand today. Four days after the Nixon shocks of August 1971, their architect John Connally asked four outsiders (I had left the government a few months earlier) to spend most of a day with him and his top team, led by Paul Volcker, at the Treasury. He began by saying “you know what we have done, please tell us what we should do next”—at which point I really began to worry! He then personally led us through six hours of intense discussion, during which I stressed the opportunities they had created for systemic reform—especially moving to flexible exchange rates. It became increasingly clear that Connally did not have systemic goals in mind, however, and he finally brought the session to a close with the following statement: “I appreciate the advice from you gentlemen and want to share my own philosophy with you before we break up: the foreigners are out to screw us and our job is to screw them first. Thank you and goodbye.”

Having spent most of the previous three years as Henry Kissinger’s deputy for foreign economic policy, I thought I was fairly sophisticated about the ways of both Washington and the world—but even I was stunned by Connally’s xenophobia (which I immediately conveyed to Kissinger, who had not been aware of it, but that is another story). The relevance to today is of course that some of the foreigners have again been screwing the United States (and much of the world), to use Connally’s colorful terminology. The choice, now as then, is whether to respond nationalistically and unilaterally or systemically and multilaterally—or, as is most likely, a combination of the two, hopefully with a clear

strategic decision to use national actions to achieve global reform. Our goal must be to start resolving these crucial problems by reforming the global system decisively before the arrival of the next John Connally.

Addressing another vital issue of US national interest in which China also plays a central role, cybersecurity, President Obama used these words in his State of the Union message in February: “We cannot look back years from now

and wonder why we did nothing!” I would submit that we should adopt the same attitude toward widespread currency manipulation, which violates the most basic precepts of the international economic system while destroying growth and jobs in our own economy and in numerous other countries. The time for action has clearly come. *It is time to declare war on the currency wars.*

The Only Options Open for Gibraltar's Decolonisation

THERE IS NO QUESTION OF GIBRALTAR BEING HANDED OVER TO SPAIN, AS SHE SEEKS. THIS IS NOT AN OPTION.

Address by FABIAN PICARDO, Chief Minister, Gibraltar
Delivered to the United Nations Committee on Decolonization, New York, June 12, 2013

This is my second appearance before your Committee as Chief Minister of Gibraltar and I am accompanied by the Deputy Chief Minister Dr Garcia.

Mr Chairman three hundred years ago next month, the Kingdom of Spain ceded Gibraltar to the United Kingdom under the terms of the Treaty of Utrecht of 1713—I quote—“to be held and enjoyed absolutely with all manner of right for ever, without any exception or impediment whatsoever”.

That is an absolute cessation of a territory if ever there was one.

As many of you will know, the Treaty also prevented the presence of Jews and Moors in Gibraltar and banned trade with the adjoining areas of Spain.

Yet, no sooner was the ink dry on the parchment of Utrecht, than Spain was breaching the treaty by trying to recover Gibraltar by force and siege.

There are a number of commemorative events being planned in Gibraltar throughout the year, but we will not be celebrating a treaty which is anti-Semitic, racist and which purports to curtail our rights as a people.

Indeed, it is now fifty years since successive Chief Ministers of Gibraltar have been coming to this Committee asking you to defend our rights as a people in modern international law; under the terms of the UN Charter and the relevant decolonisation resolutions that create your Committee's jurisdiction and engenders the “sacred trust” which requires you to act in defence of our wishes as a people.

Because it is clear to any international lawyer worth his salt from whom you might care to seek the most cursory opinion, that the clauses of a Treaty that was signed in 1713 cannot seriously be used in 2013 to restrict or curtail the right of the people of Gibraltar to determine their own future.

1713 was a time of cannon and bloodshed in Europe, when the concept of human rights did not exist and men and women were sold as slaves by kings and queens who could pass title to countries to each other at their whim.

But for the current Government of Spain, time seems to

have stood still.

