

Michael Fullilove and Warwick McKibbin
Let's be more generous in delivering aid
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Australia should do more to assist poorer countries, urge Michael Fullilove and Warwick McKibbin

THE fight against extreme poverty is occupying the energies of many of the world's leaders. Last month European countries committed to doubling their aid to poor countries in the next decade. Then Group of Eight finance ministers agreed to cancel all debts owed to the IMF, World Bank and African Development Bank by heavily indebted poor nations: 18 in the first tranche and, if they make the required structural and social reforms, an additional 20.

Tomorrow, an army of musos led by Bob Geldof will stage the Live8 concerts across the globe in an effort to ensure that G8 leaders convening at Gleneagles in Scotland next week agree to a massive package to boost African growth and development. Finally, in September a flock of world leaders will descend on New York to agree on an action plan to meet the Millennium Development Goals, the world's targets for defeating disease and poverty, by 2015.

Where is Australia in all of this? As it happens, we're back in the middle of the pack, contributing less than is required and less than we have promised. Now is the time for Australia to take advantage of its strong economy and provide a level of financial and technical assistance commensurate with the leadership role to which we aspire -- in other words, to move to the front line of the campaign to eradicate global poverty.

Australians can be a generous people, as demonstrated by the popular response to the Boxing Day tsunami and far-sighted government actions in East Timor and Solomon Islands. But on the question of foreign aid we could do a lot better. Even including Canberra's package of aid and loans to Indonesia earlier this year, Australia is contributing only 28c out of every \$100 of our national income, which is less than half the internationally reaffirmed target of 70c per \$100. Furthermore, we have no timetable for reaching that target.

There are strong strategic, economic and moral reasons for doing more to reduce global poverty. The big idea at the heart of President George W. Bush's foreign policy is that democracy and security are inextricably connected. But there are equally strong empirical links between democracy and development and between security and development. Raising the poorest people on the planet out of desperate poverty gives them a stake in their societies and gives poor countries a stake in the orderly operation of international relations. It doesn't prevent terrorism, but it helps to drain it of its appeal.

Economically, there is clear evidence that growth depends on a range of factors related to disease eradication, education and institutional design. Small investments in treating diseases in poor countries -- diseases that disappeared from the West decades ago -- can not only improve the quality of people's lives but help convert economies from basket cases into functioning members of the world economy.

Australia can contribute a great deal through the provision of medical, scientific and social research and entrepreneurship, but this will require us to boost significantly the resources we are prepared to commit. At the same time, developed countries should continue to liberalise their markets to enable developing countries to sell their products and services, and drive their growth.

Critics reply that increased financial assistance will only be siphoned away by local dictators and elites and will do nothing for the world's poor. Certainly it is the case that simply giving money to poor countries is unlikely to work. That approach has been tried in the past and it has failed.

Accordingly, the targeted approaches outlined by economist Jeffrey Sachs and others have clear strategies and accountability mechanisms. They have clear short-run benefits and great long-term

potential; but without significant financial support, even the best targeted strategies have no chance of working. It is incumbent on critics to put forward other, equally detailed and tested schemes for reducing some of the global misery flowing from desperate poverty.

There is an unanswerable moral case for doing more to ease extreme poverty. Distance makes it easy for us to avert our eyes from other people's suffering, but in this case the easy thing is not the right thing. How can we look away from children dying in Africa or Asia of preventable diseases?

In 2003, Prime Minister John Howard said: "In the end a nation's foreign policy must be values based." He's right, and there's no reason why our values should stop at the edge of our continent. As a first step, we should outline our plan for raising our foreign assistance to the level to which the world -- including Australia -- has agreed.

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