

# British Aid To India: A Convenient Whipping Boy In A Time Of Crisis

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According to a report in The Hindu newspaper (1), India is likely to be told this week that Britain plans to slash its 280 million pound a year aid to it following growing domestic pressure on Prime Minister David Cameron to stop funding emerging economic powers such as India at a time when Britain is in serious economic crisis.

International Development Secretary Justine Greening during her visit to New Delhi is expected to discuss a timetable for winding down British aid commitment to India. She is expected to make it clear that the UK's commitment to India will change radically at the end of the current eight-year 1.6 billion pound programme which lasts until 2015.

The idea to cut aid has been building for some years and has received added impetus from recent events. In 2011, Cameron led one of the largest-ever business delegations to India, comprising six cabinet ministers and around 60 business leaders. He lobbied heavily in favour of supplying India with the British built Eurofighter. But in 2012 as Britain seemed destined to lose the contract for 126 fighter jets, the knives came out in Britain- both for Cameron and for India too.

The British media told the public that the apparent loss of the defence contract to the French company Dassault, which makes the Rafale fighter, would deny Eurofighter's Typhoon an important export order that could in turn jeopardise thousands of British jobs. Although that particular contract with Dassault is yet to be signed and might itself be in jeopardy, many in Britain have accused the Cameron-led government of not properly supporting British industry in the past and therefore regard the possible loss of the Eurofighter deal as emblematic of its general inadequacy.

As a backlash over India's decision, however, sections of the public and various self-appointed opinion leaders took it on themselves to also apportion blame to India by linking what at the time appeared to be the loss of the contract to the issue of aid. They were quick to point out that the British Government's aid package is around 15 times larger than what France sent to India in 2009.

They asked, "Where is the trade dividend?" - especially in light of former International Development Secretary Andrew Mitchell saying that the aid relationship with India is very important and its focus included seeking to sell Typhoon jets. He made it clear that aid was linked to trade. In order to get the government off the hook, this stance (and claims that aid was being used as a bribe) was soon being strenuously denied by various members of the government in light of the French seemingly bagging the prize.

Public pressure has subsequently grown over sending aid to India, especially at a time when massive public sector job losses and slashes to services are being made in Britain. The issue

has certainly struck a chord with sections of the British public.

People began to ask why should the overburdened British taxpayer give aid to a country with 300 billion dollars worth of foreign reserves and year on year growth that has been over 8.5 per cent? It did also not go unnoticed that India has funds not just for its own aid and space programmes, but for nuclear weapons too, while Britain itself has no space programme and has been debating scaling down its own nuclear weapons systems.

Many in Britain also questioned why aid should be given to India, which has an economy on course to overtake Britain's in the next ten years, and that, according to financial advisers Merrill Lynch, has 153,000 dollar-millionaires – a number that grew by 20 per cent in just one year, compared with Britain's own increase of less than one per cent.

The argument proceeded along the lines that India might do better to scrap its space programme, aircraft carriers, nuclear weapons and its huge aircraft buying programme worth billions and redirect all those funds to invest in improving the plight of the poor.

And then there was the matter of giving money to India being a waste anyhow, seeing that rich Indians and politicians have salted away billions in Swiss bank accounts since independence. The accusation is that much aid money to India is thus chewed up by corruption and fraud. The lavish spending of India's rich has been targeted too, with much focus on multi-storey Mumbai penthouses, Formula 1 and the like.

Cut through the tabloid-type hysteria and the media's agenda, and there is indeed a good deal of valid logic behind many such criticisms. But what has often been ignored during this tirade against India is that, as a strategy for poverty alleviation and within the broader context, the impact of aid is minimal at the very best.

There is no denying that, despite India's rising power on the world stage, poverty remains rife and the country is home to a third of the world's malnourished children. India's annual average income per person is around 2.5 per cent of Britain's.

However, much of the hardships are today fuelled by rising inequality brought about by neoliberal economic policies (2). Inequality in India has increased significantly since it opened up its economy in the early 1990s. India's rich elites have benefited enormously, and this has often been at the expense of the poor. Look no further than the real estate speculators and the land grabs from the poor, the rising obesity levels and the persistent malnourishment, the corporate rich and the theft of natural resources in the tribal areas and the high GDP and the low poverty alleviation statistics. Aid is like using a plaster to stem a burst dam.

Regardless of whether India even wants this aid in the first place, which so many Indian politicians have openly state it does not, it's a pity that sections of the British media and certain politicians do not highlight the fact that the sum given by Britain to India is anyhow only less than one per cent of Britain's debts – hardly a drain on the British economy as it is too often made out to be. It's also a pity that they don't focus more on the real drain placed on the British economy via the hundreds of billions that are being picked from the pockets of ordinary Brits via bank bail outs, corporate subsidies and fraud and tax avoidance and evasion by the rich.

According to economics professor John Foster (2), the aggregate wealth of Britain's richest

1,000 people was in 2010 some 333 billion pounds. In 2010, Britain's aggregate national debt was half that amount. In 2009, the top 1,000 increased their wealth by a third, meaning that the amount they actually increased their wealth by in just one year was half of the national debt!

But that is a taboo issue. It's not up for public debate or scrutiny. It's not to be questioned. The dirty machinations of capitalism are to be hidden away - preferably in an offshore bank account.

Much easier to point the finger at India in order to divert attention from the predatory capitalism that continues to fuel Britain's economic woes and exacerbate poverty in India. Much easier to use aid to India as a convenient whipping boy.

But should we expect much better? The British press, politicians and establishment mouthpieces have been using welfare provision within Britain itself as a convenient whipping boy for capitalism's failings for decades!

1) UK to Cut Aid to India, The Hindu: <http://www.thehindu.com/news/international/uk-to-cut-aid-to-india/article4064864.ece>)

2) Structural Violence and Rising Inequality: <http://www.globalresearch.ca/india-structural-violence-mass-poverty-and-social-inequality/5307173>

3) John Foster, Capitalist Crisis: <http://www.youtube.com/watch?v=jkhmGOxwbhM>

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