Only last month during the very successful seminar your committee held in Quito, Ecuador, the representative of Spain held her country up for international ridicule once again with shocking submissions symptomatic of the current Government's compulsive blindness to the reality of modern Gibraltar and the Gibraltarians today.

Mrs Pedros-Carretero said that—and I unfortunately quote—“Spain does not and will never acknowledge any international legal status to the current inhabitants of Gibraltar nor will it ever accept their pretended right to dispose of the Rock.”

Such comments can have no place in the modern world.

This is eighteenth century language from a twenty first century democracy.

That may have made sense in 1713 or in the depths of the pre-democratic Spain of the 50s, 60s and 70s.

But today, remarks that deny the very existence of a people to whom you owe that “sacred trust” must be anathema to you, as they are to my countrymen and women and to the democratic governments of the whole world.

So I therefore take the opportunity of the 300th anniversary of the signing of the Treaty of Utrecht to repeat the challenge made in this forum by other Chief Ministers of Gibraltar in the past half century.

I urge the Kingdom of Spain to test their pathetic and unsustainable political view in the International Court of Justice on all matters in dispute on the question of Gibraltar.

If they will again not do so, Mr Chairman, I urge this Committee, if necessary via the 4th Committee that you report to, to seek an Advisory Opinion on the matter.

Because, the relevant international law on this issue is as you know very clear and it entirely contradicts the Spanish position.

Gibraltar was included by the United Kingdom in 1946 in the list of Non-Self-Governing Territories and the international legal status of our nation remains unchanged since then.

That is why my colleague the Hon Joe Bossano, one of the most accomplished politicians in the field of the international law on self determination of colonial peoples, reminded you last month that Decolonisation Resolution 1514(XV) was fully applicable to Gibraltar.

This means that the only options open for Gibraltar's decolonisation are either independence, free association, integration or the tailor-made solution provided for in resolution 2625(XXV) of 1970.

Those are the only options Mr Chairman.

There is no question of Gibraltar being handed over to Spain, as she seeks.

That is not an option.

There is no separate doctrine that arises simply when one state claims the sovereignty of a listed territory.

International jurisprudence on the issue is too developed to admit of such political nonsense being adopted as law, however often it is repeated.

For our part, Mr Chairman, the people of Gibraltar are clear in seeking to exercise the fourth option for decolonisation; the tailor made solution created by resolution 2625(XXV) of 1970.

Mr Chairman, in 2006 the people of Gibraltar accepted in a referendum our current Constitution which had been agreed with the United Kingdom by our then Government and Opposition.

Time and again we have asked this Committee to tell us whether this document, in their view, embodies the fullest possible measure of self-government short of independence which would allow for the decolonisation of Gibraltar and the change in our international legal status through our removal from your list of Non-Self-Governing Territories.

This would then need to be specifically endorsed by the people of Gibraltar in exercise of their right to self-determination in a further referendum.

Yet we have had no answer to date.

You remain surprisingly mute on the issue.

Mr Chairman, with respect, we cannot have a situation where the people of the territory, whose wishes are meant to be sacrosanct, are effectively ignored and side-lined by this Committee.

This Committee exists to look after the interests of our nation; to pursue the wishes of the people I represent; to hold our hand in attaining our political aspirations.

It does not exist to pander to the territorial claims of neighbouring claimant, based on a 300 year old treaty that is gathering dust and which has long been overtaken by events.

That has been overtaken by the Charter of the United Nations, democratic principles and the rule of law. And if there is any doubt, then Article 103 of the Charter itself clarifies beyond peradventure that "in the event of a conflict between the obligations of members of the United Nations under the Charter and their obligations under any other international agreement, their obligations under the Charter shall prevail."

So that does for Utrecht, as for the now long dead bilateral process of dialogue known as the Brussels Process.

Because the doctrine of the United Nations and of the international community is that all peoples have the right to self-determination; and treaties that purport to interfere with that in any way are invalid in international law.

Successive Chief Ministers have repeatedly traced how that right applies to the people of Gibraltar in earlier addresses.

