

Challenges and Choices for the UK: International Development

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Claire Melamed

Welcome, everybody. Welcome to this Chatham House event on 'Challenges and Choices for the UK in International Development'. We are just over a week away from the election, so it seems about time to turn our attention to a subject that probably, it's fair to say, has not been very much discussed over the last few weeks, with all the excitement around devolution and housing and possible coalition choices. But here we are to talk about international development policy during the election, so we're interested both in the way that development policy and the politics of development policy have played out during the election, and also what might happen afterwards. What are some of the policy choices and the substantive issues and questions that will be facing the incoming government, whatever form it takes in the next election?

I have a panel here who I imagine will need very little introduction to all of you, but the conventions must be observed. Let me start by introducing on my right, Clare Short, the former secretary of state for international development from 1997 to 2003, and currently the chair of the Extractive Industries Transparency Initiative – I'm sure very well known to all of you. On my far left, Ian Birrell, a columnist and foreign correspondent and, I think it's fair to say, active debater in the areas of aid and development policy. On my left, Peter Kellner, the president of YouGov – again, I'm sure very well known to you all from your television screens, if not in person.

I'm going to ask each of the panellists to give a short opening statement covering the issues of how we're treating development policy during the election, and also some predictions and speculation about the shape of policy under a future government. We'll then have time – I'm going to make a few remarks, and then we're going to have time to open it up to the floor for questions and responses. So let me start with Peter.

Peter Kellner

Thank you very much indeed. Good afternoon, everybody. In terms of international development, the prediction is very simple. Every party that is likely to have any significant number of seats in parliament has signed up to the 0.7 per cent target. I thought it was noteworthy and indeed laudable that in that very first – remember years ago, we were all young, and Jeremy Paxman interviewed the party leaders and then they went in front of the audience, one of the questions that both David Cameron and Ed Miliband were asked was, what do you think is good about your opponents? Miliband's answer – Cameron was on first, so Cameron didn't expect it; Miliband clearly, having heard Cameron give the answer, assumed he would be asked the same question, so perhaps a slightly more prepared answer. But he talked about gay marriage and 0.7 per cent.

As a citizen, I think it is one of the great things that has happened in the last few years, that every party has signed up to it. The last Labour government made progress towards it and the journey has been completed under the present Conservative government. As a pollster, this looks slightly odd, because overseas aid is not popular. Let me just take you through some of our findings. Don't worry, there will not be a lot of numbers here.

We do a more or less regular survey for Chatham House about Britain and the world. In our latest poll, which was last August, we repeated a question we've asked a number of times before: what should be the main focuses of British foreign policy? As normal, the top two are 'protecting the UK at its borders, including counter-terrorism', and secondly, 'ensuring the continued supply of vital resources, such as oil, gas, food and water'. It strikes me –

Claire Melamed

Is that prompted or unprompted?

Peter Kellner

We give them a list and we ask people to choose up to three. I'll show you the whole list if you like, not a problem. It's on our website. This is completely open. There are other answers in that vein. The point I'm making is that even if you were to take those priorities as your lodestars for international policy, you would have a substantial development programme, because I'm sure most, if not everybody, in this room agrees that the world is a connected place. If you start to try to shut off the rest of the world, in the end it comes back to hit you.

A more recent survey – not a Chatham House survey – we asked people: if a UK government decided to make more cuts in spending, which of the following areas do you think the government should cut spending in most? There's a list of about a dozen items; we ask people to choose three. You will not be surprised – you may be appalled, but you will not be surprised – that overseas aid comes, by a mile, top of that list, 68 per cent. The second is welfare benefits, 33 per cent. However we ask a question about spending priorities, open-ended or closed list, positive or negative, whatever – however you do it, people do not like overseas aid.

But, and this is the important part, when you find out what's really bugging people, overseas aid is not really on the list. So if you give people a list of what money is being spent on, and overseas aid is on that list – show them the list, they don't like it. But if one says, what is concerning people in their daily lives – if you, as it were, imagine what normal voters spontaneously talk about in the pub – it will not normally be overseas aid.

This is therefore one of those issues, and this is quite a large range, where I think people often misunderstand the message from polls. There's a difference between saying the public like X or dislike X, and saying the public more than anything else want you to deal with X. Those do not logically follow, necessarily, and this is one of those instances where I think they don't follow.

