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Zoellick Says “Time for Muddling Through is Over,” All Need to be “Responsible Stakeholders” Now

Calls for moving “beyond aid” to address transformed global realities

WASHINGTON, September 14, 2011 - World Bank Group President Robert B. Zoellick said the “time for muddling through is over” and all countries needed to be “responsible stakeholders” in the world economy; they need to act on today’s problems while building for tomorrow’s challenges; they need to solve national issues with an eye towards shaping a healthy international system.

In a speech at George Washington University entitled “Beyond Aid”, **Zoellick** said the world needs to recognize the new realities, unimaginable in 1944 when the World Bank was created, and move to a global system that integrates developed and developing countries, innovation, private investment, and the 50 percent of the world’s population too often kept behind -- women.

“Adapting to this new world is about recognizing that we must all be responsible stakeholders now,” **Zoellick** said, using a term that he first applied in 2005 to China’s emerging role in the global system.

“The time for muddling through is over,” he said ahead of next week’s World Bank annual meetings. *“If we do not get ahead of events; if we do not adapt to change; if we do not rise above short-term political tactics or recognize that with power comes responsibility, then we will drift in dangerous currents. That is the lesson of history for all of us, developed and emerging economies alike.”*

Zoellick said the world had changed dramatically since 1944, when the Bretton Woods system was created for the global economy. Developing countries are no longer colonial dependencies but today take a growing share of the global economy, including with South-South trade and knowledge inter-changes. They are attaining a bigger say in how the world is run and providing development solutions to others, while remaining home to billions of poor people.

Said **Zoellick**: “The new “normal” will be ‘no normal’. The New Normal will be dynamic, not fixed – with more countries rising and shaping the multilateral system. Some states may falter, too. The rising economies will be joining new networks in diverse combinations and changing patterns. These new networks are displacing the old hierarchies.”

But developed countries had yet to fully recognize these shifts and still operated under a “*do what I say, not what I do*” policy. They preached fiscal discipline as huge gaps yawned in their budgets. They advocate debt sustainability, but have debt levels at historic heights.

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Developed countries are also not addressing their problems and this could drag the global economy down. European countries were resisting the obligations that came with a single currency, the Euro. Japan had resisted reforms that would retool its stalled economic model. The United States faced soaring debts but had yet to agree on an approach to cut the drivers of that debt.

A world “Beyond Aid” recognizes that the old, hierarchical world is gone and has been replaced with a transformed set of relationships between developed and developing countries. It is a world in which good policy can be more important than money.

“The goal would not be charity, but a mutual interest in building more poles of growth,” said Zoellick. “In a world Beyond Aid, sound G7 economic policies would be as important as aid as a percentage of GDP. In a world Beyond Aid, G-20 agreements on imbalances, on structural reforms, or on fossil fuel subsidies and food security, would be as important as aid as a percentage of GDP. In a world Beyond Aid, the advanced emerging markets would assist those behind with experience, open markets, investments, and new types of assistance.”

For developing countries, “Beyond Aid” means mobilizing and leveraging domestic and savings transparently; encouraging strong citizen involvement along with good governance, openness and transparency; investing in people with education, strong safety net programs, and making government institutions and officials deliver; encouraging small businesses and private investment; investing in infrastructure to lay the foundations for future productivity gains; and it means investing in connectivity while gathering data and sharing information because good data and information will be at least as important as financial assistance.

“At the international level, it means multilateral innovation to forge progress on open trade and investment, access to energy, food security, competition in services, and climate change – not always waiting for all to join, but moving ahead where coalitions of progress are possible,” Zoellick said. “It means using the multilateral system – including the G-20 – to look at new policy and financing possibilities – with roles for all.”

An important part of “Beyond Aid” is tapping the promise and power of women by eliminating gender inequality. To achieve this, Zoellick proposed a “50 percent solution”.

“We will not release the full potential of half of the world’s population until globally we address the issue of equality; until countries, communities, and households around the world acknowledge women’s rights and change the rules of inequality,” Zoellick said. “Giving women the right to own land; giving women the right to own, run and operate a business; giving women the right to inherit; giving women greater earning power; giving women greater control over resources within their households – could boost children’s health, could increase girls’ education, could leverage entrepreneurship and economic productivity, and could take us closer to that world Beyond Aid.”

For a copy of President Robert B. Zoellick’s speech, “Beyond Aid”, please [click here](#).

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