



Keynote Address at the Annual Meeting of the World Economic Forum

Secretary Condoleezza Rice

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SECRETARY RICE: Thank you very much. Thank you, Klaus, for that terrific introduction. I'm tempted to ask if you are the conductor – (laughter) – and to say that it is a very good thing if no one misses any notes, the piano or the orchestra.

I want to applaud you for everything that you've done to put this World Economic Forum together and to make it a place where people come to share ideas, and ideas that can indeed lead to a better world. It is a wonderful gathering of civil society, of business, of great leaders from around the world. And also, I note that you've also gone out of your way to include young people, and I thank you very much for your effort. (Applause.)

Let me thank also President Couchepin for the work that the government and people of Switzerland have done in generously welcoming us to this beautiful country.

President Karzai, Dr. Pachauri: Thank you very much for your wonderful work and I'm really just delighted to share the dais with you tonight.

Distinguished guests, ladies and gentlemen:

It is an honor to join you here, and as Klaus has said, I have tried to get here several times before. I was determined to make it as Secretary of State and I guess I can say better late than never, Klaus. I spoke at the Forum by video in 2006, and I had the pleasure last year of receiving a group of Young Global Leaders at a first-ever U.S. Policy Summit. And so I understand that some of them are here today. It's a wonderful legacy that you're leaving, Klaus, in bringing these young people in.

I was thinking about what I was going to say tonight, and I've been watching the news and I've been looking at the images on television and I've reflected on the events of the day. And of course, what comes front and center for all of us is the turbulence – political and economic – in our world:

The violence in Kenya. The tragic assassination of Mrs. Benazir Bhutto in Pakistan. The ongoing and at times halting efforts of Iraqis and Afghans to build peaceful, functioning governments. The looming danger of climate change. The forecasts of market woes and economic troubles. Even a growing concern about globalization itself – a sense that increasingly it is something that is happening to us, not controlled by us.

As I took a look at all of this, I decided to do something risky: I want to talk about the importance of ideals and I want to talk about the need for optimism in their power.

Now, I know that whenever Americans start talking about idealism and optimism, international audiences groan. Perhaps there is a little concern that you're going to hear a long, moralizing lecture. Well, I promise not to do that.

And another common concern when Americans talk of idealism and optimism is, "Well, there they go again," the innocents abroad. Indeed, there is a long international tradition of viewing America as kind of young and naïve.

Well, in our defense, I would just say we're not that young.

And if you are tempted to think that we are naïve, then you should hope that Bismarck was right when he said, "God has a special providence for fools, drunks, and the United States of America." (Laughter.)

Seriously though, I recognize that there is a climate of anxiety in our world today. And it is tempting for many people to turn inward, to secure what they have, and to shut others out. Some want to go it alone. And there is certainly cynicism about the salience of our ideals when it seems that it's just hard enough to protect our interests.

I know that many are worried by the recent fluctuations in U.S. financial markets, and by concerns about the U.S. economy. President Bush has announced an outline of a meaningful fiscal growth package that will boost consumer spending and support business investment this year. My colleague, Hank Paulson, who had hoped to be with you, is leading our Administration's efforts and working closely with the leaders of both parties in Congress to agree on a stimulus package that is swift, robust, broad-based, and temporary.

The U.S. economy is resilient, its structure is sound, and its long-term economic fundamentals are healthy. The United States continues to welcome foreign investment and free trade. And the economy, our economy, will remain a leading engine of global economic growth. So we should have confidence in the underlying strength of the global economy – and act with confidence on the basis of principles that lead to success in this world.

And on that note, I would submit to you this evening that there is not one challenge in the world today that will get better if we approach it without confidence in the appeal and effectiveness of our ideals – political and economic freedom, open markets and free trade, human dignity and human rights, equal opportunity and the rule of law. Without these principles, backed by all forms of national power, we may be able to manage global problems for awhile, but we will not lay a foundation to solve them.

This is the core of America's approach to the world. We do not accept a firm distinction between our national interests and our universal ideals, and we seek to marry our power and our principles together to achieve great and enduring progress. This American approach to the world did not begin with President Bush. Indeed, it is as old as America itself. I have referred to this tradition as American Realism.

It was American Realism that enabled the United States to come into being in the first place. It was American Realism that led us to rally our allies to build a balance of power that favored freedom in the last century. And in this century, it is this American Realism that shapes our global leadership in three critical areas that I'd like to talk about tonight: the promotion of a just economic model of development; the promotion of a freer, more democratic world; and the role of diplomacy in overcoming differences between nations.

