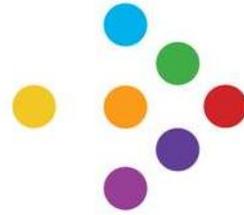


The Foreign Policy Centre

Progressive Thinking for a Global Age



Responsibility to the poor: A new agenda for changed times

By Rt Hon Douglas Alexander MP

Secretary of State for International Development

June 2007 – May 2010

and Shadow Secretary of State for International Development

May 2010 – October 2010

With a foreword by Rt Hon Baroness Margaret Jay

Chair of Overseas Development Institute (ODI), 2002 – 2008

and Co-President, Foreign Policy Centre (FPC)

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Foreword

Rt Hon Baroness Margaret Jay

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Douglas Alexander was an extremely successful Secretary of State for International Development between 2007 and 2010. He gave powerful political and intellectual leadership on the very complex problem of development in the 21st century.

Over 13 years, the Labour Government built up a proud record on tackling global poverty and in this publication Douglas argues that the centre-left must now take this forward and develop new ideas.

He rightly recognises that there are new challenges today. New challenges created by the global financial crisis which brought an abrupt end to the so called 'golden age of development' in the early years of this decade. He also highlights the massive concurrent challenges of climate change, as well as the shift in the balance of national power which has brought a country like China to a dominant position in the politics of development.

Today we need to be thinking about new ways to deal with these worldwide changes which have the most devastating impact on the poorest people. At the same time we must still hold fast to our existing plan: reaching the Millennium Development Goals (MDGs) in 2015 and the 0.7 per cent aid target in three years time. As a practical politician Douglas acknowledges that these ambitions are much more difficult against a backdrop of hard economic times at home and falling public support for overseas aid. We must have a different approach if we are going to maintain momentum in donor countries both in the short and long term.

To me, the most interesting concept is the idea of a 'responsibility to the poor,' which Douglas writes about in this publication. A 'responsibility to the poor' would be a match to the now well-established international 'responsibility to protect' which has grown up to provide a common global approach on human rights and security.

'Responsibility to the poor', he argues, emphasises the interdependence which exists between rich and poor nations and underpins the best contemporary thinking on development. It should, for example, make those of us who live in the developed world more aware and more conscious of our own government's tariff barriers and trade policies which often cause the most serious problems to struggling developing economies. In addition, such a wide ranging concept as a collective 'responsibility to the poor' should encourage multilateralism and provide a mission statement for further reform of international institutions to deal appropriately with new development challenges.

These ideas are rooted in the fundamental principle of the equal worth of every human being. Principles which need to be reinvigorated in 2010 when old-fashioned notions of well-meaning charity may become popular again.

The Overseas Development Institute (ODI) has recently drawn attention to today's 'new geography of world poverty'; the increasingly powerful voices from middle income countries like India. A new development paradigm must pay special attention to this new geography, where a nation can show spectacular growth in part of its economy and still have a huge population living in grinding poverty. Individual human rights and justice must once again be the key.

In this publication, Douglas Alexander has imaginatively explored ways of looking at the different challenges for the next decade of development. By building his proposals on the traditional core values of egalitarianism and common humanity, he has shown a clear way forward for progressive policies.

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A record to be proud of

Labour can be justifiably proud of its record on tackling global poverty - one of the defining highlights of Labour's time in government.

Whether it was the trebling of aid, the commitment to meeting the historic 0.7% aid target from 2013, or the decision to focus the Gleneagles G8 Summit on Africa and climate change in 2005, it is a record of delivery that has literally saved lives. Labour also established international policy leadership, whether on the untying of aid from narrow commercial interests, or in taking vital steps in understanding and acting on the threat from climate change to development. Driving this agenda was a dedicated Department for International Development, which the Organisation for Economic Co-operation and Development (OECD) described earlier this year, as having gained:

“national and international recognition for its professionalism and ability to deliver its aid programme effectively”.¹

That commitment to reducing poverty in the poorest countries of the world must remain unshakeable.

Labour must continue to hold the new government to account, particularly at a time when key international commitments are under threat, and the price of maintaining the 0.7% aid target may be the diversion of aid to other purposes. It is also a time when a coherent approach by government to development appears to be faltering, whether on climate change, or even trade, where commercial interests now appear once again to be in the driving seat. Labour's vision stretched far beyond a few headline commitments and warm words.

This contribution does not seek to lay out a defence of individual programmes that should be protected, or engage in a line-by-line critique of the new administration's policies. Rather, it is an attempt to set out some of the key challenges and some broad principles for the future of international development policy, and to call on Labour and the wider centre-left, not just in Britain, but more widely, to take the necessary steps to develop new approaches and new ideas.

¹ See United Kingdom (2010) OECD DAC Peer Review, www.oecd.org/dac/peerreviews/uk

A time of uncertainty

The range of challenges the poorest and most vulnerable in the world face are undergoing a profound change. The global economic and institutional framework is shifting. Public perceptions of aid and development are in flux.

Our thinking must adapt to these new circumstances, but remain rooted in core values and principles. We must renew our commitment to achieving the historic Millennium Development Goals by 2015, meeting the 0.7% aid target from 2013 and other key pledges, but also lift our eyes to a new frontier.

The global economic and financial crisis has further accelerated trends in the current phase of globalisation which can impact both positively and negatively on the fates of the world's poorest and most vulnerable people. The crisis has had significant political impacts, resulting, for example, in the shifting of the nexus of global economic discussion and negotiation from the G8 to the G20. It has also accelerated what Fareed Zakaria has called the 'rise of the rest'² and emphasised a new role for China in both the global economy and global development. And in part as a result, we are seeing the development of what Alison Evans, Director of the Overseas Development Institute (ODI) has called "*a new geography of poverty.*"³

The form of that 'new geography' and the debate about how we should approach it is still in flux. Paul Collier argues that the 'bottom billion' (on whom he suggests we should focus our efforts), are locked in fragile and failing states numbering fifty or so.⁴ Andy Sumner of the Institute of Development Studies (IDS) has highlighted in new research that what he terms the 'new bottom billion' live in now nominally 'middle income' countries⁵. These two insights are not necessarily in conflict, but they both pose challenges for policy-makers in terms of how to respond. On top of this, it is clear we will still find an important but diminishing proportion of the poorest remaining in the so-called 'low income' countries: women, men and children with significant needs, and unrealised rights.

The global economic downturn has also shifted public attitudes towards aid and development, already fragile given the very real fiscal constraints faced by the developed world, and the legitimate concerns of the public regarding where and how we are spending their money. The arguments of 'aid sceptics' such as Dambisa Moyo⁶ and William Easterly⁷ have combined with political commentators who have never supported such efforts and have gained further currency.