And you have yourselves in parts of your own UN website on decolonisation an explicit and helpful reference to your monitoring the situation in the remaining 16 territories, and WITHOUT EXCEPTION "working to facilitate the advance toward COMPLETE self-determination" of these 16 territories.

Clearly therefore the right of self determination is now at last recognised by you explicitly as being applicable to all the territories INCLUDING GIBALTAR.

You have therefore decided the issue; whether Spain likes it or not.

You say it in writing on your website and therefore unless you explicitly say otherwise you are entirely clear in telling the world via the world wide web that this is your position.

And that there are therefore clear principles that govern how the decolonisation is to be handled—and there is not an ad hoc, state by state mechanism that you can shape to please Spain.

In that context, Mr Chairman, I am delighted to report to you that our Head of State, Her Majesty the Queen of Gibraltar, Queen Elizabeth II, told Parliament last month that the UK Government agrees with your position and will continue to defend the right to self-determination of the people of Gibraltar.

And I therefore assert to you today with absolute confidence that the future of Gibraltar will be decided only by the people of Gibraltar in the exercise of our inalienable right of political self determination.

Anybody who thinks otherwise should think again.

The die is cast: Gibraltar belongs to the Gibraltarians.

Lock, stock and barrel.

There is nonetheless a need for the Committee to move to recognising that inescapable reality and our primacy in this matter in your conclusions, not just your website, and not just repeat the same consensus decision on Gibraltar year after year.

Mr Chairman, the Secretary General of the United Nations told you on 21st February this year that the narrative of the work of this Committee cannot again be portrayed as "decolonisation deferred".

The Government of Gibraltar agrees entirely with the Secretary General.

He and we join in urging you to start the process with us of completing self determination, as is stated on the UN website.

We cannot continue to come here again and again, year after year, and receive little or no feedback from the Committee.

You assist no-one with this dialogue of the deaf.

You advance nothing by your continued silence.

This important committee must steel itself and speak at last;

And you must act in the terms of what you have already set out online.

Your failure to speak or act or even have the courage to accept our repeated and hereby renewed invitations to visit us emboldens the bullies.

Mr Chairman, the current Government of Spain continues to display considerable hostility towards Gibraltar.

Since 2010 our territorial sea has been continually invaded by armed patrol boats of the Spanish state on the absurd premise that Gibraltar has no waters; a proposition which has no basis in international law or even in rational thought.

And the current Government of Spain continues to challenge our economic model, even when the rest of the world and the EU accepts it and it creates jobs for many Spanish citizens.

Moreover, our sporting associations continue to have to fight Spanish objections in order to be recognised internationally.

I am however delighted to tell you by way of information, Mr Chairman, that our football association has recently been admitted to UEFA after a lengthy legal battle resulting from Spain's political and unsporting objections.

You see Mr Chairman, when the Gibraltar gets a fair and unbiased hearing, we win!

Game, set and match.

That is why we repeatedly challenge Spain to go to the international courts but she cowers away.

I also deeply regret that that the current Government of Spain has withdrawn from the Trilateral Forum of Dialogue where, together with the Governments of Gibraltar and of the United Kingdom, discussions between the three parties were progressing.

My Government remains strongly committed to the Trilateral Forum for Dialogue.

The UK has expressed identical strong commitment to that Forum.

Indeed, I go further Mr Chairman, I want to express my People's solidarity with the people of Spain at this difficult economic time for them.

We already provide approximately 10,000 jobs for cross frontier workers who live in an area of Spain suffering 40% unemployment but have found work in Gibraltar.

We are keen to work with a Spanish Government that forgets its medieval obsession with the takeover of the sovereignty of our nation and is ready to exploit opportunities across our frontier for mutual human and commercial advantage—as we are already seeking to do with the friendlier municipal authorities in the neighbouring Spanish city of La Linea.

That would create jobs; bring greater prosperity and stability to our region and mark a step in the right direction for all of us.

Help us to do that.