A couple of other, as it were, throat-clearing points before I hand it over to Ian and Clare. The first is that attitudes toward overseas aid are correlated to attitudes to immigration and to the European Union. Broadly speaking, there is a segment of our society – not a huge majority, but not trivial either – that basically wants to pull up the drawbridge. There's something odd about this because with, I think, incredibly rare exceptions, the people who don't like aid, don't like the EU, don't like immigration, wouldn't particularly want a free trade deal with America, are people who are actually perfectly happy to drive a Japanese car or use a mobile phone made in China, whatever. One could go through the day and all the things where we, in our heart of hearts, know that we belong to and require a connected world, because we don't really want to be like Cuba or North Korea in terms of cutting ourselves off.

So there's a mismatch between the way people sort of know they live their private lives, their personal daily lives, and their view of what Britain is, where it's come from, where it's going. I think a lot of the discussion and debates and polling about aid, immigration and Europe are actually proxies for a debate or a set of concerns about what has happened to Britain. There was a *Private Eye* cover before Christmas which I thought said this better than any political analysis I've seen. It was a picture of a London taxi driver and a guy with a huge UKIP rosette getting into it, and the taxi driver said: where to, squire? And the UKIP man says: 1957. I think that, as it were, captures a lot of this.

The final point I'd make, because I think this is where you've got the same with development and immigration, is that we have people saying they don't like overseas aid, but when Comic Relief comes on, they give. I'm sure the Nepal appeal will lead to a huge response. One of the things I think is going on, and it's certainly the case with immigration, is when voters think about the phenomenon, the abstract issue – immigration, aid – they don't like it for reasons, I've said, about the nature of Britain. When you ask people to think about the people, the immigrants they meet in their daily lives, the people in Nepal or Rwanda or the boat people from North Africa, there is not such, in general, such a hostile or antagonistic view.

So my two takeaways are: the polling figures aren't good, there should be no pretending that they are good, but these are not veto issues. Very seldom do politicians lose votes by doing the right thing. Secondly, the argument does need to be engaged but it needs to be engaged in terms of the people in development, the people coming to settle in this country, like my father, from other countries. If one can do it at that level, then I think it's an argument that won't be won quickly but I think it can be won.

Claire Melamed

Thank you very much indeed. Clare, as so often in these debates, we've started a debate about development and heard mostly about attitudes to aid. Do you think this debate is really a debate about aid or can one broaden it out to think about development policies more broadly, and the impact of Britain on the world more broadly?

Clare Short

I think that development policy and foreign policy is the core issue we should be debating, and about which we're not having an intelligent discussion. Everyone just calls development 'aid' and it's just irritating. But, as has been said, all the parties voted for this commitment to 0.7 and will almost certainly stick with it, because of course it's very cheap. Our spending on aid is £11.3 billion and our spending on defence is £40 billion. As you know, the right-wing press hates aid spending and demands more spending on defence, which is much more expensive. Just for the facts: 90 per cent of that goes through the Department for International Development, so a fair chunk goes through the Foreign Office and the Ministry of Defence, which most of the people who don't like aid want more spending on the Foreign Office and the Ministry of Defence.

To broaden in the way that you suggest, the UK's reputation on foreign policy is very low. We're a bit of a laughing stock. We're a nodding donkey for all the mistakes of American foreign policy. We've lost respect very significantly. On development, we are respected and we are one of the leading players in thinking in the international system. For example, the UK used to have a senior job in the United Nations system, a political job, we now have the development job. The UK gets the OCHA job. So that's worth saying and, I think, interesting.

How did we get to this 0.7 commitment? I think under the Blair government we made a big commitment to establishing the Department for International Development, bringing development considerations to the cabinet table, and that's more than just the – the commitment on 0.7 wasn't made early on, but the commitment to look at trade policy, look at the international environmental agreements, not just from a narrow British interest but in order to get the world to be safer and more sensibly run – which is surely needed in these days in which we're living – that commitment became popular.

