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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
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Statement by the Hon. **ANDREJ BAJUK**,
Governor of the Bank for the **REPUBLIC OF SLOVENIA**,
at the Joint Annual Discussion

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Dear Ladies and Gentlemen, dear friends!

It is a great pleasure to address the 2005 Annual Meetings. No doubt, these are important times for the Bretton Woods Institutions and for the countries we represent. The global economic growth remains robust and the financial systems have strengthened. Nevertheless, large current account imbalances are a serious source of concern, and higher oil prices represent a danger. Impressive progress has been achieved in the past decades in the reduction of global poverty. But, there are far too many people that have not enough to eat, have no access to safe drinking water, and cannot afford sending their children to school. Against this background, the calls for increased global policy coordination and solidarity are most warranted because they are both ambitious and fair. We face important tasks ahead.

As Harold James's historical research¹ reveals, it was in the same setting of challenge and responsibility when in March 1946, in the General Oglethorpe Hotel in Savannah, Georgia, the Board of Governors of the Fund and the World Bank met for the first time in order to set in motion the institutions inaugurated in July 1944. Fred Vinson, the US Secretary of the Treasury, was chairing the meeting when Lord Keynes as the Governor for the United Kingdom started his opening remarks with a warning: »I hope that ... there is no malicious fairy, no Carabosse, whom Vinson has overlooked and forgotten to ask to the party. For if so the courses which that bad fairy will pronounce will, I feel sure, run as follows: 'You two brats shall grow up politicians; your every thought and act shall have an arrière-pensée; everything you determine shall not be for its own sake or on its own merits, but because of something else'.«

There are two points I want to make with this reference. First, the multilateral framework put in place in mid-40's turned out to be far more successful than the Governors gathering in Savannah would have thought possible, but yet there is still a long way to go. In almost 60 years since they met, the global growth has been dramatic. The experience and knowledge about how best to adopt the right policies to secure economic stability and to reduce poverty have deepened. Life of hundreds of millions of people has improved significantly. Nevertheless, a too large part of this world is still in dire straits. Many countries have grown little or not at all because they have stayed on the sidelines while the others have been moving ahead. They all deserve a chance. They need help in bringing to life the targets set in their poverty reduction strategies, and they need resources to support their economic policies. For all these reasons, the initiatives to secure additional aid flows and to forgive debt are warmly welcome.

¹ James, Harold. International Monetary Cooperation Since Bretton Woods. Washington, D.C.: International Monetary Fund and New York Oxford: Oxford University Press, 1996

The second point I want to make is that no matter what is at stake, it is of utmost importance to stick to the legal and economic rules and principles designed by the creators of our two institutions. These rules and principles remain valid. They should be respected even though the economic reality has changed a lot since they were written. We live in times of increasing mutual interdependence. More than ever before, we need the international framework as set up in Bretton Woods, New Hampshire and in Savannah, Georgia. Concerted effort should be made to preserve its mandate and integrity.

Two important questions follow from the discussions over the past few months. How to both forgive the multilateral debt of poorest countries and to safeguard the long term financial capacity of IDA and the International Monetary Fund? How to secure legally binding commitment that the donors' compensation to IDA for the debt foregone will be paid from the additional development aid budgets? Despite the progress achieved so far, we should not forget that nothing is agreed until everything is agreed upon.

Solving these two questions is a task that we should all feel obliged to undertake. It presents us with great challenge and imposes immense responsibility. We should be able to handle both because I am confident that the Fred Vinson of our time invited everybody. Success will not escape us if, and only if, all invited share the same burden in a commensurate way.