First, let us take development. Amidst the extraordinary opportunities of the global economy, which we will talk about here, the amount of deprivation in our world still remains unacceptable. Half of our fellow human beings live on less than \$2 a day. That's simply not acceptable in a civilized world. But as we approach the challenges of development, let us remember that we know what works: We know that when states embrace free markets and free trade, govern justly and invest in their people, they can create prosperity and then translate it into social justice for all their citizens.

Yes, some states are growing economically through a kind of "authoritarian capitalism." But it is at least an open question whether it is sustainable for a government to respect people's talents but not their rights. In the long run, democracy, development, and social justice must go hand in hand.

We must treat developing nations not as objects of our policy, but as equal partners in a shared endeavor of dignity. We must support leaders and citizens in developing nations who are transforming the character of their countries – through good governance and economic reform, investment in health and education, the rule of law and a fight against corruption. And we must transform our foreign assistance into an incentive for developing nations to embrace political and economic liberty, to build just and effective states and to take ownership of their own development.

In recent years, the United States has been trying to put these principles into practice in our core development policies. Indeed, under President Bush, and with the full support of our Congress, the United States has launched the largest international development effort since the Marshall Plan.

We have met or are clearly on course to meet all of our international commitments to increase official development assistance: Since 2001, we have doubled our assistance to Latin America, we've quadrupled it for Africa, and we've tripled it worldwide, all while reforming it to better support responsible policies of developing states.

We have put \$7.5 billion into our Millennium Challenge Account initiative, which is rooted in the ideals of the Monterrey Consensus. We have also launched historic efforts to combat malaria and HIV/AIDS. In fact, President Bush's Emergency Plan for AIDS Relief is the largest effort ever by one nation to combat a single disease.

But more and better aid has to be accompanied by the global expansion of free and fair trade. It isn't easy – I will tell you, it is not easy -- for the American president to advocate free and fair trade at a time of growing economic populism. Yet President Bush remains committed to completing a successful Doha Round, and my colleague Susan Schwab, who is here tonight in Davos, is working hard to do just that.

The President has pledged that the United States will eliminate all tariffs, subsidies, and barriers to free flow of goods and services – including agriculture – as other nations do the same. We expect our partners to join us in finding a way to make Doha a success.

If we are to continue expanding global economic growth, we also need to find a new approach to energy and the environment. If we proceed on our current course, we have an unacceptable choice: Either sacrifice global economic growth for the health of our planet – or sacrifice the health of our planet for fossil fuel-led growth. We cannot do that. We have to reject this course – and work instead to cut the Gordian Knot of fossil fuels, carbon emissions, and economic activity.

I want to assure you that we Americans realize how central a solution to climate change is to the future health and success of the international system. And we will be tireless in helping to lead the search for that solution: through the UN Framework Convention and through the Major Economies Meetings that President Bush proposed, the first of which we hosted this past September.

As we work for a more just economic order, we must also work to promote a freer and more democratic world – a world that will one day include a democratic Cuba, a democratic Burma, and a fully democratic Middle East.

Now, this emphasis on democracy in the Middle East is controversial, I admit, and some would say, “Well, we’ve actually made the situation worse.”

I would ask: Worse compared to what?

Worse than when the Syrian army occupied Lebanon for nearly 30 years? Worse than when the Palestinian people could not hold their leaders accountable, and watched as a chance for peace was squandered and evaporated into the second intifada?

Worse than the tyranny of Saddam Hussein at the heart of the Middle East, who terrified his neighbors and whose legacy is the bodies of 300,000 innocent people that he left in unmarked mass graves?

Or worse perhaps than the false stability which masked a freedom gap, spawned hopelessness, and fed hatreds so deep that 19 men found cause to fly airplanes into American cities on a fine September morning?

No, ladies and gentlemen, the past order in the Middle East is nothing to extol, but it does not make the challenges of the present less difficult. Even when you cherish democratic ideals, it is never easy to turn them into effective democratic institutions. This process will take decades, and it will be driven, as it should be, and as it only can be, by courageous leaders and citizens in the region.

Different nations will find ways to express democratic values that reflect their own cultures and their own ways of life. And yet the basics are universal and we know them – that men and women have the right to choose those who will govern them, to speak their minds, to worship freely, and to find protection from the arbitrary power of the state.

The main problem for democracy in the Middle East has not been that people are not ready for it. The problem is that there are violent forces of reaction that cannot be allowed to triumph.

The problem is that too many Lebanese journalists and parliamentarians are being assassinated in a campaign of intimidation, and that the Lebanese have not been permitted to elect their president freely.

The problem is that too many peaceful human rights activists, and journalists, and bloggers are sitting in prison for actions that should not be considered crimes in any country.

