

David Cameron

G8 2013

Open for Growth Speech

Thank you very much and welcome. And especially warm welcome to the four heads of state on the panel with me today. We'll be hearing from all of them a little bit later. And also a warm welcome to president of Somalia who's back here in Lancaster House after our successful Somalia conference. And welcome everybody.

Eight years ago, when the UK last held the G8, hundreds of thousands marched to make poverty history. Nelson Mandela stood in Trafalgar Square and he called on humanity to "rise up" and free millions "trapped in the prison of poverty." Unprecedented agreements were reached on aid.

And in recent years a combination of economic growth and smart aid has helped to deliver huge advances in cutting poverty. Aid has been particularly vital in the fight against diseases like malaria and polio.

But eight years later, poverty is still very much present in many of the countries represented here today.

And today I want to talk about why.

And how I believe we can use this G8 – and this meeting here today – to forge together a new agenda that will drive growth for us all and in doing so finally give us the chance to fulfil the ambition of 2005: to eradicate extreme poverty from our world.

WHY POVERTY PERSISTS

Let me start with why the problem of poverty has not gone away. Some will say that promises on aid weren't kept. And they would be right. Britain is one of the few countries in the world to have honoured its commitment to spend 0.7 per cent of its Gross National Income on aid.

We are proud of that. And we will keep the pressure on our international counterparts to do the same.

Some will say that too much aid has been badly spent. They are right too. All of us need to get better at how we use aid. And we are doing that. That's why Britain is focusing our aid on tangible, measureable outcomes like vaccinating 50 million children against preventable diseases and securing schooling for 20 million children.

But I believe there is an even more fundamental reason why poverty has not yet been beaten. And it's this. We simply can't eradicate poverty by using aid alone. Yes, aid is vital and it has helped to drive extraordinary progress. But aid inevitably focuses more on the consequences of poverty. Yet to eradicate poverty we need to deal with its causes [too].

That means supporting what I call "the golden thread" of conditions that enable open economies and open societies to thrive, the absence of conflict and corruption, the presence of rule of law, free speech and property rights, and strong institutions. These things aren't just valuable in themselves.

They are also vital in providing the foundations for the sustained economic growth that can lift countries out of poverty. It is a simple fact that countries beset by corruption and weak governance are most likely to succumb to conflict. And we should remember this: no country in conflict has ever met a single one of the Millennium Development Goals.

WHY TAX, TRANSPARENCY AND TRADE MATTER

Now a big part of tackling the causes of poverty is ensuring that developing countries get the

revenues and the benefits of growth that are rightfully theirs. And there are three vital things in making that happen.

Fairer taxes, greater transparency and more trade.

The 3 Ts as I call them is a snappy title, but, really, why link these three together? I would say this, because they all have something in common: in each case developing countries are badly missing out.

When taxes are not collected, the poor suffer. In fact, illicit flows out of African countries exceed what they gain in aid. When companies extracting natural resources like minerals and oil are not transparent and don't publish the payments they make or when governments allow these payments to leach away in corruption people in developing countries miss out on the vital revenues they are due.

And when trade is choked by barriers and bureaucracy – developing countries miss out again on the chance to grow. These issues are not just important, they are ever more urgent too. Developing countries are finding new sources of natural wealth like offshore oil and gas in Ghana or in Tanzania and the forces of globalization are driving ever greater opportunities for growth and trade.

Just think what missing out on this growing income means for a country where thousands of children are dying every day because of malnutrition or where sick parents have to choose between whether buying medicine to save their own lives, or paying for food for their hungry children.

So fairer taxes, greater transparency and more trade are three vital and linked weapons in the war against poverty. And the other thing that joins them all together is that they all need political leadership. Too often in the past this has been missing.

Take Equatorial Guinea, Africa's third largest oil producer where the President has maintained that oil revenues are a state secret. Action by the US Justice Department against the President's son lists assets allegedly acquired with money stolen from the state, these including a Gulfstream jet, eight Ferraris, seven Rolls-Royce, a \$38 million estate in Malibu, and white gloves previously owned by Michael Jackson. Let me just add, Equatorial Guinea has not received one penny in aid from the United Kingdom. Per capita, Equatorial Guinea is richer than Poland – but its child death rate is 20 times higher.

According to Kofi Annan's Africa Progress Panel, and it's a huge privilege to have you hear today, Kofi, 12 of the 25 countries in the world with the highest child mortality rates are resource-rich African countries.

Many of these countries should be rich enough not to need our aid and industrious enough to be great trading partners in the years ahead of us. So I want to break something of a taboo today.

For too long the international community has shied away from condemning the appalling degree of corruption and mismanagement of resources and the fundamentally bad governance that is destroying lives in some developing countries. And there are always voices saying: why cause the stir; why be the one to point the finger? Well Britain has kept our aid promises, so I don't think we should hold back from saying this.

Corruption is wrong. It starves the poor. It poisons the system. It saps the faith of people in progress. It wrecks the case for aid. When we see it, we should condemn it utterly.

I know some people put their hands up in the air and say this can never change. But by ending the era of tax secrecy and driving real openness over what governments and businesses do - it can change. And there are political leaders right here today who are making that happen.

President Mahama of Ghana, who has opened up his country's budget so his people can see how their money is spent. President Conde of Guinea, who has recently led the way on publishing mining contracts online. President Kikwete of Tanzania, who is working to ensure that the citizens

of his country can enjoy clear and secure property rights. And President Sall of Senegal, who has simplified taxes, unleashed auditors on public finances and set up a commission to tackle corruption. So all of these countries are taking action.

But frankly all of this needs political leadership from the developed world too. We have the tools in our hands to tackle these problems.

We can build international tax systems that make it easier for developing countries to collect the taxes they are due. We can ensure that our extractive companies are accountable and transparent in their dealings. And we can do more to help promote African trade.

And the extraordinary thing about this tax, transparency and trade agenda is that it's not just the right thing for us to do morally, it's also right for our economies too. Because when some businesses don't pay their taxes, it corrodes public trust. When some companies don't play by the rules, that drives more regulation and makes it harder for other businesses to turn an honest profit. And when Africa doesn't trade to its potential, we all lose the chance to benefit from trading with one of the fastest growing continents on the planet.

By 2050 the continent of Africa will have nearly twice the population of China. And a third of the world's youth will live there. We'd be crazy not to be part of this journey with Africa and African countries. In short getting tax, transparency and trade right is good for us and it's vital for developing countries too. So let me tell you briefly what we are going to do.

FAIRER TAXES

First, at the G8 I'm going to push for international agreements to fight the scourge of tax evasion and aggressive tax avoidance. That means automatic exchange of information between our tax authorities – so those who want to evade taxes have nowhere to hide. It means getting companies to report to tax authorities where they earn their profits and where they pay their tax. It also means transparency about who owns which companies and who benefits from it – so called beneficial ownership.

Why does this matter so much?

Because some people use complicated and fake structures to hide their profits and avoid taxes and also because bribes are often held in opaquely owned companies with bank accounts in secrecy havens.

The UK is today leading the way by committing to create a central registry of company ownership. And this morning I have held meetings with our overseas territories and our crown dependencies.[...]