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## THE ENORMOUS CHALLENGE

Alejandro Toledo\*

Thank you very much for your kind words, Ambassador Jett. It is indeed a privilege to come to the University of Florida and share with you students, parents, and professors some of the thoughts that one president could share. In almost two-and-a-half months, I will be leaving the presidency.

Ambassador Dennis Jett's words were very kind, and he has saved me a lot of what I was going to say. I want to share with you the process and experience of being under public scrutiny as a leader. I want to thank the University of Florida, the president of the University, with whom I was exchanging some ideas, some professors who are studying in Latin America, and some professors who have abruptly interrupted their classes to share this afternoon. This is not a classical speech. I am not good at the classical ones.

I love to break the protocols, so please do forgive me. What is here in front of you, as Ambassador Dennis Jett has said, is someone whose first phase of life was extreme poverty. Born at 1200 feet above sea level in the Andes, in extreme poverty, and one of sixteen brothers and sisters, including six twins. I'm not a twin. I came down from the mountain with a bag full of illusions.

As was very typical of the rural to urban migration of the '60s and '70s, we migrated to the coast of a seaport in Chimbote. There, I had my first contact with the sea. I became a premature adult at the age of five years old. I was a shoe shining boy who sold newspapers and lottery tickets at the same time. I say that with pride.

My family needed to supplement their income, so I became pretty much an adult at the age of five years old. Then, I became engaged in academia—going to the University of San Francisco, then to Stanford for two masters and a PhD and then working for the World Bank, United Nations, Harvard University, University of Paris, and as the President of Peru.

It is an enormous privilege to conduct the destiny of the nation in which you were born. But, that only happened because of one single factor, my education. I am not saying this to brag about myself. That accomplishment does not say much about the merits of Alejandro Toledo because I am a result of a statistical error. The norm does not permit you to get out of

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\* Transcript of speech given by His Excellency Alejandro Toledo, President of Peru.

extreme poverty and become a president. Consequently, you can assume the normal responsibility that one will have looking at the future generations. I still have a dream that women and men from Peru, women and men in Latin America could also become leaders of their communities or leaders and entrepreneurs in the neighboring areas.

I also dream of the day that, as a consequence of having the right to have access to quality nutrition and education, people who were excluded for many years can also become a president of Peru and president of their respective countries. "Education," I told some students this afternoon in the classrooms, "take advantage of this, you are privileged to go to this University. A good University by the way."

At this moment, there are 1.1 billion men and women around the world who are striving to survive on \$1 a day. There are 2.6 billion people in the world who are trying to survive on \$2 a day. At this very moment, 110 million Latin Americans are going to bed without knowing if tomorrow they will have a job or whether they will have something to eat because they have to survive on \$1 a day.

Why do I share this data with you? Because I want you to realize the enormous challenge that the students of the University of Florida and the students in the United States need to confront. You cannot be self-contained and only focus on receiving a good university education. There is a challenge to be met in the world.

I wish (forgive me for what I'm going to say) there had been millions of Alejandro Toledos that emerged, not as a result of a statistical error, but as a result of exercising the rights to have access to nutrition, health, and education. They would become presidents of their countries—leaders of the community. Can you imagine the normal responsibility that Eliane and I had in five years leading the country? That responsibility came from being, after 500 years, the first Andean president to be elected democratically in Latin America and in Peru.

Can you imagine the enormous responsibility to meet such expectations? I walk now in the streets of Lima, of Peru, and poor people, mothers, come to me and say, "If you did it, I want my daughter or my son also to become president." Just to have accomplished that allows people to say, "Listen if he did it, I can do it." However, that is not enough. You need to make deliberate efforts to create that opportunity for nutrition, health, education, and dignified jobs. Having said this, I want to share with you my concerns for the future of Latin America and the future of democracy.