The problem is not that a group like Hamas won one free election; it is that the leaders of Hamas still refuse to make the fundamental choice that is required for any democracy to function: You can be a political party, or you can be a terrorist group, you cannot be both.

We should be under no illusions that the challenges in the Middle East will get any better if we approach them in a less principled fashion. In fact, the only truly effective solutions to many of these challenges will emerge not in spite of democracy, but because of it.

Democracy is the most realistic way for diverse peoples to resolve their differences, and share power, and heal social divisions without violence or repression.

Democracy is the most likely way to ensure that women have an equal place in society and an equal right to make the basic choices that define their lives.

And democracy is the most realistic path to lasting peace among nations. In the short run, there will surely be struggles and setbacks. There will be stumble and even falls. But delaying the start of the democratic enterprise will only mask tensions and breed frustrations that will not be suppressed forever.

Now this brings us, finally, to the matter of diplomacy. Do optimism and idealism play a role in this endeavor, which is by its very nature the art of the possible? Is it as Lord Palmerston said – that “nations have no permanent enemies and no permanent allies, only permanent interests?”

Well, I can assure you that America has no permanent enemies, because we harbor no permanent hatreds. The United States is sometimes thought of as a nation that perhaps does not dwell enough on its own history. To that, I say: Good for us. Because too much focus on history can become a prison for nations.

Diplomacy, if properly practiced, is not just talking for the sake of talking. It requires incentives and disincentives to make the choice clear to those with whom you are dealing that you will change your behavior if they are willing to change theirs. Diplomacy can make possible a world in which old enemies can become, if not friends, then no longer adversaries.

Consider the case of Libya. Just a few years ago, the United States and Libya were locked in a state of hostility. But as Libya has chosen to reject terrorism, to renounce its pursuit of weapons of mass destruction, and to rejoin the international community, the United States has reached out, and today, though we still have our differences, we have nothing to fear from one another.

The United States is building a similarly positive relationship with Vietnam, which would have been unthinkable 30 years ago – and of course with China, we have built a productive relationship that redounds to the benefits of both our peoples.

But perhaps nowhere is it clearer that we have no permanent enemies than in our relationship with Russia. Ladies and gentlemen, the recent talk about a new Cold War is hyperbolic nonsense. Our relations today are fundamentally different than they were when all we shared was the desire to avoid mutual annihilation.

The fact is that the United States and Russia are working constructively today on many issues of mutual interest – from counter-proliferation, to counter-terrorism, to the pursuit of peace in the Middle East. And we are determined to remember this, even when we hear unwise and irresponsible rhetoric from Russia itself that harkens back to an earlier time.

To be sure, there have been disappointments. Though we recognize that Russians today enjoy considerable personal and economic freedom, we believe that Russia's greatness will ultimately be secured best through greater political freedom for its people – and through the establishment of strong institutions that check the power of the state, rather than serve the interests of a few.

We also believe that Russia should contribute to a transparent and open global energy economy, not a monopolistic one. But whatever the difficulties, no one can imagine a world in which the absence of U.S.-Russian cooperation will make any of our challenges easier to solve.

It is because America desires no permanent enemies that we can imagine a better relationship with North Korea, and we are working to build it through the Six Party Talks. North Korea is disabling its Yongbyon nuclear facility, but there are other obligations that have yet to be met and must be, including the provision of a complete and accurate declaration of all nuclear programs and activities.

Still, we continue to believe that we can use the Six Party Talks for even larger purposes: to finally end the conflict on the Korean Peninsula; to forge a mechanism for security cooperation in Northeast Asia; to make peninsular issues a source of regional cooperation, not conflict; and to improve relations between North Korea and the international community, which would benefit no one more than the North Korean people themselves.

Let me assure you that the United States also has no desire to have a permanent enemy in Iran, even after 29 years of difficult history. Iranians are a proud people with a great culture, and we respect the contributions that they have made to world civilization. We have no conflict with Iran's people, but we have real differences with Iran's government – from its support for terrorism, to its destabilizing policies in Iraq, to its pursuit of technologies that could lead to a nuclear weapon.

With our agreement yesterday to pass a third Chapter 7 sanctions resolution, the permanent members of the Security Council plus Germany showed that we remain united, that we do not want Iran to become a nuclear weapons power, and that we will continue to hold Iran to its international obligations.

Ultimately, though, this problem can and should be resolved through diplomacy. Should Iran suspend its uranium enrichment and reprocessing activities – which is an international demand, not an American one – we could

begin negotiations, and we could work over time to build a new, more normal relationship – one defined not by fear and mistrust, but growing cooperation, expanding trade and exchange, and the peaceful management of our differences.

