

PM Abbott talks on aid

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For the first time since his government came to power in September, and indeed perhaps for the first time ever, Prime Minister Tony Abbott has made extended comments on the aid program and his views on the role of Australian aid.

In the 2013 Sir Edward 'Weary' Dunlop Lecture at Asialink's Chairman Dinner in Melbourne on Thursday ([transcript here](#)), the Prime Minister spoke about Australia's engagement with Asia. Amongst the predictable references to initiatives such as the New Colombo Plan and the negotiation of free trade agreements, he provided some insight into how he views the importance of Australia's aid. We've pulled out the relevant bits below.

A stronger economy is the foundation of successful foreign policy as well as of successful domestic policy. Cutting taxes and reducing red tape to boost productivity is ultimately as relevant to our international standing as it is to our domestic prosperity. The Coalition's economic reforms are not at odds with any aspect of our foreign policy but are necessary to make all our policies work to their best.

Redirecting flagged future increases in spending from foreign aid to domestic infrastructure should actually boost our influence in the region when it helps to bring about the stronger economy on which our international standing rests.

After all, Australia's international clout does not rest on the size of our aid budget but on the size of our economy and the weight it gives us in the wider world.

Regardless of the relative size of the aid budget, during disasters and emergencies Australia will always be there to lend a helping hand.

John Howard's swift gift of \$1 billion to help Indonesia recover from the Indian Ocean tsunami was an important element in the growing rapport between our countries.

Indonesia is Australia's largest recipient of foreign aid. At some point, Indonesia's overall economic strength will make further Australian aid unnecessary – as has already become the case with China and India.

As far as possible, Australian aid should be designed to enable other countries to stand on their own two feet as quickly as possible. It is good that Australian citizens contribute to a range of charities dedicated to improving the individual lives of poor families in poor countries. The Australian Government's aid, however, should be directed towards improving other countries' governance and strengthening their economies.

Reducing the rate of increase in the aid budget over the next few years will enable the new government to ensure that our aid really is best targeted and most effective.

Aid must mean doing good for donees rather than merely feeling good for donors. The government retains the Millennium Development Goal aspiration of spending 0.5 per cent of gross national income on aid but is concerned that it not reinforce stereotypes of a rich first-world and a poor third-world that are already rapidly being overtaken by events.

In any event, trade rather than aid is the best way to sustainably boost poor countries' prosperity – as the extraordinary success of Singapore, Hong Kong, Taiwan, Korea, Thailand, Malaysia, and more recently, China and India demonstrate.

The more quickly countries can integrate with global markets, the better for their citizens.

There's a lot that can and should be said about these remarks. We look forward to your comments, and watch out for our analysis.