² See Zakaria, Fareed, *The Post-American World*, 2009

³ Evans, Alison, 'Celebration without complacency', *ODI Annual Report*, Overseas Development Institute, 2010, p.3

⁴ See Collier, Paul, *The Bottom Billion*, 2007

⁵ Sumner, Andy, 'Global Poverty and the new Bottom Billion', *IDS Paper*, Institute for Development Studies, 2010

⁶ See Moyo, Dambisa, *Dead Aid*, 2009

⁷ See Easterley, William, *The White Man's Burden*, 2006

Responsibility to the poor in an interdependent world

The centre-left remains best placed to provide the values and policies to respond to these changed times. But we need an urgent conversation and re-examination of the best response, lest we trap ourselves in old orthodoxies, or, like the current government, merely allow our policies to be buffeted by the latest populist wind, or driven by the need to manage political imperatives.

International development in the future will be different because the world will be different. The poorest people in the poorest countries will continue to have a claim on our partnership, assistance and solidarity, as they do at present. Those in fragile states should expect the support of the international community in delivering peace and security as well as development.

And those who find themselves by accident of birth in middle income countries, but no less in need, should be supported by targeted programmes and new forms of citizen engagement which generate a virtuous dynamic where increasing wealth benefits an increasing number of ordinary people.

All people in all countries deserve a principled approach designed to make the world as a whole safer, more sustainable, less prone to shocks, more prosperous, and where rights are realised.

We therefore need to think not just about a 'Responsibility to Protect', but about a 'responsibility to the poor' to underpin and drive our actions.

The concept of a 'Responsibility to Protect' ("RtoP" or "R2P") was a new international security and human rights norm to address the international community's failure to prevent and stop genocides, war crimes, ethnic cleansing and crimes against humanity after the experience of the 1990s, recognising the weakness of a Westphalian concept of state sovereignty in the face of universal human rights and universal human responsibilities.⁸

Whilst there remain many challenges inherent in implementing this norm in practice, we need a similar insight with regard to the situation of the world's poor - a wide-ranging concept of 'responsibility to the poor' to guide our actions.

We must find ways of responding to the needs of the poorest and most vulnerable which transcend state boundaries and statistical reports, the failure or inability of states to respond to those needs by lack of capacity or design, whether short or long term, and which recognise the fundamental right of all women, men and children to live a dignified life free from poverty and injustice, wherever they live.

⁸ The concept of 'responsibility to protect' originated from the Report of the International Commission on Intervention and State Sovereignty in 2001, and was further developed and endorsed by The High-level Panel on Threats, Challenges and Change, "A More Secure World, Our Shared Responsibility" in 2004, the report of the UN Secretary-General, "In Larger Freedom: Towards Development, Security and Human Rights for All" in 2005, and the 2005 UN World Summit Outcome document. For more information visit www.responsibilitytoprotect.org

The global economic and financial crisis has underlined, not weakened, the arguments about common interest and the extent of our interdependence in the globalised world, whether these derive from conflict, insecurity, disease or global environmental collapse. Just as the risks that the world faces are increasingly shared, so our responsibility for meeting those challenges, and to look after our fellow human beings, must be shared too.

We are still living through the consequences of the global financial crisis - the greatest market failure of the past sixty years. And we are also now beginning to encounter the growing impacts of climate change, the greatest market failure in human history. And, in the face of these twin market failures – that together demonstrate the limits of market fundamentalism – the right remains becalmed with narrow conceptions of national security, a continuing hostility to the role of the state, and a superficially empowering but laissez-faire attitude to role of civil society.

The right settles for charity. The left understands justice.

These two different approaches offer two very different futures for international development.

A 'responsibility to the poor' must go much further than guide and drive our decisions on what we directly do to support development. It must drive us to higher standards across all our broader activities and behaviours. We must put significantly more emphasis on the changes that rich countries and donors need to make to help poor countries and poor people to develop. Rich countries are often part of the problem – our unfair international rules of trade, like agricultural subsidies and restrictive intellectual property rules; irresponsible arms exports; weak controls over international companies that engage in bribery overseas; not clamping down on stolen assets from developing countries that are then laundered through western financial institutions and tax havens; and climate change driving emissions that hit the poorest the hardest, are major externalities which we must treat with the same seriousness of purpose as we have shown in our fight to protect the aid budget and its poverty focus.

To apply a 'responsibility to the poor' in the context of increasing interdependence and a 'new geography' of poverty will require that we develop new approaches to development and aid, based firmly on common global principles and ambitions for the poorest and most vulnerable. We will need to continue a firm commitment to increasing multilateralism and coherence across all of our policies. And we must continue to show ambitious political leadership – in both thought and deed.

Scarcity and constraints to development: The challenge ahead

Some of the major challenges facing the prospects for development have been hinted at above. Primary amongst these remain the challenges of climate change and insecurity, alongside, for example, shifts in migration, which will further drive the 'new geography' of

poverty. Kevin Watkins notes the specific challenge of food security, amongst other challenges, arguing that:

“By 2050, the world will have to feed another three billion people, especially in poor countries. On the supply side, food production will be affected by the loss of land to urban development and diversion to non-food crops.”⁹

We will not look at all the challenges here, but one just has to look at climate change to recognise the scale of difficulties the poorest and most vulnerable face. As the Labour government identified in the 2009 DFID White Paper:

“Climate change hits poor countries first and hardest. Seventy five per cent of the poor are dependent on natural resources for their livelihoods. Africa is especially vulnerable, with agricultural yields projected to fall by up to 50% in some countries if climate change goes unchecked...increasing levels of water scarcity and deforestation mean that women and girls have to walk further to collect water and fuel...ecosystems will degrade faster, increasing competition over natural resources such as water, grazing lands, fisheries and fuel.”¹⁰

And aside from these literally life-changing impacts that should and must concern us all, even in pure economic terms, climate change presents a disaster beyond any difficulties we currently face. Nicholas Stern has estimated that inaction on climate change, would cost anywhere from 5-20% of global GDP every year, now and forever.¹¹

The common factor running through most challenges we face is that of scarcity and constraints, a dominant feature of what some have termed the ‘long crisis’ of globalisation. As Alex Evans and David Steven have put it succinctly, we face:

“...an extended period of volatility as the world attempts to reconcile its demographic, economic and security challenges, within the constraint of scarce natural resources.”¹²

The table below highlights major risks and their likely impact, alongside their likely severity. Disease, insecurity, food shortages and the impacts of climate change all feature strongly.

