

## Little momentum: G20 fails to address global hunger

*The shape of globalisation will depend greatly on whether we can develop institutions and systems that place a high value on social equity. The Millennium Goals invite us to rise above our sectional or economic interests to find ways to do more, not less, to remove hunger and poverty. Who among us would not go to great lengths to save the life of a child if we could? The Millennium Goals ask us to help save the lives of 30 million children by 2015.*

by Bruce Duncan

The G20 meeting in Melbourne in November could have resolutely taken the struggle against hunger and poverty forward, but despite the efforts of the Make Poverty History campaign, of church leaders like Tim Costello, along with the pop singer Bono and U2, the meeting seems to have given little momentum to such efforts.

The long run-down in Australian's foreign aid presumably reflects the views of Prime Minister Howard. But the Treasurer, Peter Costello, is not an aid sceptic, and is credited by his brother, Tim, with the recent increase in Australian's aid. However even Peter Costello in *The Age* (November 16) downplayed the role of aid, instead extolling trade as the way to end poverty. 'No country has lifted itself out of poverty through aid.' He argued that countries in Africa had received aid and 'gone backwards'.

Elsewhere in the media and right-wing think-tanks, various people are claiming that aid is useless or counter-productive and encourages corruption. Such arguments could be very self-serving, providing rationalisations for richer countries to wash their hands of responsibility for the extreme poverty in many countries. We are to believe it is their own fault that they are poor and hungry. How convenient.

If the mantra of 'trade not aid' were allowed to dominate our response to global poverty, many millions of people, especially children, will be condemned to an early and unnecessary death. Of course trade is important, but the poorest countries are excluded from trade opportunities, and need aid to develop the capacity to trade.

It is true that corruption and mismanagement have been severe problems with aid in the past, but major efforts are being made to improve transparency and accountability in aid programmes. Indeed writers like Jeffrey Sachs insist on this in the implementation of the Millennium Development Goals. This is not the project of wild-eyed idealists, but of leading development experts, and reflects the wider consensus among development thinkers that well directed aid is crucial to lift hundreds of millions of people out of crushing poverty.

Indeed, at the Millennium Summit in September 2000, Australia joined 188 countries in committing itself to supporting the Millennium Development Goals, with specific targets, including to halve the extent of hunger, improve child and maternal health through inoculation and health programmes, improve access to education, and provide clean drinking water and sanitation. Just to put this in perspective, the annual investment in this effort to provide clean water and sanitation for 2.6 billion people has been estimated at \$US10 billion, the equivalent of what the world spends on the military every five days.

Instead, Australia's rhetoric is focused on reform of agricultural trade, which is very much in Australia's interest, of course. Elimination of agricultural subsidies would lift global welfare by about \$A600 billion, but most of that would flow to high and middle-income

countries. Only about eight per cent would go to low-income countries, estimated at about \$US32 billion. For the 2.5 billion people in low-income countries, the benefit would amount to \$A20 per head a year, as Tim Colebatch wrote in *The Age* (February 9, 2005), hardly a bonanza. Moreover, the EU has already removed almost all tariffs on goods from the 49 least developed countries, and its farm subsidies have fallen sharply as a share of output. Trade reform alone is not the answer to the problems of low-income countries. Increased aid is essential.

### **Australia's poor aid performance**

Australia's aid performance in recent years has been lacklustre, if not miserly. Our levels of overseas aid are only about half of 30 years ago as a proportion of our Gross National Income, amounting to only 0.25% of GNI in 2005, about half the average for donor countries, which lifted their aid by almost a third to write off debts of poor countries. Australian aid increased by only 5.7% in real terms.

There has been a great failure of political leadership in Australia on the issues of aid and development. Because of their strong and committed leadership on these issues, the British Prime Minister, Tony Blair, and Chancellor Gordon Brown have led public opinion, and built up a strong constituency across the political spectrum for expanded aid efforts.