I want to share my thoughts about the relationship between poverty and the future of democracy in Latin America. There are 110 million men and women in Latin America tonight, as I said, who are striving to survive on

\$1 a day. There are 230 million men and women in Latin America who are trying to survive on \$2 a day.

Let me put up front a proposition that if leaders of the region (which includes me because I do not want to ask anyone to do what I cannot do) are not able to drastically reduce poverty in the region, poverty will conspire against democracy. I have read so much about the principles of democracy in the United States. However, in Latin America, if the politicians, leaders, entrepreneurs, and academia are not able to drastically reduce the poverty that is reflected now in the noises in the streets and other manifestations, then you can be sure that, while the presidents could be elected democratically, they are going to have serious difficulties governing democratically. You can see it now in some countries in Latin America; economic growth is an indispensable component in the strategy to fight poverty.

We have produced some results in Peru in five years. I say it with humility; history will be in charge of judging our presidency. But let me tell you, not only have we moved from recession to growth, but also we have grown an average of 7% for five consecutive years. That is sixty months of sustained growth. In April of this year, we went up 11%. We tripled our income from exports. Inflation is 1.5%. The fiscal deficit is 0.2%.

We are just about to conquer a poor investment grade, which lowers the interest rates. We are going to enter into Chinese markets with our grapes, our mangos, and our asparagus. We signed free trade agreements with Thailand, Singapore, Chile, and Mexico.

I have always dreamed of this. I am not a very ambitious man, I just want 5% of the Chinese market for my grapes. That's a market of 1.3 billion people.

In Europe, where I have begun negotiations, the population is 500 million people. We began negotiations with the United States, which has a population of 300 million men and women that have an average income of \$37,000 a year. Why do I say that? Because jobs are my priority.

You can look at the numbers on the Internet, but that is not the purpose of my talk. I just want to make the point that our economic accomplishments garnered praise from Wall Street, the IMF, and the World Bank. Peru grew 7%, which is the highest growth rate in Latin America and one of the highest growth rates in the region.

I can go on with the numbers, but the purpose of my comment is to tell you that despite having one of the highest growth rates of Latin America and having been shown the numbers and macroeconomic indicators of Latin America, I am ill satisfied with the progress that the region and Peru

is making with respect to improving the social conditions of the people who are struggling to live on \$1 a day.

Economic growth is an indispensable component of public policy. However, it makes absolutely no sense to have high rates of economic growth if that growth does not have an impact and improve the quality of life of the poor. I do not need a clock on Wall Street or Washington if I have increasing noise on Main Street in Latin America.

Not only that, but economic growth is indispensable and poverty could constitute an impediment for sustained rates of growth over a long period of time. If you have noise and discontent, then company investment retracts itself. If there is no investment, there is no growth, and if there is no growth, there are no jobs.

If there are no jobs, there are no incomes, either personal or fiscal. If there are no jobs and there is no income, the poor become poorer and they will scream louder. The challenge my friends, my colleague professors, young people and those who study in Latin America, is that the time has come to realize that we have a yellow light.

It is not enough to scream that we will live in democratic principles. Democracy is not just the exercise of going to vote on election day. Democracy means that people are free—free from poverty.

I am free. I can choose. If someone tells me that he does not like the job I have done, I can tell him to go to hell. But I am free. We need that for those people. Those 230 million Latin Americans need to be free. I do not know any more effective weapon to free our people from poverty than education.

Education is interrelated with nutrition and health. If we do not hear the noise of Main Street, poverty could conspire against democracy. If there is noise, again company investment will not come, growth will not come, jobs will not come, and income will not come.

We have a responsibility in the region. Although I am free and I was able to get out of extreme poverty, I have a responsibility for my people who were left behind, that is why I have come to the University of Florida.

I travel like crazy. I thought I would have some time after the presidency, but I cannot live the rest of my days being free and knowing of all the people who cannot get out of poverty.

We need to reprioritize our scarce resources. We should not be afraid of having programs that directly subsidize or offer conditional subsidies to the poor.