⁹ Watkins, Kevin, ‘Building on the inheritance: the UK’s role in global poverty reduction’, *Chatham House Briefing Paper*, Chatham House, 2010, p.6

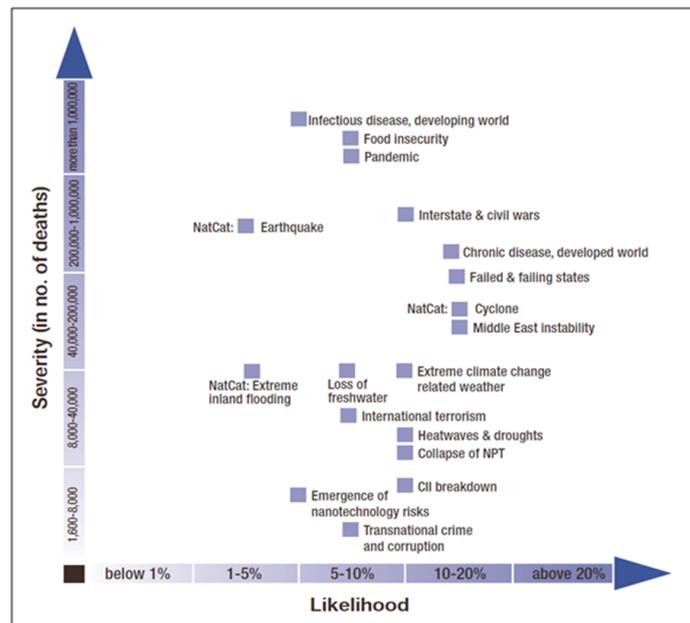
¹⁰ Department for International Development, *Eliminating world poverty: building our common future*, HM Government, 2009

¹¹ Stern, Nicholas et al. , *The Economics of Climate Change: The Stern Report*, 2006

¹² Evans and Steven, ‘Organising for influence: UK Foreign Policy in an age of uncertainty’, *Chatham House Briefing Paper*, Chatham House, 2010 p.vi

Figure 1

The 18 Core Global Risks: Likelihood with Severity by Number of Deaths



Source: World Economic Forum - Global Risks 2008

Over the past few decades, the development project has to date been largely predicated on an expanding cake, where there is no real need to ask hard questions about distribution. But with the challenge of climate change alongside these other challenges, can we still say that this is true?

It is also essential that we listen carefully to what poor people actually prioritise in the midst of these difficulties. The Voices of the Poor survey¹³ posed uncomfortable but vital questions for the development sector and governments alike, showing for example that personal security and justice were often, if unsurprisingly, put before health and education – and that 70% of poor people, rightly, saw jobs as one of the key routes out of poverty.

Donors, NGOs and development practitioners alike have not always been best at incorporating those insights into development policy and practice. They must do so as we approach new challenges and a new context.

Development works: A record of achievement

The record of global achievement in tackling global poverty and disease over the past two decades, while still shamed by the ongoing circumstances of billions of our fellow citizens,

¹³ Narayan, Patel, Schafft, Rademacher and Koch-Shulte, Voices of the Poor: Can Anyone Hear Us?, World Bank, 2000

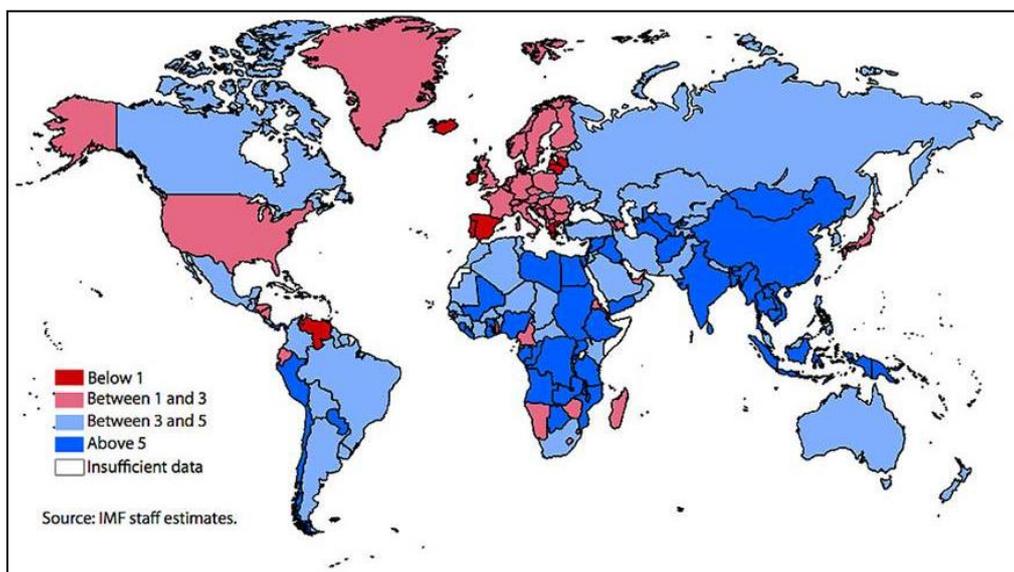
must be celebrated and acknowledged. Labour should be proud of the part it was able to play.

As Kevin Watkins has pointed out, the share of the world's population living on less than \$1.25 a day has fallen from 58% to 51% - and Africa see its first drop in the number of people living in extreme poverty for over a generation.¹⁴ Despite the successes, the challenge remains huge. Chen and Ravallion have estimated that in 2005 1.38 billion people lived below the new international poverty line of US\$1.25 per day, but more positively that this number fell by 400 million between 1990 and 2005.¹⁵

There is progress, but as the figures below starkly show, rapid growth rates in parts of the developing world also mask the small share that Africa, in particular, takes of global wealth, not to mention the billions who remain in extreme poverty, and those, particularly women and girls, who experience high levels of inequality.

