

REMARKS

Secretary of State Hillary Rodham Clinton Policy Address on Opportunity In The Americas

June 8, 2010
El Centro Cultural Metropolitano
Quito, Ecuador

SECRETARY CLINTON: Thank you very much, Mayor. Thank you for that introduction and for the great honor that this venerable city has given me today. It is such a personal pleasure for me to be here with all of you in a city that has been named by UNESCO as one of the cultural wonders of our world, and in such a beautiful country. President Correa told me four or five times that this is the most diverse small country in the world. And I am looking forward to returning in the future to see more of it for myself. (Applause.)

I am very grateful to the mayor and to all of you for joining me here today to discuss our vision of a shared partnership among our countries and the peoples of the Americas. Last April at the Summit of the Americas, President Obama pledged that the United States seeks an equal partnership with engagement based on mutual respect and common interests and shared values. Since then, we have been working to foster a truer community of the Americas, a community that truly does recognize that whether one lives in Quito or Los Angeles, in Ottawa or Buenos Aires, in many ways, we seek the same future for ourselves and our children.

Now, we have had – the United States and Latin America – at times a contentious history. I would never deny that. There have been real and perceived problems that have sometimes interfered with our working together. But I am here with a very clear message: That the United States, the Obama Administration, President Obama and I personally are committed to a community focused on improving the material conditions of people's lives, a community that recognizes and lifts up the diversity that we enjoy here in the Americas and translates it into a force for progress, because our hemisphere's potential is vast.

We've seen democratic governance become the norm and citizens have shown their commitment to democracy even when the process of building it has gone too slowly. Peoples and societies have embraced the values of tolerance and openness. The region's economies have stabilized and grown, and poverty has fallen.

If I told you 10 years ago that the leaders in the United States and Europe would be taking some well-deserved advice on economic management from some of our Latin American counterparts, many people would not have believed me. But today, many of this region's governments have navigated steadily and responsibly through the global economic crisis and are on their way to recovery.

So this is more than, at any time, a moment of opportunity for the Americas. But it is up to us to decide whether this moment will be seized or allowed to disappear. We have this moment of opportunity to consolidate democracy and economic growth, to play a role in solving regional

and even global problems together, to deepen our progress and enhance our values, and to recognize we are interdependent and to use that interdependence to improve the future for our peoples. We want to elevate what is best about our shared past and rise above the acrimony that too often has interfered, even prevented us from moving forward.

So the promise is clear, but it is far from fulfilled. So although this may be a moment of opportunity, it is also one of paradox. Economies are growing, but still prosperity reaches too few. Trade is flourishing, but still extreme inequality persists. War, thankfully, is rare but some neighborhoods are as dangerous as a combat zone. Democracy is taking hold, but still delivers too little for too many.

Yesterday at the OAS General Assembly in Lima, I had the chance to discuss one of the four pillars of our vision for the Americas – effective and accountable institutions of democratic governance. In two days, in Barbados with our Caribbean neighbors, I will discuss another of the pillars – physical security for our citizens. And two months ago at a meeting of the Energy and Climate Partnership of the Americas in Washington, I discussed how we can cooperate to move toward that future of clean, renewable energy, be better stewards of the earth as we continue to extract the fossil fuels that we still need, and tackle the climate change and environmental threats we face.

Today, I want to speak about the fourth pillar of our vision, and that is, as Simon Bolivar said, the fundamental basis of our political system hinges directly and exclusively upon the establishment and practice of equality. We are celebrating this year the bicentennial of the hemisphere's independence movements. That message has deep resonance because the independence may be 200 years old, but deep social and economic inequality is still too pervasive.

