

**British Government@LSE public lecture**

## **Growing the Aid Budget at a time of deficit reduction: moral imperative and political challenge**

**RT Hon Harriet Harman QC MP**

**Shadow Secretary of State for International Development and Shadow Deputy Prime Minister**

**London School of Economics and Political Science**

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**For further details contact: Alice Macdonald 07943 098 401**

[alice.macdonald@parliament.uk](mailto:alice.macdonald@parliament.uk)

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It is a pleasure to be here tonight at the London School of Economics where great work on international development is being done and where so many students from all over the world come to study

And I want to say a particular thank you to Paul Kelly and to the British Government at LSE initiative for hosting this event tonight. This initiative was established only recently, following the general election. It is good to know that it's not just us who are keeping a hawk eye on the government! We will compare notes. And scrutiny is exactly what is needed when we see only today that £2m of DFID money is being used to pay for the Pope's state visit last year. We are demanding that the FCO pay it back to DFID

I'm delighted to be talking to you tonight in my new role as Shadow Secretary of State for International Development.

### **Overseas Aid target. Labour's longstanding commitment – Tories' recent conversion.**

My constituency – of Camberwell and Peckham – has the biggest African diaspora anywhere in the UK – so development is always a major constituency issue for me. But, the Labour party's commitment to playing our part in tackling poverty in the developing countries through overseas aid is a historic one, at the heart of Labour's values. As long ago as 1969 the Labour party was committed to the 0.7% target.

When in 1969 the Pearson Commission, established under the initiative of the World Bank, proposed, for the first time, a target for Official Development Assistance to reach 0.7% of GNP, The Labour Party backed that 0.7% target and put it in our 1970 manifesto. But that commitment was not matched by the Tories. Quite the opposite and when the Tories were in government, ODA as a percentage of GNI fell by half between 1979 and 1997 - from 0.51% to 0.26%.

We came back into government in 1997 on a manifesto which committed us to reverse this decline and indeed we did – trebling aid and increasing it from .26% to .56%. And in 2004, in the run-up to the Gleneagles summit, Prime Minister Tony Blair and Gordon Brown put a timeframe on our .7% pledge, committing to reaching it by 2013

While the Liberal party, and the SDP and then the Lib Dems, had traditionally supported the 0.7% pledge, the Conservative Party cannot say the same. It was only later, in 2005, they matched our pledge, by signing up to the 2013 deadline which they then put in their 2010 general election manifesto. The coalition agreement reiterated the pledge along with a commitment to legislate to make it a binding legal obligation on government.

So while this is a longstanding firm commitment for us - and one we have stuck to through good times and bad - it is a recent commitment for the Tory party and one which, now in government, they are taking forward at the same time as they are embarking on a programme of public spending cuts which aim to see the deficit eliminated by 2015. They have ring-fenced the DFID budget at the same time as they are making every "unprotected" government department cut on average 19%.

That position – setting the DFID budget apart from the process of deficit reduction - has been emphatically reaffirmed on many occasions by the Prime Minister and the International Development Secretary, Andrew Mitchell. And though we, of course, remain committed to that pledge, it is controversial within the Tory party and has been publicly criticised by Tory backbenchers.

Indeed even before they got into government and before the scale of their deficit reduction became clear, of the Tory candidates in their 220 most winnable seats showed that 96% thought the aid budget should not be protected, let alone increased. 70% of Tory party members surveyed described the rise in the aid budget as "the wrong decision". That hostility is reinforced by campaigns and editorials in Tory-supporting newspapers. "No time for posturing on international development" says the Daily Mail. The Tory aid pledge is "ill-conceived, gesture politics" says the Sun

With the Tory Party commitment to the 0.7%/2013 pledge being fragile, with the opposition from within their own ranks so virulent, with growing public anger about the effect of the cuts on domestic priorities, alongside a significant public belief that "charity begins at home", no-one should take it for granted that the Tories will inevitably deliver on their pledge. The fact that the two parties of the coalition government and the official opposition all agree on this target should not lull anyone into a false sense of security that its achievement is a foregone conclusion.