Figure 2

Average real GDP growth during 2010-11 (%)

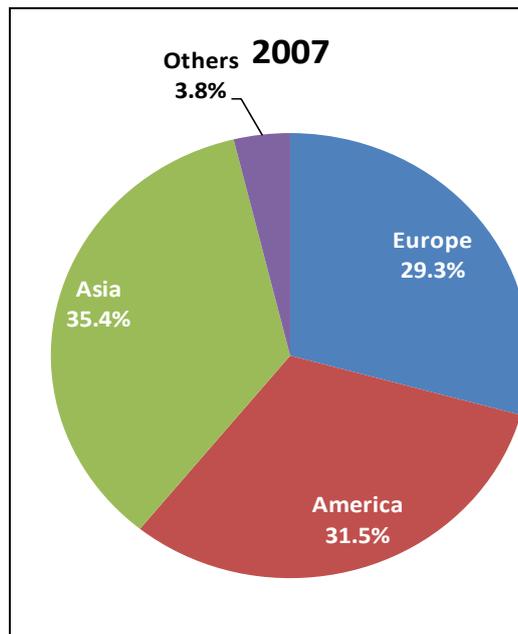


¹⁴ Watkins, Kevin, 'Building on the inheritance: the UK's role in global poverty reduction', Chatham House, p.4

¹⁵ Chen, Shaohua and Ravallion, Martin 'The developing world is poorer than we thought, but no less successful in the fight against poverty', 2008

Figure 3

Percentage distribution of real GDP in the world economy



Source: ADB

Looking at some specific successes, are there common contributing factors we can point to? A recent ODI study is particularly useful in this regard¹⁶:

- Access to education in many countries has improved significantly. In Ethiopia, for example, approximately three million pupils were in primary school in 1994/95. By 2008/09, primary enrolment had risen to 15.5 million – an increase of over 500%. According to the ODI, this progress has been enabled through a sustained government-led effort to reduce poverty and expand the public education system, backed by substantial increases in national education expenditure and aid to the sector.
- The ODI also point to the example of agricultural production in Ghana, which has seen agricultural growth averaging more than 5% a year during the past 25 years. This has contributed to major reductions in poverty and malnutrition, and has been driven by economic reforms which have created the conditions for private investment, driving growth in the cocoa sector in particular. Political leadership has been key, supported by a working partnership between government and donors.
- And finally, on health – the example of Bangladesh is highlighted by the ODI, due to infant and child mortality rates having been reduced dramatically, immunisation coverage having rocketed and life expectancy having risen steadily. The ODI argues that this has been the result of government commitment and leadership, along with strong partnerships with NGOs, combined with donor support to the health sector.

¹⁶

See Overseas Development Institute, www.developmentprogress.org

These examples demonstrate important truths, which fly in the face of the laissez-faire hands-off approach advocated by aid and development critics. They show, in fact, that when all those involved – governments, the private sector, multilateral organisations, civil society and individual citizens show the right level of commitment, development and the realisation of basic rights are achievable. It is possible to make a difference, but this requires not chance, but an active choice by these actors, and in particular the choice to work together.

What is also clear is that aid is often necessary, but not sufficient, and far greater gains can be made when aid comes as part of a holistic ‘development’ approach. That is one of the reasons why, for example, Labour chose to cancel debt, as well as trebling the aid budget; why we pursued a development-friendly trade deal with the International Development Secretary chairing the Cabinet Committee on trade; and attempted to find coherent cross-government approaches to conflict and climate change. This should continue to be a feature of Britain's approach, although recent evidence suggests otherwise.

However, changed circumstances require changed approaches and there are fundamental shifts in the external context which we must now both understand and begin to address.

The new frontier: The changing geography of poverty and inequality

For more than half a century, the governing ideology of international development has been about ‘rich’ countries helping ‘poor’ countries to tackle the worst excesses of poverty, largely with aid. Over the last decade, this ideology found practical and often inspiring expression in the United Nations Millennium Development Goals (MDGs), a set of concrete targets agreed in 2000, and designed, for example, to achieve improvements in food security, education, health, and women’s participation. Developing countries needed to take the lead in achieving the MDGs, but developed countries were committed to help, principally with aid, but also through debt relief, trade and partnership.

The MDGs are not perfect. They have, for example, been criticised for not properly incorporating existing human rights agreements and norms¹⁷, nor addressing issues like climate change adequately – but ultimately, they have provided a powerful framework for addressing some of the critical human development challenges.

Sadly, progress has been uneven, and developed countries have a long way to go if they are to meet their commitments. The recent MDG Summit in New York rightly focused on the remaining gaps, but with an ultimately disappointing set of outcomes, leaving many of the goals well off track.

So, whilst we must show commitment in the final five years left to achieve the MDGs, as we begin to look beyond, why then do we need to think differently?

¹⁷ See for example, Amnesty International ‘From Promises to Delivery: Putting Human Rights at the Heart of the Millennium Development Goals’, Amnesty International Secretariat, 2010

First, we are faced both by the consequences of 'success' and the changing geography of poverty. More than 70% of the world's poor now live in middle income countries, not low income poor ones. As countries like China, India, Nigeria and Vietnam have grown in recent years, they have crossed the statistical barrier between low income and middle income countries.

As Andy Sumner of the Institute of Development Studies (IDS) has confirmed in ground-breaking research released just this month, what he calls the 'new bottom billion' actually live in middle-income countries:

“The global poverty problem has changed because most of the world’s poor no longer live in poor countries. In 1990, 93% of the world’s poor people lived in poor countries – meaning low-income countries (LICs)...three quarters of the world’s approximately 1.3 billion poor people now live in middle-income countries (MICs) and only about a quarter of the poor live in the remaining 39 low-income countries, largely in sub-Saharan Africa.”¹⁸

Importantly, the new geography of poverty has not just been driven by the rise of India and China – the shift is more global. Sumner points out that the percentage of global poverty accounted for by middle income countries minus India and China has risen considerably – from 7% to 22%.

Regardless of the absolute numbers of poor living within their borders, some are now arguing that middle income countries do not need aid in the traditional sense. Rather, that they should be left aside to allow growth to ‘trickle down’, and leave the poor to the sole responsibility of their own governments. And some, including members of the elites in India, are suggesting they do not want external support.¹⁹

Despite the attractiveness of this line of argument, research by Martin Ravallion at the World Bank has shown that even India may not in fact have enough resources to tackle its extreme levels of poverty, even if it were to institute a highly progressive approach to redistribution, taxation and so on.

We must therefore address this complex issue by delivering appropriate policy solutions. We must also, of course, engage with the concerns of members of the British public who comes to us with questions about why we are giving aid to a country like India, which is making choices to fund a large army, nuclear arsenal and space programme, and even apparently its own 'aid' programme²⁰.

¹⁸ Sumner, Andy, Op cit.

¹⁹ See for example, <http://www.bbc.co.uk/news/world-south-asia-11318342>

²⁰ See

http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/cooperation+development/ari123-2010

At the same time, if we are to understand a 'responsibility to the poor' which suggests a level of responsibility beyond state boundaries and statistical categorisations, we must develop more distinctive approaches reflecting changed circumstances.

Even when faced by the relatively (on a global scale) rich countries of the European Union, poorer countries have not been left to fend for themselves, even when on the path to growth. Structural funds and other mechanisms have and continue to be used to transfer resources between states, to address the situation of the poorest states and regions of the Union.