When I think about what I hope for my own daughter, it is what I hope for every child – the opportunity to fulfill his or her God-given potential. And that can only come when societies support the efforts of families and faith communities to create a structure of opportunity. That structure of opportunity must be at the core of a common vision that we work to achieve together, because we all share responsibility for advancing this vision. It is not only a moral imperative; it is also a strategic one. We cannot become productive and competitive economies without harnessing the potential of all of our people. We cannot eradicate violence if we do not build strong, inclusive communities. We cannot strengthen and sustain democracy when too many people face limited opportunities for themselves and their children.

In short, the Americas today have a historic, unprecedented chance to consolidate progress as never before. But we have to make it a shared commitment – not just a speech or not just a plank in a campaign platform, but a day by day work that involves not just governments, but the private sector, the not-for-profit sector, the university and academic community, the faith communities of our societies.

President Obama and I share a strategic vision for our engagement in the hemisphere. We are working to build a network of partnerships for expanding opportunity and increasing social mobility. Now, we could endlessly debate the root causes of the lack of equality, but the way

forward lies not in re-litigating the past, but in recognizing what works today to ameliorate inequality, to provide a model of what we can do that will give people not just hope, but the reality of a better life.

We've learned what works. Sound economic management is such an important part of this. The positive impact of macroeconomic and monetary stability is clear. Expanding the pie, not just cutting it up into smaller slices, should be our goal. If hyperinflation wipes out salaries or social safety nets, our efforts are wasted. In studying what Brazil did to tame hyperinflation in their own country, I remember reading what one Brazilian leader said, which was so true: "Inflation is a tax on the poor, who always end up suffering the most." That's why sound economic management has to provide a starting point.

There are also important models about how to attack the lack of opportunity directly. Conditional cash transfer programs in countries around the hemisphere have used welfare payments to advance health, education, and other development goals. Mexico and Brazil have both brought about significant reductions in poverty while raising school enrollment and improving health practices. Colombia has raised immunization rates and even increased the size of the average one-year-old in beneficiary households. And these programs are now being adapted for use in other countries, including my own, which has learned from the Brazilian, the Mexican, the Chilean, the Colombian experiences.

Governments have also begun to improve their tax and budget practices. In Chile, money from the country's copper fund has helped to pay for scholarships for children from the lower and middle classes. Peru has increased tax revenues to spend more on social programs and public goods like roads and schools. Brazil has one of the highest tax-to-GDP ratios in the world today, but the results speak for themselves. Brazil is an economy and a country on the move.

Progress depends on actions beyond government, of course. Microfinance organizations have helped expand access to credit for small businesses and aspiring entrepreneurs, particularly women and those without formal assets to use as collateral for credit. Here in Ecuador, the NGO Partners of the Americas is sending student leaders from low-income families on exchange visits to the United States to explore how to build social projects in their own communities.

And among private companies, corporate social responsibility is taking hold, in many cases thanks to innovative partnerships between the public and the private sectors. Costa Rica has promoted responsibility with its Certificate for Sustainable Tourism, which rewards companies that promote the country of Costa Rica in a way that is good for the environment. And these businesses proudly display these certificates to attract socially conscious consumers and tourists. Uruguay has just created a National Corporate Social Responsibility Council that will coordinate policies and best practices. In Brazil, there's a partnership between the United States and over 100 U.S. companies that operate in Brazil, to promote and advance worthy projects as part of corporate social responsibility.

These public and private efforts deserve credit for some gains against poverty that we have seen in recent years. But we all know that fundamental obstacles to opportunity and inclusion remain everywhere. And the first step in being able to address those obstacles begins with truly

empowering people to take responsibility for their own lives and to be given the tools to do so. Uruguay's newly inaugurated President Mujica put it well in his recent inaugural address. "Allow me to emphasize," he said, "education, education, education. And again, education."