So, we cannot simply wait for the pledge to be honoured, we must remake our arguments for it. It is time for "a Keep the 0.7% / 2013 promise" campaign and we are launching it in a few weeks. I am sure that we can look to young people, the churches, the aid agencies and our diaspora communities to support such a campaign – and indeed to all those who did so much to campaign for the original promise and so strongly backed the actions our government took to increase aid and drop debt.

### **The arguments for overseas aid**

Our strongest argument is surely that, as the 20th wealthiest country in the world, (out of 182) and the 6th biggest economy we cannot and should not stand by when elsewhere in the world people are starving and dying of preventable disease when we can stop that happening. For all the inequality that still exists in our country and for all that some people in this country still have to struggle – the life of those in poverty in the developing world is a world away - like the woman I met in India who proudly showed me the baby that she had just given birth to on an earth floor. . As Clare Short, our first International Development Secretary said in the forward to her first White paper in 1997 "It is our duty to care about other people, in particular those less well off than ourselves. We all have a moral duty to reach out to the poor and needy."

So our starting point is that of our common humanity. This is not just a matter for the generosity of individuals – who contribute to charities and through the money that migrants to this country

send through remittances to their country of origin. It is also the role of government. It is right that the government should embody the values and match the efforts of its people.

The capacity for public generosity is evident in the high level of commitment to organisations such as Oxfam and Christian Aid and was clearly shown, once again, after the Haiti earthquake and the Pakistan floods. When people are contributing out of their own personal income they do not expect their government to stand by and do nothing. And our government taking a leading role on development aid, as Tony Blair and Gordon Brown did in the run up to the Gleneagles summit, ensured that other countries increased their aid and that more therefore became available to tackle poverty.

Government aid can, in a way that charitable donations can't, support long-term infrastructure projects which are vital to building the financial independence which ultimately lessens reliance on aid.

Alongside the moral case for development aid it is certainly the case that it is also in our own interest.

- Aid fosters the economic growth that enlarges the world market in which we trade - underdevelopment is a restraint on the global economy.
- Poverty fosters conflict which spills over into regional and global insecurity.
- Poverty drives global migration as people feel they have to flee their home to have any chance of a better future for themselves and their family.
- Development Aid plays its part in helping protect against the impact of climate change and prevents people losing their homes and livelihoods and becoming refugees who have to flee
- A good relationship of mutual trust and respect between a donor and recipient country can and does become a productive trading relationship as the country moves out of poverty and becomes a "middle income" country.

Our government's aid is important not just to encourage other countries to do the same but because other countries have aid budgets – if we pull back on aid, our influence will be commensurately less.

Above all, development aid that alleviates poverty is a vital part of moving towards global equality and tackling the unacceptable inequality which lies between and within countries. Global inequality threatens economic and social stability – as was pointed out by the IMF's managing director and has been highlighted at the World Economic Forum in Davos which has cited inequality as one of their top five issues for 2011.

### **Protests against aid growing louder**

Despite the consensus across the 3 main parties on our .7%/2013 aid target, the protests against it have grown louder. And we need to challenge those arguments

- Some argue that now is not the time to increase international aid because the world is struggling to recover from the global financial crisis. But that is the very reason that this is not the moment to step back from our aid commitments. The financial crisis, rising food and fuel prices are hitting the developing world hard. We must not let our recovery from the global financial crisis be the justification to precipitate a crisis of even greater need in the developing world.
- It is not the case that "aid doesn't work". Bill and Melinda Gates campaign "Living Proof" and organisations like ONE have shown that aid helped African countries put 34 million

children through school between 1999 and 2006 and helped halve malarial death rates in countries like Rwanda and Ethiopia.

