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**SPEECH BY FORMER PRESIDENT FW DE KLERK
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**THE NEED FOR PHILANTHROPRENEURS TO SUPPORT PEACE-MAKING AS THE
PREREQUISITE FOR ECONOMIC GROWTH AND SOCIAL WELL-BEING**

It is a great pleasure for me to address the 2017 Philanthropreneurship Forum with its theme of 'Generation Impact'.

One of the most positive aspects of free market economies has been the willingness of its most successful entrepreneurs to dedicate their time and fortunes to the improvement of the lives of people throughout the world. They are deploying the skills that brought them success in business to tackling the developmental and human crises that continue to afflict a third of the world's population.

It is appropriate for a new generation of philanthropists to develop new models of giving that will enable them to achieve measurable impact, sustainability and scale.

At the same time we should not lose sight of the enormous progress that mankind has made since World War II - much of it as a result of successful entrepreneurs and philanthropists.

If ever there was a golden age in the long and troubled history of mankind it is now: if ever there was a time when we could stop, look back and survey the progress that we have made, it is our time. At no period in the great and often tragic sweep of human experience have so many people lived in such relative prosperity, security and freedom as they do today.

For most of our existence as a species, life for the vast majority of human beings was insecure, miserable and brief. Thomas Hobbes' description of the state of nature in fact applied to most human life. For most people there was

“... no knowledge of the face of the earth; no account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short.”

Few people lived beyond their 30s. The course of their lives was determined largely by the gender, class and country into which they were born. They enjoyed few or no basic rights. They were subject to the arbitrary power of capricious rulers. They were frequently caught up in brutal wars in the course of which they were subject to unimaginable cruelty.

They were the victims of disease and recurrent plagues and famine. They lived their lives beneath a pall of ignorance and terrifying superstitions. The great majority also subsisted in the deepest poverty and died leaving only a handful of wretched possessions.



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The 16 years since the beginning of the millennium have - despite the current conflicts in the Middle East - been the most peaceful period in human history. Conflict deaths have dropped from 300 per hundred thousand during World War II to about three per hundred thousand now. There have hardly been any wars between countries during the past decade: nearly all the conflict now takes place between religious, ethnic or linguistic communities within the same countries.

Between 1950 and 2011 global life expectancy rose from 47 to 70 years. Infant and maternal deaths and deaths from tuberculosis dropped by half.

All of this has been reflected in steady gains throughout the world in the United Nations *Human Development Index* - which measures broad human progress in terms of income, education and health levels. Between 1980 and 2013 the World HDI improved from .559 to .702 on a scale where 1 represents the highest possible development. The fastest progress was achieved in South Asia, followed by Latin America and the Caribbean and with sub-Saharan Africa bringing up the rear. These dry statistics might not sound very significant - but in fact they translate into substantial improvements in the longevity and quality of life of billions of people.

Similar progress has also been made in combating poverty. The percentage of people living in absolute poverty - defined as an income of one dollar twenty-five cents a day in constant dollars - declined from 40% in 1980 to only 14% in 2010. The only region that bucked the trend was sub-Saharan Africa.

However, progress in combating global poverty has been slower at higher poverty levels. The percentage of people living on less than two dollars a day dropped from 57% in 1981 to 34% in 2010 - but the actual numbers living at this level of poverty have fallen only from 2.6 billion to 2.4 billion.

So, the reality remains that despite the remarkable progress that we have made during the past 30 years, a third of the world's population continues to live at a poverty level below two US dollars per day. The fact that so many people continue to subsist in poverty, insecurity and ignorance presents a challenge to all people of goodwill - and particularly to philanthropists who have dedicated themselves to improving the condition of mankind.

The question is, what can philanthropreneurs do to remedy this situation - particularly with regard to the slow progress that is being made in combating absolute poverty in sub-Saharan Africa?

I should like to suggest the following approach based on a pragmatic analysis of the progress that we have already made since World War II.

- The first requirement is the promotion of peace and the protection of the lives and property of people. We must work to prevent conflict by supporting NGOs that promote



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peace and dialogue. The fact is that little can be achieved in improving the lives of people caught up in war zones - such as the present conflicts in Syria and Iraq. The most we can do is to assist the refugees and help as much as we can victims of the conflict who cannot escape. Imagine how much better it would have been had we been able to help peace-makers to prevent the conflict in the first place. Imagine how different the situation would have been had peace-makers been able to persuade President George W Bush not to invade Iraq in 2003.