Now, economists would second that. Giving every child access to high-quality education that prepares him or her to chart a life filled with productivity and success must be the foundation of our efforts to narrow the prosperity gap. For ultimately, education, education, education is all about jobs, jobs, and jobs. Today more than ever, access to employment that can support a family in today's globalized economy depends on access to schooling. Too many children are denied are still denied access to even primary education. Now maybe on paper, they haven't. But in reality, the schools are substandard, the teachers are too few, the equipment and the materials are lacking. According to the World Bank, at the current rate, it will take an entire generation – a quarter century – to achieve universal basic education. That puts our region at a competitive disadvantage globally. Asia, the big engines of economic growth like China, like Vietnam, have made education a very high priority. We need to do the same.

Second, we also know that despite progress in some places, tax and budget systems are ineffective and inefficient in much of the hemisphere. This is partly due to how taxes are structured, with the burden falling too heavily on the lower classes and often hurting productivity. But in many places, including often in my own country, the simple fact is that the wealthy do not pay their fair share. We cannot mince words about this. Levels of tax evasion are unacceptably high, as much or more than 50 percent in some of this region's economies when it comes to personal income tax.

Now, why does it matter? We have a long tradition in the United States of trying to make sure that you don't have to pay one more penny in taxes than necessary. But it matters because without a sufficient tax base, there are simply not enough revenues for the public sector to offer the services and the infrastructure needed to support social mobility and competitive economies – roads, power plants, airports, health systems, schools. Those economies that are investing today in those services and that infrastructure are preparing themselves for the future. And the real irony of this is that those kinds of investments traditionally help make the rich richer but at the same time build a middle class and lift more people out of poverty.

Acknowledging this is not class warfare. It is not even us-versus-them rhetoric. It is a matter of recognizing that this cannot be a zero-sum-game. We cannot have a winner-takes-all approach to our economic future that is shortsighted and obsolete. More inclusive growth will make our entire economies stronger and more competitive over the long run, which will benefit us all. We simply cannot support policies that reduce poverty and spread prosperity if the wealthiest among us are not doing our part. The same is true if governments allow corruption to flourish and do not work to guarantee the effectiveness of institutions, or if leaders treat the state as a private resource to benefit themselves and their supporters.

The third key is empowering women and girls. It is both the right and the smart thing to do. We have reams of evidence from many research projects around the world. And Jose Marti recognized this ahead of his time. He said, "The struggles waged by nations are weak when they lack support in the hearts of their women." Well, unfortunately, in too many places in our

hemisphere, women are denied their rights and opportunities. Now, they may have them on the law books. They may be legally entitled, but they are not actually being able to access them. A growing proportion of the poor is made up of women and their children. And as long half the population is left behind, our hemisphere will be left behind too.

One of the best investments a government, a business, or a not-for-profit can make is in giving women access to credit. I have seen it in Nicaragua, I have seen it in Chile, I have seen it all over the world. Because when a woman is given the chance to make a little more money – maybe she's given access to livestock that not only will help to feed her children but then she can take the excess to market, or she's enabled to buy a sewing machine so she can take her talents as a seamstress into the marketplace. When women are given that opportunity, they reinvest in their families. All of the sudden, the children don't have to go out to work and drop out of school. All of the sudden, they can invest and build a better home for their family. It is a story that is being told over and over again. And it's a story that we need to amplify here in this region.

Fourth, we need to ensure that more workers and businesses have access to jobs in the formal economy, reversing a steady increase in informality. In some places, it's more than 50 percent. Now, informality means that workers remain isolated from credit and services. They often don't pay taxes, and on average, they earn less. Businesses remain outside of regulatory structures and the tax system. The burden for correcting this falls on both the public and the private sectors. The private sector cannot continue to keep employees outside the formal workforce. But governments must also make it easier for individuals to start and grow businesses. The red tape needs to be cut. The bureaucracy needs to be decreased. We cannot be stifling independent entrepreneurial energy by outdated bureaucratic controls.

Many of you have traveled throughout this region and elsewhere in the world. And it is amazing how hard people work. But often times, that work keeps them not in the economy but actually on the outside of the economy. And the society as a whole loses the benefits of that productivity.