Send a clear and explicit signal—that the future lies not in Spain looking back at the frontiers established by the absolute monarchs of the fragmented, violent Europe of 1713;

But in jointly looking forward to a unified Europe of peaceful peoples and nations working together, where our right to determine our future is respected as required by international law.

Mr Chairman, my Government wants to work with your Committee in order to complete the decolonisation of Gibraltar in that context.

We want to engage with the organs of the United Nations in order to map out a roadmap to the 4th option for decolonisation of our country in accordance with the principle of self-determination you agree is applicable to all sixteen remaining territories without exception.

That is our right.

That is your obligation.

You have wasted too much of our time already.

And we demand that you start proactively acting in defence of our rights now.

Security, and the Primary Needs of the People

WHAT WE NEED IS THOROUGH PLANNING, NOT IMPULSIVE DECISION-MAKING

Address by BENIGNO ACQUINO III, President, Republic of the Philippines
Delivered at 2013 Independence Day Celebration, Manila, June 12, 2013

This morning, here in Bonifacio Plaza, we witnessed the raising of the flag in front of the monument of the Katipunan's Supremo to celebrate the 115th anniversary of our proclamation of independence. It is clear what his statue represents: that it is an honor to risk one's life for one's country; that those who have contributed to our freedom can hold their heads high. At the same time, Bonifacio's stern

gaze seems to pose a challenge to all of us: Filipino, what have you done for your flag and for your fellow men?

The time of revolt against the oppression of colonizers has come and gone: Rizal and Bonifacio, the Katipuneros, and other Filipino heroes have already done their part. They did this firm in the knowledge that no one else was going to fight for our rights; no one else was going to work for the

future of our country; no one else would push for our freedom—no one but we Filipinos.

No one else. Thanks to them, we have been declaring our freedom to the world for one hundred and fifteen years.

As we reflect today on the value of our independence, your government remains aware of its responsibility to protect this independence. This is why we have always stood up for our rights as a country with its own sovereignty, as a nation that spilled its blood in the name of freedom, as a Philippines with its own flag, equal to all others.

It is clear: While the government is responsible for the security of our country, it is also our duty to focus on the primary needs of the people.

What we need is thorough planning, not impulsive decision-making. Only this will result in meaningful solutions to our most significant problems. This is how we have been able to put up 21,800 houses for Phase 1 of our housing program for our soldiers and policemen.

We have also finished almost 14,000 houses for Phase 2, a number that will rise to 31,200 come July. In the next five years, we will also be able to spend 75 billion pesos on National Defense due to the New AFP Modernization Act being passed into law. In truth, even before this Act was passed, in the space of one year and seven months, the 28 billion pesos in funds that we allotted to the AFP Modernization program came close to equaling the 33 billion pesos allotted to the same program by the past three administrations.

This signifies our drive, not only to modernize our armed forces, but also to raise the dignity and morale of our soldiers.

We need to weigh our decisions carefully when it comes to these matters. As we stand for our rights, we must continue exhibiting the values Filipinos are known for: Aggression does not run in our veins, but neither will we back down from any challenge. And while we will protect our rights and continue to build consensus with all parties to promote calm and understanding, we must also increase the capabilities of our Armed Forces.

Together with all these, we must also think of the lives of the millions of Filipinos that may be affected by the decisions we make as leaders.

We have no other desire than to take care of what is rightfully ours. We have never trampled upon the rights of others. We have not claimed or demanded territory that clearly belongs to another. We have neither condescended upon nor oppressed others. Harming others or sowing discord

with other countries is not in our history. Similarly, it has never been the policy of the Philippines to take advantage of other countries.

If there has been disagreement, the whole world has witnessed our willingness to sit down and conduct dialogues in a peaceful manner. The only thing we have asked is that our territory, rights, and dignity be respected, in the same way that we have respected the territory, rights, and dignity of other peoples. We are doing this precisely because we know that this is the key to maintaining stability, and by doing so, to continue the journey towards widespread and lasting progress, not only in our country, but also in our region and in the whole world.