Figure 4

**Summary estimates - global distribution of the world's poor by country type, 2007/8
(million and %)**

	Fragile and conflict-affected	Not fragile or conflict-affected	Total
Low income	156 (12)	214 (16)	371 (28)
Middle income	144 (11)	813 (61)	957 (72)
Total	300 (23)	1027 (77)	1329 (100)

Note: Figures are approximate due to rounding up.

Source: Sumner, 2010

We must also address the fundamental challenge of inequality.

Despite the reduction in poverty associated with growth in countries like China and Brazil, and despite the improvements to child welfare around the world, inequality remains pervasive on a global scale. As Kevin Watkins pointed out in a recent article for the Guardian in advance of the recent UN MDGs Summit, the impacts of inequality on specific development indicators can be stark:

*"The bigger problem is the "I" word. Inequality remains the most potent destroyer of opportunities for education. In Nigeria, the average male from a wealthy, urban home can expect on average about 10 years of education. Meanwhile, poor girls in rural northern Nigeria average less than six months in school. Kenya is making sterling progress towards universal primary education – but its slum dwellers and pastoralists are being left far behind."*²¹

High inequality also matters because it drives local and global risk factors. Migration, for

²¹ See <http://www.guardian.co.uk/global-development/poverty-matters/2010/sep/21/millennium-development-goal-education-promise>

example, is clearly evidenced to be driven by differences in living standards and opportunities, amongst other causes. More unequal societies are also more likely to be more violent, less coherent, and to have less stable political systems. This is not simply a question of narrowing the gap between top and bottom, but also of creating a large and stable middle class who can contribute to both political and economic life.

Who gets what also matters for poverty-reducing growth. A more equitable starting point improves the link between growth and poverty reduction as countries develop – with a more equitable distribution meaning that new resources created through growth are likely to be distributed more equitably. Historically, many countries in East Asia, that started out with a less unequal distribution of assets and incomes saw growth contribute more to poverty reduction, than in many countries in Latin America where the link between the two was much weaker.

And yet we find ourselves in a situation, as Watkins points out, where:

“Global MDG overviews tend to obscure what is happening within countries...the biggest barrier to accelerated progress [in tackling poverty] is national inequality and the structured disadvantages that limit life-chances...Overcoming inequalities in opportunity linked to gender, wealth, ethnicity and location is a matter of social justice... [and] also a fundamental requirement for changing what is currently a bleak scenario for prospects of achieving the international development targets.”²²

In the future, we will see not only disparities in wealth, but also opportunities and access to critical components of our globalised world, such as information and technology. Alison Evans has succinctly argued that:

“A new geography of poverty is also emerging, shaped on the one hand, by those who benefit from new technology and new sources of finance and knowledge, and, on the other, by those feeling the full force of climate change, rapid urbanisation and changing patterns of conflict. In this new geography, terms such as ‘developed’ and ‘developing’ are losing their meaning.”²³

And crucially, inequalities based on gender, social class or caste, disability and other factors structurally embed poverty in ways that are both deeply morally wrong, and economically and socially damaging. As Duncan Green of Oxfam highlights, in the Indian states of Uttar Pradesh and Bihar, primary school enrolment for scheduled caste and scheduled tribe girls is 37 per cent, compared with 60 per cent for girls from non-scheduled castes. Among boys from non-scheduled castes, 77 per cent are enrolled.²⁴

²² Watkins, Kevin, Op cit.

²³ Evans, Alison; ‘Celebration without complacency’, *ODI Annual Report 2010*, Overseas Development Institute, p.3

²⁴ Green, Duncan, *From Poverty to Power*, Oxfam, 2008.

So why does this matter? As Green summarises succinctly, inequality:

“...wastes talent...undermines society and its institutions...undermines social cohesion...limits the impact of economic growth on poverty...[and] transmits poverty from one generation to the next...”²⁵

And he pulls no punches in summarising the scale of the challenge:

“The extent of global inequality is breathtaking. The income of the world’s 500 richest billionaires exceeds that of its poorest 416 million people...ending inequality’s ‘lottery by birth’ is perhaps the greatest global challenge of the twenty-first century. And it is one that concerns all nations, since in a globalised world, poverty and suffering do not remain confined within borders, but spill over in the form of conflict, migration, and environmental degradation. The world as a whole is far more unequal than any single country. Such grotesque unfairness would probably precipitate social and political meltdown were it to occur within a single country. One consequence of globalisation is that the world is increasingly coming to resemble just that: a single community bound together by ever improving transportation and communications links. The political price of continued inequality can only rise.”²⁶

But more fundamentally, to ignore the situation of the poorest and most marginalised, in the middle income countries would also mistakenly subsume the moral principle to support the poorest and most vulnerable, to considerations of only the temporal political circumstances of our world.

Rights are universal, needs are global. A 'responsibility to the poor' drives us to reach beyond the immediate constraints of borders and categories.

And most importantly, inequality can be tackled, given the right support.

According to a recent set of studies by UNDP and the Brookings Institute, in many Latin American countries, inequality has actually been falling in the last ten years, thanks in part to increased access to education (leading to a reduction in the earnings gap between skilled and non-skilled workers) and cash transfers to the poor, alongside wider programmes of redistributing opportunity and resources internally.²⁷

The global impact of an increased focus on inequality could be substantial. As Green has also argued:

“According to a calculation by Oxfam based on income-distribution data held by the World Bank, if global inequality could be reduced to even that of Haiti (one of the most unequal countries in the world), the number of people living under \$1 a day would be halved to 490

²⁵ Ibid.

²⁶ Ibid.

²⁷ See for example Lopez-Calva, Luis F. And Lustig, Nora (Eds.), Declining inequality in Latin America: a decade of progress?, UNDP / Brookings Institute, 2010

million. Go further, and achieve a distribution of income of a middle-ranking country (in terms of inequality), say Costa Rica, and \$1-a-day poverty falls to 190 million – a fifth of the current total.”²⁸

We also, as Paul Collier has identified and argued, need to focus on what he terms 'the bottom billion' – those who live in so-called fragile states, usually conflict-affected.

As identified in Labour's White Paper of 2009, it is also clear that we cannot eradicate poverty if we ignore countries affected by conflict or bad governance. While they account for only a fifth of the population of developing countries, they include a third of those living in extreme poverty, half of all children who are not in primary school, and half of children who die before their fifth birthday.²⁹

Each context is very different, but there are common elements. Helmand in Afghanistan is one of the most heavily aided regions on Earth – but as most experts will agree, it is the absence of security and stability – not aid - which is the fundamental challenge there. Other examples include the many poor people, particularly women and girls, who are affected by the decades of war and violence which are estimated to have killed as many as five million people in the Democratic Republic of the Congo (DRC). As Major General Patrick Cammaert, the UN Deputy Force Commander in Eastern DRC put it:

“It is now more dangerous to be a woman than a soldier in DRC.”