Fifth, the private sector has to help us do more to overcome our hemisphere's legacy of conflict and mistrust. Corporate social responsibility can refer to many things – sound labor practices, environmental stewardship, community engagement. But at bottom, it is about the private sector accepting responsibility to help grow the pot for everyone – more mutual responsibility that will in the long run benefit sustainable enterprises. Because when we see what can be done for the entire economy, it really depends on a partnership. If you pit the government against the private sector, that's a lose-lose proposition.

My father was a small businessman, extremely independent, and very conservative. But he also understood that his business benefited from the roads he traveled on, from the utilities he had access to, from the labor that was educated. And we have to take a look at what we're doing now that undermines the win-win approach to growing our economic opportunities.

We also need to be sure that we protect basic rights of workers. Development, democracy, and human rights are inextricably linked. This hemisphere has made more than any other part of the

world but for Europe and the United States and Canada, a historic bet on democracy. No other region facing the kind of social agenda we face has so completely committed itself to democracy. But democracy without results becomes self-defeating. We have to demonstrate that democratic governance delivers for people. The economies that are leading us into that future have to demonstrate that growth and reducing inequality are mutually reinforcing.

Now, there are no magic solutions. There are no silver bullets or this would be very easy for all of us to do. But in fact, we can build the foundation of that sustainable opportunity structure, step by step. And we can make this journey together. As President Correa said recently in a speech he delivered at his alma mater, the University of Illinois, “In order to resolve our problems, we have to accept that the principal, although not the only, responsibility lies with ourselves.” I appreciated President Correa’s analysis of what he learned while in our country, how so often in the United States Americans are willing to accept responsibility because we are such a future-oriented society. And individuals often blame themselves for circumstances beyond their control as they try to figure out what to do to improve their lives. And President Correa said, “You know, we need in Latin America the same attitude. We are not victims; we are survivors. We are people who have within us the potential to chart our own destiny.”

Governments need to put opportunity at the top of the agenda. And the United States will do its part. Traditional aid and assistance programs remains one part of our approach. We will continue to deliver almost \$2 billion in assistance to some of the most impoverished places in our hemisphere. We will continue our focus through the Millennium Challenge compacts with developing countries. But we will also work to enhance trade. Trade between the United States and our partners reached more than \$600 billion a year. And we have to continue to reduce barriers to commerce. Annual U.S. investment has reached \$60 billion a year. And our contributions to multilateral institutions like the World Bank and the Inter-American Development Bank also invest billions more in the region. And workers in the United States send more than \$50 billion a year back to the region in the form of remittances.

So how can we build on those facts? Well, we’re looking at ways that we can use the leverage from remittances to help countries like Ecuador improve infrastructure and services. Now, on an individual level, remittances are sons and daughters that help mothers and fathers, the parents who sacrifice for their children. But taken together, that is a huge resource for a country. And so we’re looking at how we can develop new ways to enhance that money coming back, to give small businesses and communities a chance to prosper. We’re building new ways to leverage remittances to expand credit for development and infrastructure projects without taking anything from the hard-earned dollars being sent back to the families.

We want to promote financial inclusion, and that’s why we’re using microfinance. We’ve seen microfinance not go just only to an individual but to provide innovative banking services in poor neighborhoods in Peru and providing health insurance and housing loans in Central America. Last year, President Obama announced a new Microfinance Growth Fund, which has committed more than \$100 million to provide credit to individuals and small businesses, especially women. And the U.S. Government has worked closely with multilateral institutions to expand financing for the small and medium-sized enterprises. But we also call upon the existing financial institutions – the banks, the credit unions – to do more to be creative about expanding credit to small and medium-sized businesses.

We're also working on reforms with the OAS to update what is called the "secured transactions law." Now put simply, that is to allow small businesses and entrepreneurs to use assets like refrigerators or sewing machines as collateral for loans. Many of these businesses could grow and employ more people, but they don't own the property that they work in or the home that they live in. But they have a refrigerator or a sewing machine, and we want to change the laws so that that can serve as collateral.