Interestingly, I think, Peter, we in the Department for International Development at that time did some polling. We were keen to educate public opinion about development. We did a whole series of consultations in every part of the country, in every city, that were full and we had to turn people away. We were polling on what people thought of it and the popularity was going up. So of course, if you've got newspapers saying aid is dreadful and it's all corrupt and it's a waste of money, and then you ask people what they think, unsurprisingly you get it back. But I think public opinion is more nuanced and complicated, in the way that Peter indicated in his latter remarks. I think we got to 0.7 because the Tories had to soften their brand. They had to not be the nasty party and they thought, going into the last election, that a commitment to 0.7 on international development and the commitment to the National Health Service were absolutely key to shifting their image. That's how we got here. Interestingly, they maybe aren't so much focused on that trajectory anymore, but they've become very committed on the 0.7.

But as I say, it's not expensive, and there are strong groups that really care about it. So it's not just strange political altruism. The whole church organizations and groups passionately care about it and campaign. The Tory party used to be the Church of England at prayer, and so on. I simply make the point that there are groups who very strongly care about it, and the groups who are negative, it might not affect their voting behaviour. So it isn't non-political in the sense there are some benefits to be had from it.

My own view is that the quantity simply isn't the question. It's a bit like saying, is public expenditure a good thing or not? If you take health spending, the US spends more per head of population on health and has a worse system than anywhere in the OECD countries. Should we have £11.3 billion and no discussion of how we're spending it? It's a very vacuous and foolish debate. Of course, we've spent a lot in recent years on the consequences of desperately mistaken foreign policy in Afghanistan and Iraq and so on. So we must have a more intelligent discussion than 0.7 or not.

It seems to me that people who care about development must jump out or stop confining themselves to the box of just focusing on how much to spend and believing in development, and start looking at foreign and defence policy and the whole role of the UK in the world, and how we can use our strengths and correct some of the weaknesses that we've got into. That's part of having a more intelligent debate about our role in the world, which we spectacularly are not having in the course of this election, and I think in general is lacking in our media and so on.

Following on from that theme, the Department for International Development has had cuts in staffing, as had other departments, but an increasing budget, and therefore has to disburse big sums of money. A lot of it goes through the EU or the World Bank or the other development banks – about half. If we need to manage this complex world that we're living in now, this more integrated globalizing world, stronger multilateral institutions, then that money is part of the means that you can make the World Bank work better, which is undergoing a disastrous reform that really needs pulling back and putting right. All the international development banks, the UN system, the development agencies, could be much more effective. You can use money as leverage to get beneficial reform. I simply point out that if you want a multilateral system that works, using development interventions intelligently is part of being a player in building that kind of international system which surely we need more rather than less of.

Equally, if you take the disaster that is Israel/Palestine, both the suffering of the Palestinian people and the failure of the EU as well as the US to require Israel to comply with international law, which helps to feed some of the anger that helps to feed some of the young people's willingness to sign up to nasty organizations, and makes some of the claims about the need to respect international law in respect to Ukraine sound hollow – the EU spends massively aid that we partly contribute on propping up the Israeli occupation in the occupied territories, and thus making it cheaper for –

Peter Kellner

I have to say, that is bollocks. Complete bollocks.

Clare Short

It's not bollocks at all. It's not. You may not be aware that the EU is a major spender – you may not have had a detailed conversation about it. This is factually the case, Peter. I didn't interrupt you. You can come back on the point. But in international law, an occupying power is responsible for the humanitarian care of the population that it occupies. In the case of Israel/Palestine, Israel does not carry the costs of its occupation. If it did, it might be more willing to look for some kind of reform in the situation.

But I simply make the point that that is aid money and you need to have a debate about whether that is good expenditure or not, and we don't. We go along with the status quo.

So my own view is, very strongly, that we need to stop just talking about quantity of aid. We need to talk about our foreign, defence and development policy and Britain's position in the world. I think there needs to be a massive repositioning of Britain's foreign policy to accept that we're a middle-ranking power, to link with others to stand up for international law, for building a strong multinational system, and to stop just being the nodding donkey for the mistakes of US policy. That would make our foreign and defence policy more in tune with the values of our development policy and we could be a very useful player in the international system. I think most people in the UK would take pride in that kind of UK role in the international system.

So we need a more informed debate about development, foreign and defence policy. We need to reposition ourselves. We could achieve that. It would mean that we could hold our heads up high and people in Britain would feel proud of the role we play, in my view.

Claire Melamed

Thank you. I want to come back to this point about the link between aid and foreign policy, but first I want to ask Ian: if instead of focusing on the quantity of aid and rather on interrogating a bit more what we did with it, would that make you love it more?