It was Andres Bonifacio himself who said: “Reason teaches us that we must be of one will and one mind to gain the strength we need to search out the evil that reigns in our Nation. This is the time for the light of truth to dawn; this is the time for us to show that we have our own sentiments, our own honor, our own shame and solidarity.”

What Andres Bonifacio wanted to say is clear. According to him, it took three hundred years before Filipinos resolved to come together and triumph in their revolt against the Spaniards. Let us not wait three hundred years, or three decades, or even three years, before we resolve to come together and gain freedom from hunger, poverty, or whatever threatens our sovereignty and security. It is not right for Filipinos to have to stand suffering for even one minute longer. If it had only been possible, these problems should have been solved yesterday.

But since this is impossible, let's do it today. This is the time for our spirits, minds, and voices to become one. This is the time for us to offer our time and our strength. This is the time for us to act as one nation, so that we can realize our collective aspirations for the Motherland.

I know that we can do this because we have the blood of heroes, and if Rizal, or Bonifacio, or even Ninoy or Cory asks, “Filipino, what have you done for your flag and your countrymen?” we will meet their gaze, unafraid, and say, “This is what I have done for my country; I have given my heart and soul to uplift my nation.”

Thank you. May we all have a meaningful Independence Day.

-Seemoreat:<http://www.manilachannel.com/2013/06/12/speech-of-president-benigno-aquino-iii-at-the-2013-independence-day-celebration-full-text/#sthash.NftLLs18.dpuf>

The Worst Job in the World, the Best Job in the World

A SPEECHWRITER OFFERS ADVICE FOR COLLEAGUES

Address by A PROFESSIONAL SPEECHWRITER
 Delivered to a conference of speechwriters, Spring 2013

Dear colleagues,
 When I became a speechwriter almost 4 years ago, I thought: with such a difficult job...

...with reputations...

... of ministers, top officials and business leaders on the line..., speechwriters are probably one of the most cherished and pampered species on the planet.

They must be met with awe..., with respect...,

with support... within their organizations.

And probably everything is done to enable them to create their masterpieces that can do their companies, organizations and leaders so much good!

That's the picture I had when I became a speechwriter.

Well..., I don't know how it is with you.

But that proved to be a bit different.....

Every day, when I arrive at work, I get a humbling reality check...

When I arrive at work...

... I am greeted by a high pitched sharp beep.

It's the security system.

And it has noticed me.

And according to the security system, the entry door is not the right place to stand still.

The beep goes on.

High pitched and urgent, telling me to get out of there a.s.a.p.

Only after I managed to get through the gate with my bike,

my bag and my security pass, the beep stops.

Every morning I hope the beep has been replaced by a gentle voice saying:

"Good morning to our speechwriter. We are happy that you chose to join us today to write your brilliant speeches for us.

We wish you a nice day at work and great inspiration."

But no.

Just a hostile beep.

Then I remember, at least I've got a meeting with the speaker today.

That is something to hold on to...

We will have a great brainstorm session together and we will come up with an inspiring, strong message for the speech at hand.

Then the secretary calls.

She says she is sorry to inform me that the appointment has been rescheduled.

Actually she means cancelled.

She wishes me a nice day.

I open my email and TEN people have put their TEN projects into MY speech.

Then an email pops up. It's the trainee. She writes an email to the whole Communication Department saying she has been to a Storytelling Workshop and that it might be a good idea if we all tried to do more Story Telling.

And in a Reply All my boss answers by saying: *That's an excellent idea, Jenny.*

And you think OK...

...And what have I been doing for the last four years?!!!

Then I look at the speech list.

There are at least four major speeches I need to finish this month and they all need to be creative, compelling, passionate stories...

And I think:

Why did I ever want to be a speechwriter?

And how on earth will I be able to write these speeches?

...

But then, I start thinking of some of my speeches.

A revered TEDTalk, a big Commemoration Speech, watched by millions of people live.

And there have been so many other speeches. Small ones. For maybe a handful of people.