Credit bureaus can become more efficient and accessible, and we're partnering with the private sector to refine regulations for mobile banking, which allows people even in the most remote areas to join the formal economic system.

Our initiative called Pathways to Prosperity has already been working to help people in historically marginalized, indigenous, and Afro-Caribbean communities. And we're sharing information so that we can learn from each other. The Inter-American Social Protection Network that we launched last year is convening leaders to learn about innovative social protection programs. And we are starting in the United States something called the E-Mentor Corps so that small businesses who want advice can go online and get it from comparable businesses in the United States.

We have devoted more funding to education and investment that President Obama believes is an investment in our own future. We're increasing support for what we call the U.S. Bi-National Centers, which give children and adults the resources to study English. And we're launching a program that gives scientists around the hemisphere the opportunity to work in U.S. labs. And we're developing new science centers to help spur science education and provide a venue for interaction among innovators.

I happen to believe that talent is universal, but opportunity is not. There are many people in this country, like any country, who are innovative, entrepreneurial. They're solving problems every single day. And we want to give them more support to think even bigger. We're devoting \$25 million to gender-related programs to help enhance opportunity for women. And we're initiating a high-level policy dialogue among the hemisphere's governments on how to reach full economic participation of women. I can think of no better way to mark the Inter-American Year of Women. Now, all of these are part of the shared responsibility that we feel is at the root of our new partnership. This is not about patronage; this is about partnership.

Next year, we will celebrate the 50th anniversary of the Alliance for Progress. And in the past five decades, we have advanced together in some ways that I think even President Kennedy would have been surprised by – the spread of democracy, the growth of institutions like the OAS and the Inter-American Development Bank, the increase in trade, commerce and remittances, in cultural ties and family relationships. So we have a lot to show for the last 50 years, but that should be a spur to do even more, not an excuse for resting on our laurels.

We have seen just this past year in Haiti how strong we are when we come together. Every single country in this hemisphere contributed something to the relief effort after the devastation in Haiti. When I visited after the earthquake, I watched as people from all over our hemisphere –

indeed, all over the world, not just governments, but church groups and NGOs and so many others – came to give help to people in need. There was no talk of ideology or division. There was no arguments about the history or on the past. There was just pragmatism and unity around a shared purpose.

A crisis like Haiti instills an urgency in all of us that perhaps makes it easier for us to overcome the legacy of the past. But we need that same urgency to plan for and seize the future. So let us use this moment to meet the promise that is palpable around us. Let us work to tear down barriers to opportunity, to create more inclusion, more justice, more democracy that really delivers results for people who historically have been left on the margins of society. And this concept of shared responsibility means that the United States will do our part.

I'm well aware of the fact that President Obama and I come with this offer of partnership against a backdrop that goes way into the past, decade after decade after decade. I cannot change that and neither can President Obama. Sometimes, we in America are accused of not paying enough attention to our history. But the obverse can also be true. Sometimes people are captives of their history.

So let us resolve to meet in the present, to think about what we can do to understand one another better, to be more transparent to one another, to have candid, open exchanges of different points of view. As President Correa said in the press event we just did, he believes that if President Obama or I had inherited the issues that he did as president, we would be doing what he did.

We can't answer that question, but what we can say is let us work together, let us resolve that we can make that better future a reality. And let us look at every child whom we know and especially whom we love and think about what the world will be, because in this interconnected world, every child is going to have to play his or her part in ensuring that humanity continues to progress. Otherwise, we don't know what the future holds.

So this is indeed a moment of opportunity and a moment of paradox. I'm betting that we choose the root of opportunity. And the United States stands ready to work with you and to take those steps down that path toward the kind of future that would do justice and be worthy of our children. Thank you all very much. (Applause.)