

## The Speech of Paul Wolfowitz

Strow thank you for that very warm and kind introduction. The only proper response to that is the one Johanson gave. I have just switched to, if my parents were alive my father would be so proud and my mother wouldn't believe that. I'm here to talk about thirty years of my own experiences of Turkey in thirty years of progress and I was thinking of as you were describing the scenario. It is not just Turkey that is changing in thirty years we could not have this kind of symposium lecture conference in Istanbul and Washington thirty years ago we also would not have asked people turn off their cell phones so it is not all progress but I hope you have thank you for that. Thank you Strow thank you Gönül Sabancı professor Akman Akağaç and let me also say to the student's from Sabancı University who were joining us by video conference from Istanbul. Sayın arkadaşlar merhaba for those of you don't know Turkish for those who don't understand my Turkish that means hello friends I'm very pleased to be with you here today to celebrate the life of Sakıp Sabancı. Here comes a generation of accomplished individuals who built the flightship of any enterprises in Turkey. Groups such as Sabancı Holdings, Koç Holdings and Has enterprise, to name just three, and I mention them because these individuals and companies they were not just businesses. They were also fallentrophic leaders and leaders particular in the field of education. Commaded people's lives in the future of Turkey's children. The foundations of Sabancı University already one of Turkey's top universities is an enduring symbol of that generation's dedication to its country. Some particular pleased to talk to Sabancı University students today from now and I'm here for then. I first visited Turkey almost exactly thirty years ago in December of 1976. I still remember the time it made a powerfull impression on me. I expected when I arrived to see a country that was much more alike even among of its neighbours in Europe. Instead I saw a country that was embrassing the best of all. A country that took pride and civilization and islamic heritage and at the same time a country that was moving forth to become a part of modern Europe. Turkey has the bad luck of being in a diffucult neighbourhood but it's procedure of progress, prosperity could serve as an inspiration and even a mall of it's neighbours.

When Ataturk founded the modern Turkish Republic he invisioned a modern industrial future for his country. He embarked wide ranging social, political and economical reforms reforms that have put Turkey unrooted democracy and about remarkable changes. As we've seen from the brutal killing of a Turkish Judge by religious fanatic just last week. Their times when I quest modernity may be misinterpreted by some as being with muslim religion but secularism and respect for religion in Turkey have co-exicted for eighty years. And I'm confidently Turkey's long standing commitment to democracy to protect the country's unity and universality.

Notable sentetarily years Turkey has been at the for front from the modern equality fort he women... Ataturk argued Turkey would never catch up to the rest of the World if they modernized only half of the population. As a result Turkey granted women the right to vote and to stand for the Republic Office as earlies 1930. There was fourteen years ahead a friends

and forty one years ahead of suit alone... at the time Turkey stood second only Finland in the percentage of women in its parliament.

I've gone back to Turkey many times instead first visit thirty years ago and the pace of progress as the course of those years has been stunning. Today the people of Turkey enjoy significantly higher living standards and significantly more opportunities. Back then and 1976 many appearance of today's Sabancı students were students themselves the per capita income was 1900 dollars a year Today it is two and a half times that amount. Back then the average Turk live 58 years. Today the average Turkish citizen can expect to live to 70. A generation ago, infant mortality stood to 15 percent. Today that figure has been brought down below three percent although that is still too high. And at the 1970's only 1/5 of teenagers was enrolled in the secondary education. Today, the number is overburst and 4/5 were enrolled in high school. But behind that panoramic progress. Turkey has also faced a cheer of sackbacks. We need only to turn to recent years to know that. After a period of economic boom in the 1980s when trade finance private enterprises flourished. Turkey's economy started to weaken. Even though it was going by as much as 45 percent per year in 1990s. Turkey suffered from extremely high inflation huge physical imbalances and built up systemic risk in the banking system. All of that came to ahead in the crisis of 2001 that the economy ruined. The banking system virtually collapsed. And scores of any prices bankrupted. In just 1 year from 2000 to 2001 the average per capita income declined by 14 percent.

Unemployment yearly doubled. The constuction sector alone lost more than half a million jobs in half a year. But the people suffered most. For those who were working what is called as informal sector as in many countries around the World this proportioned number of the poor rely on jobs and informal sector to make a living and feed their families. Some of the poor would force to support their children at the school because they could no longer cover a pocket education related expences. So for their virtous loose of income. The children were losing a future. They were losing opportunities they need to reach for their potential. When you think about the severity of the crisis of 2001 Turkey's recovery and years since then is nothing surely remarkable. For the passed 4 years the Turkish economy has been growing in average of 8 percent(%8) per year which puts it among the fastest going economies in the World.

Turkey has brought inflation 10.8 percent that's a merit progress in the 1990s and inflation fluctuated between troughly astronomic levels between 55 percent and over a hundred percent.