Ian Birrell

I don't know. What surprises me – I tend to agree with a lot of what Clare said. I think you have to be a politician, and probably a Labour politician, to say £12 million is not expensive at a time of austerity in this country and cutting back benefits for the old and disabled people. It is one reason why there is a distrust between the public and politicians, is when all three parties have signed up to a policy which is overwhelmingly disliked by the public.

But let's go beyond that, because actually I'm not really that bothered by what the public thinks here. I'm more interested in the idea of how do we have the most effective foreign policy, how do we have the most effective development policy? What are we doing wrong?

What's going to change with the election? Probably absolutely nothing. All three parties have signed up to pretty much the same sort of policies on development. I think there would be a slight change under Labour away from some of the huge consultancies, although in practice they wouldn't. Incidentally,

DFID's employment has risen during this government – it's gone up 250 staff, which is about 10 per cent. But still there's obviously far too little, given the sheer flood of money that's drowning the department.

The problem I have with aid is that the target is ridiculous. As is well known, it was dreamt up on theoretical data from the 1940s by a group of church campaigners. Everyone who's looked at it in the modern world economy knows that it's ludicrous, that the 0.7 doesn't add up. Politicians have jumped on it for all the wrong reasons so that they look caring and compassionate. So now we're in this ridiculous situation where we have prioritized spending over outcome, and that is a huge problem, as everyone knows.

The result of that is we've grown up this huge, I think rather corrupt industry which is all self-aggrandizing and self-serving. It's all about promoting themselves. It's an unholy trinity between the government, the aid industry and – I'm ashamed to say – a lot of people in my own industry who piggyback off it for stories and such like. They all have a shared thing in saying that this is the only way to deal with the world's problems. There's an arrogance underlying it which I began to see when I travelled across Africa and realized how strong the feeling against what we were doing was among a lot of young Africans, not those who are in government or official bodies but those people who are struggling to get their lives together and to make something of themselves.

The problem that we have with this is we've grown up this huge industry, there's a lot of people getting very rich in this country – whether they're people on six-figure salaries working for Save the Children, who then get into bed with government and come up with the IF campaign, which was all done in order to promote a vision of support for the 0.7 target. As emails have shown, this was done purely to use the Olympics and use the summit to promote an unpopular policy. Now we're in a situation where we also have this growth of the contractors, all of whom are doubling profits every year, paying themselves £250,000 a year to their bosses, becoming millionaires off the back of it. That's because there's so much spending flooding through DFID that we have a situation that these are the middle men and women who are getting rich off the back of it.

Is it actually helping? Let's have a look. Let's look at Nigeria, where we give £300 million a year, more or less. This is a country where the government has just said £20 billion has gone astray in oil income, and we really think that's going to make a difference.

The problems I have are that it undermines – we know the arguments on aid – it undermines public services. There's plenty of evidence for that. It increases corruption. There's plenty of evidence to show that it increases and worsens conflict. There's evidence to show that we give money to all sorts of really vile regimes around the world, like Rwanda, like Ethiopia, who we just shouldn't be going near. We're propping them up with our aid money and giving them legitimacy, despite the fact they're engaged in utterly horrific human rights abuses. There's lots of other examples of that.

On top of that, we say that it's going to make the world safer and it's going to stop immigration. Actually, immigration is more likely to come from middle-income countries than from very poor countries. It's more likely to come from better-off people rather than poor people, because you need a bit of money to immigrate.

So what can we do? If it's not going to change, what would I like to see done? Here's a few things. Obviously I'd like to see the aid budget slashed right back. I think all we're doing, to use a famous expression, we're propping up aid here and making rich people here. But what could be done? We could stop some of the protectionist policies which we've all talked about for years and years, and we know are

harming the developing world, but nothing really gets done about it. We could now stop some of our food companies and drinks companies and cigarette companies from going in and doing to the developing world what they did here. As their markets are being restricted here, they're moving much faster into the developing world. It's worth noting that in Africa now, more people go to bed having eaten too much food than go to bed hungry, as the ODI report showed last year or the year before, which is one of the most telling facts I think there is about the speed of change in the developing world while we carry on with our patronizing policies.