- It is not the case that aid traps countries in dependency and prevents them establishing their own growth and financial independence. Historically, one of the countries where our aid has played a vital part in poverty reduction is India which has now moved from being a poor country to a “middle income” economy. Far from fostering dependence, aid helps them develop their infrastructure and the institutions which are the building blocks for financial independence and it helps countries resolve conflicts which are an obstacle to prosperity.
- Nor is it the case that the problems that aid seeks to alleviate are never-ending. Aid has helped not just reduce the incidence of small pox but eradicate it completely. We need now to do the same with polio. Where aid helps countries move out of poverty it lessens and then ends their need for aid.
- Nor do we accept the argument that our focus is only the money that goes into the aid budget, paying no attention to what it achieves. We have always argued – as Clare Short did in 1999 that “we need to turn the development efforts of the international community from an obsession with inputs and generalised rhetoric about poverty to a clear focus on outputs and year on year measurement of effectiveness in reducing poverty against our agreed targets in each and every country.”
- We do not disagree with those who point out that corruption in trade or aid is a problem. It is a crime not just against those for whom the aid is destined but also against those who give the aid – UK taxpayers. That is why our aid programme places a great emphasis on transparency and accountability in aid. And why, when we can't trust the capacity of the government, we give money directly to those on the ground. And we help back up the police and criminal justice agencies in countries, like Nigeria, who are battling against fraud and corruption. And that is why we are disappointed and angry that the government has revealed this week that it is again delaying the implementation of the Bribery Act which we passed – with their support - when we were in government and which was due to come into force in October last year.

### **Government has frozen the aid budget for 2 years**

Despite the government's commitment to UK aid reaching 0.7% of GNI by 2013, the Spending Review Statement of last October froze the aid budget as a percentage of GNI for the next 2 years.

The cost of this 2 year freeze – instead of continuing the upward trend we established – is £2.2 billion which would otherwise have been available in development aid.

The loss of this aid is not insignificant, for example that £2.2 billion would pay for:

- 50 million children to be vaccinated –helping to protecting them from five diseases including diphtheria
- 200 million mosquito nets which could help save the lives of over half a million children and protect many more from illness
- The treatment of all children with pneumonia in the world's poorest countries which could save 600,000 children's lives a year.
- Helping 8 million school children in Africa

Now that will not happen.

Abandoning the steady progress towards the 2013 target, instead of building on the progress that was made when we were in government will require a big jump in the aid budget in 2 years time. Following the 2 year aid freeze, to meet their promised target by 2013, they will need to boost the aid budget by 31% in a single year - an increase of approximately £3billion - in 2013.

### **The importance of legislation**

It is all the more important, therefore, that the government introduce legislation for a legally binding obligation of 0.7% by 2013 – as they promised. The Bill to enact this was drafted when we were in government and has been through pre-legislative scrutiny. The government have a long parliamentary session to bring in this short, but important, Bill which has cross-party agreement. Bringing in this legislation would provide reassurance and put beyond doubt that the 0.7% /2013 promise will be delivered. By the same token, the government's failure to bring it forward only fuels concern they want to leave open the option to fall short of the 0.7% or delay the 2013 target date and the 31% budget increase that it will require.

The aid agencies, churches and the diaspora communities are all calling for the introduction of the Bill and we are backing them in that demand. If the Government fails to bring it forward in this parliamentary session it will no doubt be the most obvious choice for a Private Members Bill to be brought forward by a backbencher at the start of the next session.

### **Keeping faith with our promise and with the poor of the world**

Although I have focussed my comments today on our concern that the 0.7% / 2013 pledge must be honoured, there is no doubt that aid is only one of the tools that we must use to make the world less unequal

We must also tackle unfair trade and reform unfair tax systems. And our task will not just be what the UK does but the UK playing its role in leading international action to make the world fairer.

Tackling global inequality is not about charity – its about rights. It's not about philanthropy – it's about justice.

For our part, Labour's Shadow DFID team, myself Mark Lazarowicz MP, Rushanara Ali MP, and Baroness Glenys Kinnock, we will do everything we can to make sure that the government keeps faith with the 0.7/2013 promise which we made and they matched.

They must keep faith with the promise they made to the British people at the General Election and Britain must keep faith with our moral duty to the poor of the world.

**END**