Now citizens can plan for their future without inflation for their modern savings. And more importantly Turkey has emerged from a crisis as a stronger nation and as a leading reformer that many countries in the neighbourhood and around the world can learn from.

As a president of World Bank Group, I'm very very proud to say Kemal Derviş one of our (ollumnay) left his job at the World Bank to serve his country and immediately after the crisis. He has ministered the economy. He help layed a foundation for those reforms. And his successor my friend Ali Babacan has been playing a wider role in carrying out those reforms since 2002.

In the waking of the crisis and I believe it as the sign of maturing economy, the people of Turkey have also become increasingly well calling of Banking reform, stronger corporate governments and transparency in the public expending. Economic recovery was possible because Turkey had the courage to adopt bold structural reforms. Vigorous regulations in banking, energy, in telecommunications we introduced. Agricultural subsidies would cut drastically something has painful in any country. And placed, instead, would direct the income support farmers much more rational system.

Public sector governors was improved making public expending more transparent but none of these should because of compulsnsy that can be taken for granted the reason causions and a reminder if any were needed this kind of discipline and this kind of greatest decision making in still essential for Turkey maintains its economic momentum.

And even with this spectacular growth to the last years, the unemployment in Turkey remains persistantly high. Between 2002 -2005 and however 10 percent if anything it seems to increase nearly part of this year. And recent opinion poles the Turkish public has ranked unemployment as the highest priority for their country by a margin more than two the one over terrorism or any other challenges. People want to work and give their children a better future, need to be given an opportunity.

When I met the Prime Minister Erdoğan last summer, he too raised unemployment as his most serious concern. He was concerned particularly about the many people especially women who have entered labor force alone.

In most countries at least half the working age population employed the average for European Union was 65 percent last year but in Turkey excuse me 2004 but in Turkey at the same year only 44 percent of the working age population had jobs. That gap poses one of the biggest challenges to Turkey's aspirations to join the EU. To bring employment rates up to average by 2010 Turkey would have to create 10 million jobs for the next years.

The unemployment challenges even greater when we consider the gap between women in Turkey and women in Europe. Only one out of four Turkish women was employed in 2004 compared to 57 percent in the EU. That is not out of your concern.

Atatürk's words about the importance of not neglecting of have population bring through many countries around the World today. No country can attain successful development if have its population is not achieving its full potential.

I believe that today Turkey is unroted to an exciting but also challenging journey to become a member of the EU. I want to briefly touch upon what I think one or two priorities about Turkey's need to focus on growth to move close to Europe. The first priority is education. Turkey's the richest resource is its people. Investing a good quality of education is an opportunity to invest none of individual but in an entirely nation.

As a former dean of an academic institution this is an institution it is close to my heart. Since we have students from Sabancı University with us today, I would like to make a particular observation about that subject.

We live in a world for the competition for ideas has never been greater. A country's natural resources are no longer sufficient to achieve successful development. They are even the most important thing. The level of the education in the work force is equally indeed, almost surely more important. The good news is that Turkey has already made some important gains in improving accessed education just the first 6 years after the introduction of basic education law 1997. Needed role of primary education increased by million students reaching to 90 percent level. But if you think about it, that still means a 10 percent of Turkish children are not enrolled in primary school and many of those girls. And more than half of Turkey's high school students still perform at the lowest international standards. Instead of learning to ask insightful...insightsive questions, students are too often trained to give standardized answers on selection examinations. That would not work in today's world.

The labor market today requires increasingly complex skills in thinking, communicating, in technology. None of our schools and universities are preparing those kind of highly skilled graduates. That only happens when schools provide not just education, but quality education. Sabancı University is doing just that. The private sector indeed can act as a valuable partner in bringing resources needed to bring a better quality of education.

That all levels to more students in Turkey. There will not be all of the students itself but also in business by giving them Access to more productive in anyway the workers. About one fifth of global education spending already comes from the private sector and their proportion is growing.

And I'm pleased to know that the private sector in Turkey is actively involved with improving access to education. Sabancı University is one important example. But Koç Holdings also founded Koç University and Kadir Has has established the Kadir Has University and TOBB founded ETU University. Toddler of a little bit competition among you I think that is great what a great idea for competing.

A second priority of Turkey need to cultivate a healthy private sector to create much needed jobs. The strong private sector we have seen around the developing world is a real engine for change and growth and job creation. When Turkey lies in an oil rich region, evidence from last centuries tells us that oil is not a real engine.

The technological achievements resource for countries in East Asia prove that Cyra for example has by far the largest number of internet subscribers percentage in the world and 100 percent of Cryan schools are connected to internet. Turkey too has invested its future innovation in modernization rather than relying on immediate natural resources. A challenging energy for building industrial base to drive that growth.