We could, of course, stop invading countries, which would help. A lot of the problems we're seeing in terms of the developing world, in terms of immigration, in terms of migration, are due to what's happened as the legacy of the Iraq war in 2003, which Clare resigned over, I think, rather nobly. But that is the cause of a lot of the migration that we're having.

I would like to see DFID – I think it was a real mistake to separate it out in 1997, with the result now that budgets in DFID are so big and the personnel are so big that when I travel around a lot of the developing world, DFID is the force in these countries for Britain, not the Foreign Office. It's corrupting foreign policy in that respect. As soon as DFID is put back into bed, as a lot of other countries are now beginning to do and have done, having made the same mistake, the better.

What else could we do? The biggest problems that the developing world has is possibly corruption and capital flight. Of course, a lot of it comes through our tax havens. A lot of it ends up in London. It's our lawyers, it's our bankers, it's our estate agents who are washing this dirty money. So maybe instead of talking about it, we could actually start tackling it and stop saying how bad corruption is in Africa, and start dealing with the corruption that starts at home.

Immigration policies – we all know the fastest way to help impoverished people in the developing world is to let them immigrate. We have this situation where we're saying we're the patron saints of the world, we're chucking money around the world and we're the heroes of development, and yet we're stopping rescue missions in the Mediterranean, leading to people dying. If we're going to resolve it, we need to have a more grown-up discussion about immigration in a globalized world. Of course, the legacy of that is we end up with visa policies which mean that, for instance, people from Nigeria, Kenya, Ghana – very fast growing economies, some of the fastest growing economies in the world – they want to come here, either for holiday or to do business, and actually they can't get visas, or the cost of visas has gone up so expensive, or it's basically a pretty unpleasant process to get them. So all these countries which are growing very fast, and actually we have fantastic soft power with our music, with our football, with our history, we're deterring them with our visa policies, which is a legacy of our immigration policies. Because we have this xenophobic approach – on the one hand, we're saying we're saving the developing world; on the other, we're saying don't come here, don't come near us – we end up deterring the very people who are the economic powerhouses in these countries.

To me, we've ended up with the most distorted possible approach to the developing world, where on the one hand we're so patronizing, claiming to be saviours, and on the other we're saying, don't come near here. So as you can guess, I'm not overjoyed that we're going to see change, certainly not in the direction I'd like.

Claire Melamed

Thank you very much. I think what is interesting about this debate is we have some very polarized views on the panel clearly about the different perspectives that people would like parties to be taking, but if you

actually read the party manifestos, you see very much less of a spread of opinion. There is consensus over 0.7, there is consensus – obviously not all parties, but among the major parties, there is consensus over keeping 0.7 enshrined in law. Apart from UKIP, I see no desire by anybody to go back on that. You have consensus over this new, slightly amorphous thing which has come to be seen as a development issue, over the last five or ten years, around transparency – increased financial transparency, increased transparency over tax issues. This is the kind of thing that could pay massive dividends if people do it right or it could be a slightly more tokenistic attempt to pacify people over aid by saying: no, it's not just all about aid, we're doing other stuff as well, depending on whether the right actions are taken.

On the other hand, we have a great deal of consensus over the desire to stop migration and to stop the movement of people, which as Ian just said, is another, sometimes neglected way in which British policies can impact on development outcomes for people. I was very struck, Peter, by what you were saying about these things being strongly correlated, the support for aid and the relaxedness about migration. It's interesting that in the public's mind these are correlated, but in the manifestos of all the main parties, they are pointing in exactly the opposite direction. To some extent, I think the fate of development policy in elections particularly, but in political life more generally, is to be a kind of signalling device for parties. People don't take it particularly seriously. Exactly as you said, there are a few people who care about it very much but the majority of people really see it as something that is a kind of signal for what kind of person you are and what kind of party you are. So it's possible for parties to have quite wildly contradictory policies in some ways on development, because they are saying different things to different people in a way that perhaps wouldn't be possible in an area of social policy where people were more informed and cared more.

I think, as Clare alluded, it's also fair to say that there's just a general lack of interest among the public and probably among this administration to some extent, over Britain's place in the world. It's difficult to tell whether politicians are leading or following public opinion here, and whether we have a situation where the government haven't been making a strong case about Britain's role in the world and therefore people aren't seeing development issues as important, or whether the causality runs the other way. It could be both, for different groups of people.

I think this has been fascinating. I want to have a round of questions now.