- We must ensure that people can go about their daily lives secure in the knowledge that their persons and their property will be safe. This requires peace and the establishment of effective policing and justice systems.
- Secondly, philanthropreneurs should assist NGOs that are working for the establishment of sound systems of law presided over by independent courts - to protect the fundamental civil and political rights and freedoms of citizens. Everyone should be equally protected by, and subject to, the rule of law.
- Thirdly, they should use their experience of business and economics to create the circumstances in which free markets can flourish. Economic growth requires an environment in which people can go about their innocent business, practise their professions and make daily choices with the least unnecessary interference. To achieve this, philanthropreneurs should support those who advocate free competition, a fair and open labour market and whatever reasonable regulation might be necessary for the protection of society.
- Fourthly, they should support those who support sound governance, based on accountability and the integrity of government officials, the elimination of corruption and the limitation of the powers of bureaucrats to the minimum levels necessary for their effective functioning.
- Fifthly, they should step into the breach where governments lack the ability or resources to provide cost-effective services. They should help where necessary with the provision of cost-effective health services and education. They should provide assistance and advice on the building and maintenance of the public infrastructure that is necessary for economic activity and growth.
- Sixthly, they should encourage governments to adopt sound fiscal and economic policies. The unhappy reality is that if governments do not get the economic and fiscal basics right it will be difficult to create conditions that are conducive for economic growth and social development.
- Seventhly, they should work for free and open international trade and the reduction of tariffs and artificial barriers. The stark reality is that Europe and the United States spend several times as much on subsidies that they pay their own farmers than they do on



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foreign aid. These subsidies, in turn, make it difficult for farmers in third world countries to compete in national and international markets. Third world countries would benefit far more from the abolition of agricultural subsidies than they now do from foreign aid.

There is an absolute correlation between societies that take the approach that I have outlined above and positive economic and social outcomes.

- According to the Heritage Foundation's annual *Index of Economic Freedom* the top 20% of countries that best promote economic freedom have per capita incomes seven times greater than the 20% of countries that provide the least economic freedom.
- They have an average *Human Development Index* of .85 compared with an average HDI of only .58 for the countries that least promote economic freedom.
- Interestingly enough, states that best promote economic freedom are also the most equal.

During the past 25 years we have seen how Deng Xiao Peng's introduction of greater economic freedom in China has led to the most spectacular enrichment of the largest number of people in the shortest period in history. More than 400 million people - more than the entire US population - have migrated from rural poverty to relative urban affluence in this period. And there are hundreds of millions waiting in the rural areas to join them.

The question is, how can these principles be most effectively applied to countries and regions that are still struggling with poverty - and what role can philanthropreneurs play?

I believe that there is a significant role that they can play in advising and assisting governments to adopt approaches that have helped countries throughout the world to improve the security, health, education and general well-being of their people.

In considering projects philanthropreneurs should take the following factors into consideration:

- They must accept that with the best will in the world they will not be able to do all this themselves. They should select effective partners in the countries in which they wish to work.
- They should ensure that the assistance they give has measurable outcomes.
- Their assistance should be deployed strategically to ensure that it has maximum impact.
- It must also be sustainable.



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- They should also accept that there is a hierarchy of priorities in helping to build better lives for people.
 - The first is the establishment of peace and the prevention of conflict;
 - The second is the entrenchment of the rule of law;
 - The third is the establishment of free and functioning markets;
 - The fourth is accountable, responsive and uncorrupt governance;
 - The fifth is the provision of cost-effective education, health and social services;
 - The sixth is the adoption of sound fiscal and economic policies; and finally
 - The seventh is the promotion of free trade and the elimination of artificial barriers and subsidies.

- Their ultimate goal should be to help the disadvantaged third of the world's population to achieve the standards of security, well-being and justice in which they will no longer need the help of philanthropists.

Mankind has, indeed, made spectacular progress during the past 70 years. However, if we wish to continue to make this progress it will be essential to address the fact that a third of the human population still lives in poverty. We should encourage governments to implement the tried and tested free market approaches that have made it possible for country after country to achieve success.

In the process, we should not underestimate the constructive role that philanthropreneurs can play in building a better life for the two and a half billion people who still live in fear, ignorance, disease and poverty.