A further set of issues arise from the fact that everyone's welfare, in rich countries as well as poor, is affected by issues which impact at a global level – the financial crisis, the food crisis, climate change, the threat of pandemics, and extremism, to name just a few.

As Bill Clinton remarked in a recent speech, we now find ourselves in a world *“awash with trouble”*. Ultimately, if we do not tackle, for example, the threat of climate change, or create solutions to wider environmental challenges such as loss of biodiversity or the maintenance of the watercourses on which both human and wider life remain fundamentally reliant, we undermine any chance we have at securing the gains that we make elsewhere.

In the simplest sense, malaria vaccines that we spend billions on developing and distributing may end up with limited shelf lives as new drug-resistant strains emerge fuelled by climatic change. All the investment we can make in conflict prevention and community peace-building in a rural African community may prove unable to stand up to the strains and stresses caused by the depletion of a local watercourse on which all local people depend.

And as has been so tragically proved once again by the recent flooding in Pakistan, massive climate-related disasters on top of existing poverty and insecurity, will lead to both serious short and long term consequences.

²⁸ Green, Duncan, Op cit.

²⁹ Department for International Development (2009), Op cit., p.69

China and the 'rise of the rest'

Despite the need to look beyond temporal political realities when applying a 'responsibility to the poor', we nevertheless must acknowledge and address their impact, particularly when it comes to the shifting of economic and political power to newly emerging countries such as China.

China has undergone a remarkable transformation from poverty to significant global donor – particularly when we consider that China accounted for over 40% of the world's poor just twenty years ago. The scale and scope of 'Chinese' engagement in the poorest countries in the world today can hardly be overstated. According to the IDS, China has given aid to every country in Africa save Swaziland, and Chinese foreign direct investment goes to more than forty African countries. And this engagement is often different from traditional Western approaches, as the IDS characterises:

"China is uncomfortable with the mantle of 'Rising Power' or a hegemon in the classic sense. Rather than practise bullish conditionality in its dealings with LICs [low income countries], China prefers notions of a 'peaceful rise' and 'harmonious development' based rhetorically, at least, on the idea of partnership, cooperation and mutual benefit..."³⁰

At the same time, a recent report from the IDS also points out that there is no 'one size fits all' approach to China's engagement in low income countries, with differing approaches to different regions:

"Contrary to the Western approach of having one main agency which dispenses aid and coordinates development activities, China has a multiplicity of different actors engaged in development activities. They include various ministries...provincial governments, central government, state-owned companies, private companies, banks..., civil society, research institutions and others. Some of these actors have different or even opposing motives."³¹

We must look not only at the role China can and will play in tackling poverty and ensuring a sustainable future, but also the future direction of India and countries like Brazil, alongside new donors and actors in the Islamic world, and in particular the Middle East.

And what implications are there for Britain's own role? There are grounds that provided political leadership, we can remain broadly positive about Britain's ability to punch above its weight, and to act as a catalytic and convening force given our role in key global fora such as the G8/G20, European Union and UN Security Council. But that does not mean we should be naive about our ability to globally impact on these challenges, and the role of new players.

³⁰ Institute of Development Studies, 'China and development: lessons for and from the world', *IDS Briefing Paper*, September 2010

³¹ Ibid.

A Labour values-led approach

Labour remains uniquely placed to think through the implications of these two big shifts in the landscape.

Our values provide us with a framework for action:

- not just to aim at poverty reduction, but also at global social justice and global social inclusion, reflecting our enduring concern for equality;
- not to satisfy ourselves with well meaning charity, but with respect and partnership;
- not just to provide effective aid, but to pursue a genuine engagement with developing countries across the whole range of policy.

We are clear about the directions we do not want to take. We are not the party that believes the market has the solution to all problems. Let others take that route, and confront the inevitable human wastage that will follow. Nor are we a party that believes the state alone can deliver change. Let others take that route and see the stifling of energy and enterprise. We need not only a big society, but a good one.

Our vision is a positive one, which starts with an ambitious aspiration for the well-being of all individuals and communities around the world. This has been represented in different ways: as ‘human development’ by UNDP and thinkers like Mahbub Ul Haq, Richard Jolly, Frances Stewart and Amartya Sen, who inspired the concept; as ‘human capability and the freedom to make choices’ by Amartya Sen; and as ‘human security’ by the Commission of that name, blending the notion of well-being with the need to simultaneously reduce the risks from conflict or environmental degradation.

Environmental sustainability must also be central and fundamental: progress will be impossible and unsustainable if we do not take responsibility for fair stewardship of the world and its resources. We do not face a choice between growth or sustainability. The old rivalries between the development and environmental campaigners must be put aside. Only sustainable growth can deliver stable and secure human and environmental well-being into the future.

Labour thinking tells us that we can go further. Our party’s constitution confirms that we aim at the creation of a world in which each of us has the means to realise our true potential and for all of us a community in which power, wealth and opportunity are in the hands of the many, not the few, where the rights we enjoy reflect the duties we owe, and where we live together, freely, in a spirit of solidarity, tolerance and respect.

The Universal Declaration on Human Rights, adopted in 1948 by the General Assembly of the United Nations, lays down in 30 Articles the core political and economic rights which are ‘the foundation of freedom, justice and peace in the world’: the right to participate in Government, the right to freedom of expression, the right to an adequate standard of living, and the right to education. These rights have been extended and codified in many subsequent agreements. Recognition of human rights is central to our thinking on the left, in the UK and overseas. The Human Rights Act of 1998 was an early achievement of the Labour Government domestically.

So if poverty reduction and the social and political sphere can be founded on rights in the UK, then why not overseas? And why should they be bound by any state delineation? Rights-based thinking pushes us to strive for a higher standard – not just look at short term needs, or to satisfy ourselves with 'the best we could do in the circumstances'.

Other Labour principles can also help us shape international development and wider international policy. As outlined above, unlike the right, which at best settles for charity, we have a strong tradition of being committed to social justice. The equal worth of every human being must be the foundation of Labour's approach at home and abroad.

This means more than poverty reduction in the narrow sense of simply providing a minimum income; more than ensuring the provision of health and education; and more even than providing income, health, education and other services such as housing or social security as a matter of right. Labour thinking on social justice has also worked through ideas of social inclusion and tackled head-on core problems of inequality. Our commitment to reduce child poverty, for example, was defined as a reduction not in absolute poverty, but in relative poverty: specifically, to reduce, then eliminate, the proportion of children living below 60% of the median income.

