

Pittsburgh should be a turning point for the poor

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The [Group of 20 summit](#) in London broke the fall. In Pittsburgh, leaders must go beyond – putting in place the foundations for a “new normal” of growth and responsible globalisation.

The new danger is not freefall, but complacency. Trillion dollar summits may be newsworthy, but action to rebuild the economy in a better way can endure. What will it take?

First, leaders should recognise that developing countries are a key part of the solution. Forecasters expect lacklustre growth and high unemployment for a number of years. The US consumer can no longer be the engine of demand. Europe and Japan appear constrained. China can assist, but its credit growth could pose problems next year. With access to finance, other [developing economies can help boost a global recovery](#). Many have the fiscal space to borrow, but cannot get the volumes they need at reasonable prices without crowding out their private sectors. The World Bank and regional development banks can assist. Enhanced financial regulation that shifts incentives from short-term casino capitalism to long-term productive investment will help.

Second, leaders should emphasise that a balanced and inclusive global economy needs multiple poles of growth. A decade ago, during the east Asian crisis, no one predicted that today China would help to pull the world economy out of crisis. Countries in Latin America, south-east Asia and a wider Middle East can assist in the future if they invest today. Over time, Africa, a market of almost one billion people, can integrate its markets and become another source of growth. It is not far-fetched to imagine Chinese investments in Africa expanding to manufacturing and light industry. To build multiple poles of growth we need investments in infrastructure and energy, private sector expansion and regional integration linked to open markets.

Third, leaders can commit to making growth sustainable. As the World Bank's [World Development Report](#) points out, developing countries not only face 75-80 per cent of the potential damage from climate change, but over 1.6bn of their people lack access to electricity. Developing countries and their interests must be at the table. They need incentives and financing to encourage low carbon growth, such as by adopting technologies. The G20 can support climate change talks by helping countries adapt without choking growth.

Fourth, leaders need to put in place mechanisms to protect the most vulnerable. A start would be to act on the new \$20bn (€13.5bn, £12bn) food security initiative launched at Italy's G8 meeting. Paper pledges alone will not put seeds in soil or feed the hungry. Food, fuel and now financial crises have derailed progress towards the Millennium

Development Goals, pushing 90m people into poverty. At Pittsburgh, leaders should launch an initiative to fill a gap in the global financial architecture by offering insurance to the poorest countries that they will not be left defenceless in the face of overwhelming shocks. The world needs a crisis response facility, ready to offer help for the most vulnerable countries. From targeted safety nets to support for small companies and microfinance, we can help buffer them. If London was a summit for the financial sector, let Pittsburgh be a summit for the poor.

Fifth, leaders need to move toward a hand-off from government stimulus to private sector demand, investment and trade. Private businesses in the developing world can create jobs and good returns for investors. We need the reverse of financial and trade protectionism: new equity, local currency bonds, infrastructure and debt restructuring funds to build developing country financial markets while channelling capital from sovereign, pension and other asset management funds to productive private sectors.

Pittsburgh can be a turning point in other ways. Developing countries are part of the solution. They must also be part of the conversation. Ambitious reform of the governance and voting shares of international financial institutions such as the World Bank Group and the International Monetary Fund can set the tone. Rising powers, in turn, can assume new responsibilities.

Taken together, these actions could put the global economy on a path to responsible globalisation with multiple poles of growth. London was a balance on a highwire. Pittsburgh can signal that we are all responsible stakeholders now.

The writer is president of the World Bank