

‘HOW FARE THE UN MILLENNIUM DEVELOPMENT GOALS?’

Address at Forum with local political candidates, Brighton Deanery,

St James school Hall, Gardenvale, VIC, 5 July 2006.

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Thank you for the invitation to take part in this forum tonight, and thank you all for coming. I am very pleased that representatives from the leading political parties have responded so positively to this opportunity to discuss how to implement the Millennium Development Goals.

I have no doubt that we are all of one view that the effort to abolish hunger and the worst forms of poverty throughout the world is one of the supreme moral issues of our time. One of the architects of the Millennium Development campaign, Professor Jeffrey Sachs, among others, has compared it to the abolition of slavery, as a critical milestone in the advance of civilisation and humanity.

Many people in the past argued that slavery could not be abolished: it had always existed, and economies depended on it. But slavery was perceived as a critical moral issue, and the economics quickly adjusted to its abolition. Now we find it difficult to imagine how people could ever have thought slavery morally justified.

The analogy with the abolition of hunger and extreme poverty is very apt. We tend to think of the poverty of millions as inevitable. The world has always been like this. It is unfortunate, but the problem is too massive for us to do much about, except to share something of our own resources through aid and development organisations.

Jeffrey Sachs and other leading development economists want to shake from us this view, which too easily can slide into complacency and denial of our responsibilities. They stress that

- no one need suffer from hunger today
- given the unprecedented economic resources in the world, we are able to eliminate not only hunger but the worst forms of poverty in our lifetime
- shifting a mere 5% of military spending to aid would provide the immediate funds needed wind back hunger and poverty.

In short, they insist that the Millennium Goals are achievable. This is not the view of wild-eyed idealists, but of leading development experts, and reflects the wider consensus among development thinkers.

At the Millennium Summit in September 2000, Australia joined 188 countries in committing itself to support what became the Millennium Development campaign, an unprecedented effort to focus world energies and resources on global development, including lifting hundreds of millions of people out of grinding poverty and hunger. For the first time in history, the entire human community is being invited purposefully to eliminate those ancient enemies of hunger and extreme poverty.

The Christian churches are of course strongly supporting this effort. We only have to think of the Last Judgment scene in Matthew's Gospel – when did we see you hungry, thirsty, naked, in prison – to realise that this effort is at the core of the Gospel message. We believe that God is profoundly concerned about human wellbeing, and expects us to be as well.

But these aspirations for human wellbeing resonate strongly also for people of all religions, and even of non-believers dedicated to human advancement. The Millennium Development Goals offer a very concrete expression of what the common good of humanity involves at this time, and moreover offer an overall strategy of how to achieve it.

What does it all mean for us here in Australia? This is where the politics comes in. Though we might all support the aspirations of the Millennium Development Goals, we have much work to do to fill in the detail about how we can best contribute to this global effort.

It is not just a matter of increased aid, of course. Opportunities for fair trade are important. But without aid, many countries will lack the means to enter the cycle of trade. Private investment flows will also be critical, but the poorest countries are unlikely to attract them without substantial international aid.

Elimination of agricultural subsidies would lift global welfare by about \$A600 billion, but most of that would flow to high and middle-income countries, including Australia. Only about 8 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,¹ 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.² They will fall more if a compromise can be reached in the current Doha Round of trade negotiations. So trade reform alone is not the answer to the problems of low-income countries.

Australia has an honourable record in overseas aid and development. Given the immense complexity of economic development, there have been mistakes, but for many years Australia gave aid in the most favourable form of grants and at a serious level. Australia's aid program has continued to build up considerable expertise and resources, especially through Australian Agency for International Development (AusAID). And non-government organisations like Caritas and Oxfam not only delivered extra resources to needy communities, but helped raise the political consciousness about these issues.

On the negative side, we must admit that Australia's aid performance in recent years has been lacklustre. Our levels of overseas aid are only about half of 30 years ago as a proportion of our Gross National Income. Australian aid amounted to only 0.25% of its GNI in 2005, about half the average for donor countries, who lifted their aid by almost a third to write off debts of poor countries. Australian aid increased by only 5.7% in real terms.³

¹ Tim Colebach, 'The truth about aid, trade and poverty', *Age*, 9 February 2005.

² *Ibid.*

³ Tim Colebach, 'Australia near foot of table for aid donors', *Age*, 6 April, 2006.

In my view there has been a great failure of political leadership in Australia on the issues of aid and development. The contrast with the role of Prime Minister Tony Blair and the Chancellor, Gordon Brown, in Britain is very striking. Because of their strong and committed leadership on these issues, Blair and Brown have led public opinion, and built up a strong political 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. Even Rev Tim Costello has had only modest comfort from the Australian government, despite his brother being the federal treasurer. In April 2006 Tim Costello criticised the government's aid program for cutting spending on grass roots development in favour of security and law and order, funding for which increased ten-fold over four years to \$421 million. He said that at least 80% of the bilateral aid budget was spent on Australian goods and services, with Australian consultants costing as much as \$600,000 a year.⁴ I suspect many Australians would be shocked to hear our aid money was being spent in this fashion, and not more focused on eradicating poverty and disadvantage. Fortunately, the Australian government appears to be setting a new course.

The government's white paper on 26 April 2006, *Australian Aid: Promoting Growth and Stability*, was a very welcome statement on the Australia's aid policies and intentions. There is much in Australia's aid effort of which we can feel proud. It detailed many worthy dimensions of our overseas aid programs, 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. One would hope that it will provide a good basis for grounding cross-party support in the long term.

Particularly important was its intention to provide better information to the Australian community about our aid projects, to demonstrate achievements, and broaden the political constituency of informed support for our aid and development efforts. A recent poll indicated that the great majority of Australians would support increased funding for poverty alleviation if it were effective. To maintain this support, AusAID must clearly demonstrate what is being achieved.

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% in real terms to almost \$3 billion. But if we exclude the forgiving of Iraq's wheat debts, the increase in the 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.⁵

Yet Australia could be performing much better. As the director of the UN's Millennium campaign, Salil Shetty, said in Canberra on 14 June 2006, Australia was 'almost at the bottom of the pile' in terms of its foreign aid. He said Australia had done brilliantly on opening its markets to developing countries and reforming

⁴ Tim Colebach, 'Foreign aid skewed to law and order, not relief', *Age*, 18 April 2006.

⁵ 'Lift your game: UN raps foreign aid record', *Sydney Morning Herald*, 15 June 2006.

multilateral trade, especially with its support for reducing tariffs in the WTO negotiations. He also congratulated Australia for now untying its aid so that aid recipients were no longer 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.

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 compensated for out of general tax revenue, it 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.⁶ Is this the sort of transparency in governance that we wish to model to developing countries? Consider what this really means: that this sizeable sum of money intended to help the neediest people in our region has been diverted to pay a commercial wheat debt.

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.⁷ 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. If we fail to bridge the gap between rich and poor, we will never secure a lasting peace and eliminate terrorism.

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 find ourselves faced with the looming threat from catastrophic climate change. Despite what some governments might say, the overwhelming bulk of scientific opinion appears now convinced that global warming is a reality. It threatens our material wellbeing and the growth model that has produced our economic prosperity. 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. We simply must not turn our backs on this historic opportunity. The MDGs also call for a joint effort to lift 250 million people out of hunger, and 500 million out of extreme poverty. Future generations will judge us on how well we respond to this challenge.

⁶ Ian Wishart, 'We're giving aid to Iraq so it can pay off the AWB debt', *Age*, 29 May 2006.

⁷ Tony Carroll and Shahar Hameiri, 'Aid misses the mark', *Age*, 8 June 2006.