But no less meaningful.

Where we were able to touch the hearts of the audience.

Where people cried or wrote letters afterwards.

So there must be some principles that make us shine and rise above ourselves...

...even in bureaucratic environments, that could kill every creative thought or sentence.

And when the organization asked me to speak to you today, I thought, this is the topic I would like to talk about with my fellow speechwriters.

How to survive being a speechwriter and write great stories?

Because we all struggle.

We all dwell in the desert.

But if we navigate this desert a bit, beautiful things can happen.

And then, we have the best job in the world.

That's why I want to share some stuff today, that helped me get some fantastic results in speechwriting.

And when I thought about it a bit more, I discovered there are more or less three ground rules or principles I always follow.

My first principle is: Never give up. The reward is just too big.

Maybe I got this from speechwriting experience I've had in the military
 But I just don't quit.
 When there's a setback...
 ...I think of the Marines.
 They keep on running.
 Even if they are hungry.
 Even if they are thirsty.
 Even when they are dead tired.
 And when they finally arrive at their goal...
 ...they get a tiny rest...
 ...and then they have to go again.
 So I do the same.
 I just don't quit.
 I just refuse to be intimidated by all the obstacles that stand between me and that great result.
 And it pays off.
 Once you have that first well received speech, it has this amazing spin-off.
 For you... as a speechwriter.
 For your speaker.
 And for your organization.
 And that spin-off is worth all the hassle.
 A well received speech is addictive.
 Being applauded and admired by an audience is addictive.
 Your speaker wants more...
 Your organization wants more...
 And... you want more!
 So...once everyone gets a first taste of success, it will work like a fly wheel for you.
 It will help you get your second success, and your third one and so on.
 And it gets easier.
 Success helps grow respect for you as an important specialist.
 People will also start to respect the power of speechwriting.
 In the end, it will help you position speechwriting in the strategic heart of your organization.
 So... never give up. Think of the Marines.
 Always get up and go again.
 + Never give up building a bond with your speaker.
 You need that bond!
 If your appointments are cancelled, try going around the official agenda.
 I go to evening debates where afterwards...
 ... my speaker will have a beer at the bar and is available in a much more relaxed atmosphere.
 Find out how your speaker communicates and connects.
 I had a client who loved to have long philosophical sessions.
 He started to pace up and down. He left long periods of silence. He didn't want to be interrupted by questions.
 So I just took notes.
 I wrote my speech, and then we would talk again.
 We would end up with all the questions I wanted to ask

him the first round.

But he was very happy, and didn't feel like it was a waste of time.

It was just his way of working.

And it worked.

I had a speaker with whom it was difficult to connect on a personal level.

Then I discovered he liked to walk in nature.

And I proposed we walk together in the woods. He loved the idea!

I have also worked with speakers who communicated only through text messages, email or only through their assistant.

Ok, I was grumpy for a while. This was a far cry from the elaborate sessions I was used to.

But...it had an upside.

Without any guidance, I started writing my own stuff more.

The speaker was very happy, only editing minor details.

Just the fact that he didn't have to worry about his speeches, was enough.

So, never give up to connect with the speaker.

+ Never give up the struggle for that one sentence.

Remember the story of Peter Robinson...

... 'Mr. Gorbachev, Tear down this wall.'

(you probably all have heard that story, so I won't elaborate, but thanks to him and to Mr. Reagan, we now have an iconic speech that helped change the world)

But even if your sentence doesn't change world history, your sentence is still worth fighting for!

+ Never give up the struggle for the best subjects for your speeches.

Don't let the spokespeople give all the great stuff to journalists.

Get them to reveal that new policy in a grand keynote speech.

+ And never give up the struggle for proper preparation. Find whatever you can to get your speaker to practice.

Some-one from the theater world once asked me very surprised: *So they really go on stage without practicing? How unprofessional.*

That so opened my eyes.

I thought this person is so right.

So whenever I get the chance, I try to get my speaker to see it this way. And I ask: would you go out on a stage and perform a play in front of hundreds of people without practicing?