Our confidence that there are no permanent enemies also gives us hope that two states, Israel and Palestine, will one day live side by side in peace and security. The Annapolis process will support the bilateral efforts of Prime Minister Olmert and President Abbas to end the conflict between their peoples. But we must not lose sight of what that peace will really mean.

Peace will mean that Palestinians will never again suffer the humiliations of occupation and wasted hours spent in checkpoints – and will instead be free to work and prosper in a state of their own. Peace will mean that Israelis who have so justly and proudly defended the Jewish state for the past 60 years will finally see their right to exist affirmed and accepted by their neighbors. And peace will mean that the hatreds borne of this now 60 year-old conflict will pass away with this current generation, not be passed on to infect new ones.

All conflicts must end, and nations need not have permanent enemies. But Lord Palmerston was wrong on the other part of his quote – that nations have no permanent allies. The United States has permanent allies: They are the allies with whom we share values – allies like Japan, and South Korea, and Australia, the allies we have in our own hemisphere, and of course, the allies we have across this continent – within NATO and the European Union.

Let me speak for a moment about this extraordinary alliance called the transatlantic alliance. The United States expects a lot of our allies. And our allies expect a lot of us. And the alliance has endured recent frictions, but it has never fractured. And the transatlantic alliance is defined today not by the differences between us, but by the work we do together to support the global success of our shared ideas – most importantly in Afghanistan.

I recognize that this is not easy work. We have all struggled to master the challenge of counterinsurgency– of marrying our civilian reconstruction and development efforts with our military operations. NATO is not performing perfectly. Neither is America. And our publics need to be told honestly that we are engaged in a real war in Afghanistan, that there will be sacrifices, that this is not just a peacekeeping operation, and that the stakes could not be higher for the Afghan people, for our alliance, and for international security.

But for all of the challenges NATO is facing, let us remember how far we have come. I remember when NATO saw the world in two parts: There was Europe, and then there was “out of area” – which was pretty much everything else. So who could have imagined seven years ago that our alliance today would be training troops in Iraq, providing air lift in Darfur, and rooting out terrorists in places like Kandahar? These are increasingly the challenges of the 21st century, and I am optimistic that NATO will meet them, just as it met the challenges of last century.

It is true, ladies and gentlemen, that optimism and confidence in our ideals are perhaps a part of the American character, and I admit that this can make us a somewhat impatient nation. Though we realize that our ideals and our interests may be in tension in the short term, and that they are surely tested by the complexities of the real world, we know that they tend to be in harmony when we take the long view.

Like any nation, we have made mistakes throughout our history, and we are going to make them again. But our confidence in our principles, and our impatience with the pace of change, is also a source of our greatest successes – and this

will ensure that the United States remains a strong, confident, and capable global leader in the 21st century.

Yes, our ideals and our optimism make Americans impatient, but our history, our experience, should make us patient at the same time. We, of all people, realize how long and difficult the path of democracy really is. After all, when our Founding Fathers said “We the People,” they did not mean me. It took the Great Emancipator, Abraham Lincoln, to overcome the compromise in our Constitution that made the founding of the United States of America possible, but that made my ancestors three-fifths of a man.

So we Americans have no reason for false pride and every reason for humility. And we believe that human imperfection makes democracy more important, and all who are striving for it more deserving of patience and support. History provides so many affirming examples of this.

After all, who would have thought that Japan would be a pillar of democratic stability in Asia? Once, that seemed impossible. Now, it seems inevitable.

Who would have thought that Germany and France would never go to war again and would instead join in union? Once, that too seemed impossible. Now, it too seems inevitable.

And who would have thought that NATO and the European Union would erase old divisions of East and West, that they would unite democratic nations across Europe, and that the Alliance would hold its 2006 Summit in Latvia? Once, that seemed impossible. Now, it too seems inevitable.

And even today, from time to time, we catch the occasional glimpse of what a better world could look like. I have seen it while sitting in a provincial council in Kirkuk, and watching as Iraqis search in peace for ways to resolve their differences. I have seen it when I watched the Saudi Foreign Minister applaud the Israeli Prime Minister’s speech about a new opportunity for peace.

And I have seen what a better future could look like when, improbably, I have watched the American president stand with elected leaders under the flags of a democratic Iraq, a democratic Afghanistan, and the democratic future state of Palestine.

That ultimately is the role of confidence in the eventual triumph of our ideals: to face the world everyday as it is, but to know that it does not have to be that way – and to keep in sight the better, not perfect, but better world that it can be.

Thank you very much. (Applause.)

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