We have seen nothing like that in Australia, despite the efforts of church and development organisations. In April 2006 Tim Costello criticised the government's aid programme for cutting spending on grass roots development in favour of security and law and order, funding for which increased ten-fold increase over four years to \$421 million. He added that at least 80 per cent of the bilateral aid budget was spent on Australian goods and services, with Australian consultants costing as much as \$600,000 a year.

In addition, Australia has also allocated \$100 million out of its aid budget for the detention centre at Nauru. Many Australians would be shocked to hear our aid money was not more focused on eradicating poverty and disadvantage. A recent poll indicated that the great majority of Australians would support increased funding for effective poverty alleviation.

Australia has in the current budget allocated \$334 million to remit debts from Iraq incurred to buy wheat from the AWB. This was a commercial transaction by a company and was guaranteed by our government, but instead of being written off by the AWB as an unpayable debt, or being remitted out of general government revenue, the debt was paid out of our overseas aid. In 2005, a further \$330 million was paid out of our aid funds, amounting to over \$660 million in total. This sizeable sum of money intended to help the neediest people in our region was instead diverted to pay a commercial wheat debt.

### **Change of direction?**

The government's white paper on April 26 2006, *Australian Aid: Promoting Growth and Stability*, signalled a welcome change in Australia's aid policies. It detailed many worthy dimensions of our overseas aid programmes, giving fresh emphasis to maternal health and control of infectious diseases, especially in the Pacific and parts of Asia. It stated its strong support for the Millennium Development Goals, with their stress on reducing poverty.

But there is a gap between rhetoric and reality. Prime Minister Howard in 2005 had committed Australia to increase its aid to \$4 billion a year by 2010, or 0.35 per cent of GNP. This would restore aid to the percentage level of 1996. The Federal Budget of May 2006 increased aid by 15.5 per cent in real terms to almost \$3 billion. But if we exclude the forgiving of Iraq's wheat debts, the increase in aid spending was only 2.4 per cent. Australia has committed to giving 0.7 per cent of GNI in aid, but has failed to set a timetable to reach it.

Australia could be performing much better. As the director of the UN's Millennium campaign, Salil Shetty, said in Canberra on June 14, 2006, Australia was 'almost at the bottom of the pile' in terms of its foreign aid. He acknowledged that Australia had done well opening its markets to developing countries and reforming multilateral trade. He also congratulated Australia for now untying its aid so that aid recipients would no longer be required to use Australian companies or equipment for development contracts. But though it was the ninth largest economy in the 22 countries of the OECD, Australia ranked number 18 out of 22 OECD countries in terms of its foreign aid.

### **What place for social equity?**

More fundamentally, the government's white paper on Australian aid assumed a model of economic growth based on assumptions that the benefits of growth would trickle down to poorer groups. There has been much debate among economists about this, with many development experts, like Sachs, Amartya Sen and Michael Todaro, insisting that greater attention must be paid to social equity in distributing economic opportunities, with special concentration given to the poorest and most disadvantaged.

The shape of globalisation will depend greatly on whether we can develop institutions and systems that place a high value on social equity. Free markets of themselves will not achieve social justice, but as many commentators have noted, will reward those with purchasing power and exclude the poor.

The critical importance of social equity is highlighted even further by the crisis over global warming. Just as the world has embarked on this great effort for global development, we face the looming threat from catastrophic climate change. The greenhouse effect presents additional obstacles to achieving the Millennium Development Goals. But we have no choice here. We must tackle both these immense challenges together.

The Millennium Goals invite us to rise above our sectional or economic interests to find ways to do more, not less, to remove hunger and poverty. Who among us would not go to great lengths to save the life of a child if we could? The Millennium Goals ask us to help save the lives of 30 million children by 2015. Let us debate the best means of assisting these people in such acute need, but we simply must not turn our backs on them.

*Bruce Duncan is a Redemptorist priest who co-ordinates the programme of social justice studies at Yarra Theological Union in Melbourne. He is the author of Ending Hunger: how far can we go? (Australian Catholic Social Justice Council, 2005).*