Brazil has *Labolsa Escolar*. Mexico has a Program *Oportunidades*. In Peru, we have *La Programa Juntos*. I said that economic growth is an indispensable component, but it is insufficient in the fight against poverty. Not only that, poverty could constitute an obstacle to accomplishing

sustained rates of economic growth. If we are not able to drastically reduce the number of people who live in poverty, we are constructing a very fertile land for the reemergence of an easy populism in the region. Particularly, when those who are promoting the populism have a very packed wallet that comes from petro dollars. Of course, if you live in poverty you look for every possibility, so it is tempting to resolve poverty by inefficient ways instead of promoting the right to learn how to fish. I am a soldier of democracy, but not just because I want to go vote on an election day.

Democracy does not mean anything if people are not fishing. I recently created a foundation that is called the Center for Democracy for the Developing Countries in the World. I am going to dedicate myself to that.

The first reason is because I want to free the people that did not have the opportunities that I had. Also, I do not agree, and I do not accept the promotion of new populism, which will make Latin Americans poorer than before. The challenge is accomplishing high rates of economic growth in democracy and then translating the benefits of democracy into benefits to the poor. My friends, the young men and women and those colleagues and professors who studied the region and the entrepreneurs who make money in the region, we all have to assume responsibility for the future.

The future is not very bright. We need to take firm steps through concrete and deliberate social policies that go together with responsible management of the economy. It is fine to reduce country risk, but the risk is not in New York, the IMF, or the World Bank. The risk is in the streets. I am sharing this thought with you not only because I came from poverty or because I studied and taught about poverty, but also because I had the responsibility of making policy decisions about poverty.

I know that although we have reduced poverty from 54% in 2001 to 48%, and although extreme poverty was reduced during our 5 years from 24% to 18% (a 25% reduction), I am not satisfied. The number is still very high. We need to provide continuity and political, economical, and legal stability to promote investment for growth.

Sometimes public policymakers need to design deliberate social policies that benefit the poor without waiting for the trickle down benefits of economic growth. We are witnessing a region that is impatient. They are losing faith in democracy.

Old populism without content is emerging again. I hope that young people will take advantage of this education to help free all people from poverty through education. I hope that the research and the teaching of the professors will help in this struggle to build stability in the region.

I hope that we will see more vividly the social responsibilities of entrepreneurs. I hope that the indigenous people who have a legitimate right to be included in the political and social life of our countries will not

be manipulated by the narco traffic or the petro dollars. In conclusion, in order to live with democratic principles, we need to fight together against poverty.

Entrepreneurs need to understand that it is very profitable to invest in the reduction of poverty, not only because they will reduce the uncertainty and instability that produces noise in the street but also because 230 million Latin Americans are part of a very attractive market. If they have jobs, the poorer members of the production process will have income. With income they will buy more bread, more milk, and more sugars from the entrepreneurs.

There is a challenge ahead of us. I ask the young men and women who have the privilege of exercising the right to a good university education to never give up your dream. You do not lose if you dream with your eyes open. Do not stop dreaming when you finish your university career. Do not stop dreaming when you have a good job with a good income. There has never been such a need to exercise the concept of solidarity. Do not let the Internet absorb you so much that you do not have interaction with human beings. Learn about their problems and to exercise solidarity.

Do not let being online deprive you of the opportunity to interact with human beings! Because in doing so, in interacting with human beings, we learn about each other. Thank God that the Bill Gates of the world have not discovered anything that will substitute the chemistry of looking at human beings eye to eye and shaking hands.

We need to put a human face to globalization. That is part of the challenge. I want to thank you on behalf of Eliane and myself for the opportunity to share in this prestigious university.

Here are some thoughts from someone that was poor and walked the paths of education. It was an enormous privilege to conduct the destiny of a country. I urge the foreign students, the Peruvian students, the Latin American students, go back to your country because you have a chance to be president of your nation. Thank you very much.