Today 95 percent of Turkey's exports are industrial products. Infact that strong industrial base help them dramatically increase exports after the 2001 financial crisis and help the economic recovery. So comes is not surprise I think that investors pay more attention to Turkey particularly as an investment rich between Europe and Asia between East and West. In 2005 farm investors brought 10 billion dollars in Turkey's economy. That is a significant increase from previous years. And farm investments are cronicaly low. But that still represents only

about 2,5 percent of Turkey's GDP and falls far below the expectations for a successful middle income and developing country. We believe that the percentage of farm directing investment could and should rise to 4 or 5 percent of the GDP which remain reaching levels of 15 to 20 billion dollars years ahead. But to do that business environment in Turkey needs to improve. And I'm not just talking about investments about farming indeed domestic investments perhaps in general the more important engineering role in both of manner and both of them affected the same factors. Investors whether from Turkey or from other countries look from environment where they can invest their money reliably, dependably and only their affords the risk they take who receive reasonable returns.

By World Bank estimates, if Turkey would improve its business environment, he could do some employment by anywhere between a full percentage point or as much as four percentage of points. Each year for the last few years, we ... a publication called the doing business report. That report ranks 155 countries world wide according to the environment they provide for business. It has become a useful to offer partners pinpoints for specific obstacles to investors and to push the religious relative reforms to business environment.

It is not really a guide to farm investors I doubt any serious farm investors would make their decision about whether invest in Turkey or any other country. They stand what they want to report. It is really a guide for government officials to tell them the kind of things they need to change if they want to find investors to come and look at their country or the local investors for businesses. I would please to say many farm officials that I met at Sabancı University by that way. I met with the Finance Minister very important. .... developing country.

About 4 months ago, my staff told me he wanted to talk about doing business report. He was complaining about the fact. His country was ranked about the middle of the 155 countries. He didn't complain at all. He said thank you what you have done. You called attention to the problems in our stucking change law it has enabled me about my own change. That's the kind of help that we hope they can provide. So keep that in mind as I tell you, unfortunately in as I ask doing business report, Turkey rank number 93 at about 155 countries. That's bad news. But it is also good news because it tell you a lot of change relatively easily underestimate the difficulty to improve the business climbing and increasing investment in Turkey. The latest report for example tells that people try to start a business in Turkey need 28 percent of their over generally to start a business that compares to 0 in Denmark 5 percent in Romenia, 10 percent in Chillian Brazil, 28 percent by the way of Turkish per capita income may not be a big obstacle for a multi-national form but 28 percent per capita income for poor Turk try to start a business is close to probable obstacle. Another obstacle that takes 232 days to attain a business licence in Turkey that compares 147 as the average of OESD countries. It takes Turkish enter ports 10 signitures to export goods, 20 signitures to inport goods they compare to just 3 signitures to OESD to enter to export and inport goods. Traffic barrier betray. We all know some of the signitures probably involved. The message is here clear if it costs too much to start a business and we have to entangle too much to get there. The many businesses just look at the start it.

Many Turkish citizens would be denying a job opportunity and their children would deny their future. I'm proud that World Bank Group has been a partner of Turkey's averages to bring itself closer to the EU standards. Not only in education but also in the private sector. Our landing program about 1.7 billion dollars per year has been designed to support Turkey as in US aspirations. We have been covering to draw from the experience. The World Bank support about 2.3 billion excuse me 2.3 million Turkish citizens receive conditional cash transfer so the children and poor families can go to school and see regular health care. About 4000 small local projects were being implemented jobs and income throughout the country and hundreds of companies have received credits to increase their exports. With banking system, about 11000 housing unities, sporting schools and health care facilities have been reconstructed communities affected by 1999 earthquake. And any financial cooperation the private sector armed the World Bank Group has invested other 9 million dollars in the social sector alone. So the people can have Access to more high quality medical care and education. The IFC is also working with the Government of Turkey to apply a national practices in the public private partnerships in both health and education.

When Ataturk was contemplating his country's future in nearly years of Republic he said the success is not we have done till today. He has done no more than open a road. A road for towards progress and civilization. It has not yet brought us to progress and civilization. The duty falls on us and our grandsons to advance on attainingly in this road. Turkey has travelled a long journey over the passed decades. Reconciling with its rich tradition, aspiration to modernity to bring progress in prosperity to its people.

The reforms of recent years in the private sector and finance sector give the Turkish people new opportunities to improve their living conditions. They will find it easier to stay healthy, to attain an education to find a job, to make living to give their children the opportunities for a better future. And easier forms also bring Turkey closer to its future in EU. Modernist alone reforms ahead Turkey can be held up to successful model and should be so loaded for the balanced in achieving and embracing East and West. Turkey's membership in the EU will enrich Europe just as much as will enrich Turkey. Turkey is bringing the proud ... of a centuries of civilization into a modern world to create a stronger, stable and richly global community. For all of that we can say thank you and perhaps we should say in Turkish çok teşekkür ederim. Thank you.