And as outlined above, inequality matters – not just in and of itself, but also because of its consequences. Whether it is of opportunity, of income, of assets, of access to services, it is a blight on human life and any community.

Some parties are indifferent to inequality. We cannot be. Justice not charity was the call of the Make Poverty History movement. It must be ours too.

A global good society: Empowering people and communities alongside government

Beyond these core values, we must apply ourselves again to the role of individuals and wider civil society in making change happen.

The new world we wish to see will not be conjured into existence by a monopolistic state and a monolithic plan. It will result from the enthusiasm and effort of millions of individuals working together as civil society who share their energy and knowledge. Social capital is a much over-used phrase, but one which we should not abandon.

Labour's answer to Cameron's 'Big Society' cannot simply be to criticise empowerment of communities, but rather to emphasise our own traditions, rooted for example in the co-operative movement. Robert Owen stands pointing the way along the road that David Cameron pretends to travel.

A global big society would not be enough. Just as it cannot be domestically, it cannot be an excuse for a laissez-faire approach to citizen empowerment, it needs to be backed up by and empowered by appropriate support from local, national, regional and global governance, and based on a set of clear values.

It needs to be a good society which does not exclude the capacity of 'government' to do great good working alongside and with citizens. Government has capacity for great good. It

has proved time and again it can act as an empowerer and not a stifler, as the Tories would have us believe.

As Green has argued – we need to achieve a mature and virtuous balance:

“Rich-country governments and their citizens need to help build a system of global governance that ensures that the powerful countries and corporations ‘stop doing harm’ while supporting national development efforts based on the combination of effective states and active citizens – women and men living in poverty, exclusion, and insecurity, but struggling for a better future. They are in the driving seat of development, but rich countries and their citizens can help by clearing the road of obstacles and supporting the struggle for development.”³²

Our record of achievement on international development, both as a government working alone with others, and with other governments – stands testament to what can be achieved when government works for the common good alongside civil society and strives for the best.

We should make no apology for saying that where market failures exist, the state must step in. When those market failures are global – as in the case of climate change or extreme poverty and inequality – then institutions of global governance have a role to play, whether that be in the form of the United Nations, for example, or the European Union.

Poor people suffer when the financial system runs out of control, or when market volatility forces up the price of food. Poor people suffer when natural disasters hit and the local state is too weak or conflicted to help adequately and swiftly, as in Haiti or Pakistan.

But we must neither slip back into easy ‘statism’ when presented with these failures. Our model must be one of true partnership between the ‘state’ and citizens: citizens acting where they can, the ‘state’ present where they cannot.

The road ahead

So what does all of this mean for the form that UK development assistance, and indeed wider international policy, should take in the future? We do not yet have all the answers. The Labour Party in opposition must lead the effort to develop some of the solutions. We should draw on the strength of our sister parties and thinkers around the world.

We should begin by putting serious effort into re-fashioning and communicating our approaches to three distinct problems. Our commitment and responsibility to delivering for the poor must be universal - but we may have to find different instruments and different approaches for different contexts.

³² Green, Duncan, Op Cit.

Traditional support: Continuing what we do well

First, we must continue doing what works well in the poorest countries. Well-applied, targeted and effective aid can and should be used to achieve progress on challenges such as health, education, water and other basic services.

In the remaining 'low income' countries, direct budget support, provided with a guarantee of a results focus by the receiving government, will remain critical. Direct government budget support will remain a crucial arrow in the quiver of instruments at our disposal here – but it must be catalytic, ultimately helping governments shift their spending and revenue priorities towards the delivery of basic state functions, and developing the fundamental social contract between citizens and their states as critical service providers. Our aid should be used as a mechanism for kick-starting the engine, not as a permanent and enduring replacement for it.

At the same time, we should reach for low-hanging fruit that drives wider change – for example, tackling once and for all the transmission of HIV&AIDS between mothers and children, so that we could see, as the ONE campaign have argued is possible, a world where no child is born with HIV&AIDS after 2015. We need to focus our investments on 'what we know works' – in the way that private philanthropists such as the Gates Foundation are showing, for example, in the case of vaccines. Success in these endeavours also helps generate the type of immediate impact that rightly or wrongly will help sustain public interest and confidence in the rest of the international development agenda.

We should also be prepared to make the small but significant catalytic investment of the type Labour made in Sierra Leone, working in partnership with NGOs, the government and local civil society – which meant that user fees for healthcare were able to be abolished for pregnant women and babies, and which in due course should have significant impacts, not only in terms of lives saved, but also wider health outcomes.

Responding to the middle-income challenge

Second, it is clear given the challenge outlined above that in the years ahead we must develop a new approach to middle-income countries, particularly as the number of these continues to increase over the coming years. A principled 'responsibility to the poor' drives us to find new, appropriate and imaginative approaches.

Such approaches could take a number of forms:

- First, retaining some poverty-targeted aid to the poorest countries, regions or states of a country (as we had done in DFID over the past few years of the Labour government), but shifting other spend to catalytic approaches including concessional loans, challenge funds and other mechanisms.
- Second, developing an active 'good society' by, for example, investing in the strengthening of civil society, and citizen-led organisations in places like India and other middle-income countries, to generate forces for progressive change.

Domestic anti-poverty movements can generate the types of checks and balances on both regional and national governments in middle income countries that can help to drive them to re-prioritise government spending into basic services, and the types of livelihood generation which benefit the poorest.

We need to draw on strengths that some on the left have forgotten. We are the party of organisation, of movement – we must not allow ourselves to be characterised only as a party of the state. We need to share the insights of, for example, the 'Movement for Change', the Trade Union movement, and of our vibrant and strong civil society with those where these types of activity are less developed. And by using these insights, based in the values outlined above, we must achieve the right balance in our development approaches between responsible states, citizens and the private sector. As Green has offered in his critique of current development practice:

“Most development practitioners acknowledge the centrality of citizenship and the state. However, in practice, for many NGOs, development is about citizenship only, while for many official donor agencies and government ministries, development is only about the state. The former elevate active citizenship to be synonymous with progress, while the latter reduce it to periodic elections and ‘consultation’ by government. Similarly, the latter elevate the state to the be-all-and-end-all of development, while the former eschew it as beyond their remit. In Oxfam’s experience, both are central to the pursuit of any development worth the name.”³³

Andy Sumner suggests other alternatives for a way forward:

‘..[It] might mean that long-term poverty reduction requires more focus on structural economic transformation (assessed perhaps by the percentage of employment in agriculture) or a social transformation to a low level of inequality (assessed by gini coefficient and implied emergence of a middle/consuming class), or political transformation (assessed by tax revenue as percentage of GDP and the implied accountability that follows).’³⁴

We can fulfil a 'responsibility to the poor' of India and other middle income countries in different but equally beneficial ways than giving them direct aid alone.