Good chance they will see your point and be very grateful afterwards!

So... first principle: just never give up. Think Marines!

In the end, the reward for everyone involved, is just too big.

...My second principle: always keep talking to real, normal people.

It always sneaks in.

Without even noticing it, I end up mainly talking to all the advisors.

And before I know it, I'm also in that ivory tower, cut off from the normal world out there.

I always notice it in my speeches. I can only write bureaucratic blablah.

The minute I realize I fell into the trap again, I go grass roots.

It is amazing what happens when you talk to the people that are doing the real work your speech is about.

The teacher.

The doctor.

The student.

The athlete.

The farmer.

The carpenter.

When I talk to them, instantly I am provided with an inspirational storyline for my speech.

I'll fit in all the policy reports later.

But this is the core.

This is what will make the speech stand out from the blablah.

This is what will make people remember the speech later on.

So my principle number two: keep talking to real people. It's the best recipe for your speech.

Think Marines again!

Not only act like a marine, talk to a Marine!

...

The third principle I have come to cherish: Take care of yourself.

This might be the most important one.

As writers, so much depends on us.

We have to be inspired.

We have to be able to pick up good books, relevant quotes, the right research, nice jokes, the appropriate tone of voice.

We have to be able to connect with the speaker, connect with the audience and find the right words to connect the speaker to the audience.

It's the f'cking Olympics!

To combine all these interests, facts, figures and emotions and let it all come together in a way that moves people, we must be in Olympic shape.

If our minds are not in top condition, we simply can't perform.

We'll fail.

But...creative, passionate people like most speechwriters are, are often also people that tend to neglect themselves.

I know I do.

And I see so many colleagues who just pile on the speeches on their list, giving a 100 percent for every speech, for days, weeks, months, years.

Because you see a beautiful story in every speech.

And you just want to write them all.

But we're doing it, while sitting on bad chairs, drinking too much coffee, skipping lunch, and no fresh air all day.

And I plead guilty too!

It works for some time.

But then, you start noticing the quality of your work drops (not to mention the quality of your marriage...:-)

And the quality of your work is the only thing you have!

...

So I think of the Marines again...

And I think about their socks...

...

I never understood why Marines are so petty about their socks.

Here they are.

Strong, muscular men who climb up vertical mountains, kill chickens with their teeth and carry 40 kilograms on their backs without flinching.

And they are petty about their socks?

Yes, they are.

And rightly so.

Because when Marines have wet or dirty socks, they get wounds on their feet.

And if these wounds are infected, they cannot walk.

And then, you have a perfectly fit, muscular Olympic marine who is completely useless.

It's the same for us!

As vigorously as the marines tend to their feet...

...we should tend to our minds, our heads.

Without a brain in tiptop shape, we just can't write good stuff.

So, whenever I get to the point again where it's all just too much...

... I remember the word 'no'. And I go to my boss, I say I believe in quality over quantity and ask him to take a few speeches off my list.

And I have lunch.

Outdoors.

And I feel a lot better!

So, every time I get stuck, I think of my three basics.

Have I given up?

Have I been talking to the ivory tower people, the bureaucracy?

Or is it work-overload?

And then I say to myself:

- Never give up
- Talk to the real people
- Take care of yourself

That's my reset button.

Then, I get going again.

Then, I'm turning out good stuff again.

And I hope these three basics will help you too.

Because the more great speeches there are...

...the more the demand for great stuff will grow.

And the more... the respect for speechwriters will grow.

And I think that is what we all want.

So that, in the end...

...when we come to work...

...we are greeted with the utmost respect.
So that, in the end..,
...when we come to work..., ...instead of that high
pitched beep...,
...we hear this coming from the speakers in our building:
*“Good morning to our respected speechwriter.
We are honored that you have chosen to work for us today.
We commemorate you for your brilliant speeches.
And we all hope, you will do us the honor of writing another
brilliant speech for us today.”*
...
Thank you!