A continued commitment to the most difficult environments

As a third leg of our strategy, we must continue to engage more seriously and more deeply in the most difficult environments, again seeking greater multilateral engagement alongside our own efforts. Labour made a conscious decision in our 2009 White Paper that at least half of all new bilateral aid spending should be directed to fragile and conflict-affected states.

³³ Green, Duncan, Op.Cit, p.13

³⁴ Sumner, Andy, Op Cit., p.22

Despite the fact that, as Sumner points out, over 60% of the world's poor live in stable middle-income countries, this does not necessarily lead to the conclusion, as Green has hinted at, that an increasing focus on fragile states is therefore “*overdone*”.³⁵ It teaches us rather that we must maintain perspective.

Both in terms of the reasons outlined earlier, the extra effort required to impact on the poorest and most vulnerable in fragile and conflict-affected contexts - and the wider danger of negative feedback and externalities from continuing fragility or the descent into it, not only for people in those countries and regions, but also for the wider world - demand that we make these environments a continued focus.

It would nevertheless be a serious mistake to equate the necessity of understanding the links between security and development with a conception of merely narrow national security. This could ultimately lead us to a route where our aid is used solely or largely in the pursuit of national security objectives. The safeguards established in the International Development Act of 2002 were designed with a clear purpose. We should not be naive - the complementary nature of our development programme should be sensibly and practically recognised – but the primary purpose of our aid must remain poverty eradication.

Global architecture

A foundation on firm values and principles, matched by an understanding of new challenges which we will face, must also be matched by the global institutions and structures that will allow us to respond adequately.

When we assess the Millennium Development Goals, one of the greatest concerns is not only that we are currently off track for meeting Goals one to seven, but also that what arguably could have served as a foundation for them – Goal eight – remains largely unrealised.

The true 'partnership' which it promised has so far failed to manifest itself in true fullness, despite significant progress on issues such as debt relief. As the UN itself points out, although aid continues to rise despite the financial crisis, Africa is short-changed and only five donor countries have reached the UN target for official aid, and there has been continued failure at the WTO to conclude a pro-development trade round.

Because Labour believes in multilateralism and multilateral solutions, Labour in government put significant effort into attempting to secure reform of institutions like the World Bank, European Commission and the United Nations. The failings of the post-WWII financial architecture - so exemplified in the crisis of late 2008 – are also replicated, albeit in different forms, in the institutions charged with tackling global poverty, environmental degradation and conflict.

A combination of institutional and bureaucratic inertia and conservatism, sadly mixed at times across the international stage with myopic or personality driven agendas – has not

³⁵ See Green, Duncan: <http://www.oxfamblogs.org/fp2p/?p=3699>

always meant that our multilateral institutions maximise the immense skills, expertise and passions of their staff or their founding principles.

But change is possible. As has been shown by the formation of a single UN women's agency – a change which Labour in government fought hard for on the international stage – it is possible to bring together unnecessarily bureaucratic and competing institutional structures to help achieve better results, and greater efficiency in funding and operations.

Or in the case of the recent development of the G20, in which the UK Labour government played a critical role, we not only established a new institutional and political architecture, but for the first time changed the context to one of balanced multipolar players, as opposed to an old style north and south order.

Multilateral reform and mechanisms of global governance are hardly glamorous, but are essential, both given the challenges we face, and if we are to achieve the expectations that the public have about our limited resources being used effectively and efficiently to maximum impact.

Political leadership

Finally, we must consider the essential question of leadership and why centre-left is best placed to show it. Arguably, the personal investment of figures like Tony Blair and Gordon Brown achieved far more that would otherwise have been achieved on international development in the past 13 years.

As a recent YouGov poll³⁶ shows, there is a significant disjunct between the views of the wider British public, compared with key opinion-formers, as to the challenges the world faces in the near future and what we should do about them. The public lists international terrorism and the spread of nuclear weapons as the greatest threats – whereas opinion formers fear the collapse of the world financial system and threats to energy supplies. Significant numbers remain opposed to overseas aid and list it as the second most important priority for cuts in the current economic climate. Significant minorities are also highly sceptical about the need to take action to avert climate change.

We must be conscious of this disjunct, and engage with people's fears, but we must also remain rooted in core values and principles, and seek to strive beyond short-termism. Alex Evans and David Steven argue in a recent essay that Britain should not seek to define its international mission narrowly in merely managerial or technocratic terms, or as they suggest:

"...managing global risks on behalf of British citizens".³⁷

Our international posture must by necessity reflect our own interests, and of those who elect us – but we should also aspire to a higher standard that demonstrates leadership, and

³⁶ Chatham House / YouGov, 'British Attitudes towards the UK's International Priorities', July 2010

³⁷ Evans, Alex and Steven, David, Op cit.

that seeks to make a better world for all, not just those who have had the privilege to be born within these islands. A defensive and populist approach to internationalism, as has so often been shown in history, will ultimately lead to introspection, further risks and less optimal outcomes for people in this country, and abroad.

An outward facing, ambitious and values-led international posture does not mean that Britain must do everything, provide aid to every country, or engage in resolving every conflict - but at the very least, Britain can act as a thought-leader and a convenor.

For, if no-one makes value-led interventions, in the way that Britain did under Labour's leadership – from Gleneagles to the cluster-munitions negotiations – collective inertia, populism or worse, active hostility to progressive change, could triumph.

These troubled times demand stronger and more insightful leadership.

The fight for justice

Labour has a proud record on international development over the past 13 years. We achieved much. We established global leadership. And we delivered on our promises.

But now in opposition we must continue to show the same level of leadership, even if the task of translating it into action is much harder.

We must fight against any suggestion that our international development efforts revert, as they so often have under past Tory leadership, into well-meaning but colonial-style charity for poor people, driven publicly by populism and privately by narrow national interests.

Labour must remain the party which strives for international development as a matter of global justice, in an unacceptably unequal, hotter, unstable but increasingly shared world.

We must demonstrate a responsibility to the poor and marginalised that transcends boundaries and statistics. And we must develop new approaches, working in partnership with the poor, the marginalised and others of good conscience to attack poverty effectively.

International development should be more than the quest for value for money. It should be driven by values.

The task remains substantial, but people of Labour values must continue to show the way.

The great Archbishop Desmond Tutu once exhorted us, in a plea for humanity and the recognition of both moral and physical interdependence:

“My humanity is bound up in yours, for we can only be human together.”

We must recognise our responsibility to the poor and continue the long march to justice.