HOUSE OF LORDS

Liaison Committee

Corrected oral evidence: Special inquiry committee proposals: lower income country debt relief

Monday 2 December 2024

3.20 pm

Members present: Lord Gardiner of Kimble (Chair); Lord Bach; Lord Bichard; Lord Collins of Highbury; Baroness Garden of Frognal; Earl Howe; Earl of Kinnoull; Lord Purvis of Tweed; Lord Taylor of Holbeach.

Evidence Session No. 2 Heard in Public Questions 7 – 12

Witness

I: Lord Bishop of Manchester.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence.

Examination of witness

Lord Bishop of Manchester.

Q7 **The Chair:** Thank you very much for coming and speaking to us. There will be a published record of our discussion of your presentation and our questions, and you and the committee will be able to amend the transcript. You have three minutes, then we will keep to five minutes of questions, if we can.

Lord Bishop of Manchester: Thank you for giving this your consideration. Time is very short, so all I want to do now is address: why now, why a House of Lords inquiry, and why the UK?

Why now? We are a generation on from the Jubilee debt campaign, which did an awful lot of good and relieved over $100 billion of debt. But, debt today in the highly indebted countries is worse than ever. Climate change has added to the mix, as has the pandemic. We are now just far enough on from the pandemic to see the impact that it has had. We also have a new Government, who have set out their intention to legislate on unsustainable debt. That is in the manifesto. There is nothing in the current parliamentary session to that end. I would hope an inquiry in 2025 will help in the preparation of what will come in future parliamentary sessions to enable the House to give such legislation the informed scrutiny that will be required.

The G20 Common Framework, which came out as a result of the pandemic—it has now closed—should have addressed some of this, but it has, shall we say, not proved a success. We can look at some of the partial agreements that Ghana and Zambia reached, and the rather limited progress made by other countries that tried to engage with it, but of course, it excluded private lenders. All this has happened since the International Development Committee report came out in another place a couple of years ago. A lot has happened of late, so 2025 is crucial.

Why a Lords inquiry? In our House, such committees cut across departmental silos. We need to bring together voices from at least four different departments: Foreign, Commonwealth and Development, Treasury, Business and Trade, and Energy Security and Net Zero. We can give it a far greater depth of investigation than was possible in the three sessions that the IDC devoted to it. We can take advice from a much wider range of stakeholders, including civil society organisations, government bodies and others from the affected nations.

We can draw on the experience and knowledge of Members of our House who have interacted with debt issues from a wide set of perspectives—people from banking, finance, development, charities, private business—and of course some Members, although none here, were present during the Jubilee 2000 period, when this country actually led in this matter.

Finally, why the UK? Most private debt is arranged through and, where necessary, litigated in one of two places: 10% in New York, 90% in London.

A meaningful lead needs to come from one or the other. I would want an inquiry to take evidence from the USA, but we are 90% to their 10%. In the current political climate, I am not confident we could leave it to them.

Finally, Britain may no longer be the global military power of times past, but we are still a global moral power, and taking a lead on this issue will help strengthen that vital element of brand UK. You have had a letter of support from Sarah Champion as well, but I will take questions.

Q8 **Baroness Garden of Frognal:** This is a fascinating topic. Do you see the need to concentrate on a handful of countries for this? Obviously, the scope is very broad if you look internationally, is it not?

Lord Bishop of Manchester: We can take evidence from those countries that have been most impacted, where the situation has deteriorated the most, particularly those which have tried to engage with the common framework to see what has not worked there. I hope that whatever we come up with goes much wider than a handful of countries, but we could focus our time on countries that are exemplars of the issues from different parts of the globe.

Q9 **Lord Purvis of Tweed:** Would you consider it a priority to look at existing debt and the discussions over relief, or would a committee have an opportunity to look at lending as a policy as opposed to grant-making? We have just debated COP. A lot of the instruments there were extra lending rather than grant-making. How do you see you that element?

Lord Bishop of Manchester: At this stage, I am focusing more on the lending than the grant-making. We need to focus on what is already there. If we set the right framework, we can create a scenario where private lenders are happy to continue to lend and can still probably getting a decent rate of return, but they go into the situation knowing that debt relief and dealing with highly indebted nations is part of the framework going forward.

One of the failures of the past was that there was a cut-off date beyond which nothing new entered into the conversations. Things have deteriorated for so many countries since then, particularly in recent years. So there is a question about how far we look forward. We can help to create a better scenario without damaging London's place or the willingness of private lenders to lend.

Q10 **Lord Bach:** This is a very simple question. Do you really think that on such a major subject as this, with so many ramifications, you can have a satisfactory special inquiry in the space of 10 months? Should it take longer because it is so important and so difficult?

Lord Bishop of Manchester: We can do something quite significant in 10 months. As I said in my presentation, there is an urgency about this and a need to move now. We are not going to solve world debt in 10 months, but in that time we can gather enough evidence and reach enough conclusions that will lead forward into any proposed legislation later in the life of this Parliament so that legislation is stronger for the work we have been able to do. Ten months is the inquiry, but that is not the end of the game; it is how that feeds into the legislative programme going forward.

Q11 **Lord Collins of Highbury:** In a way, my question is to turn your argument on its head, in a way. We have a manifesto commitment. We had a White Paper and an International Development Committee report, all on this subject. The real argument now is: where is the political debate and political will? Obviously, the Government are committed to legislation, and hopefully we will see it soon. Will a specialist committee necessarily help with that process? Would it be better to focus on campaigning and delivering the political will?

Lord Bishop of Manchester: I am sure campaigning will happen, but that is in a different part of the playing field. There is something that can be added, as in that the IDC was relatively narrow and had only three sessions when it heard evidence, if I recall correctly. It was not able to gather evidence or witnesses from as wide a range as we will be able to do here. On something as complex as this, the input that a special inquiry could have in the preparation stage will make for better legislation. The conversation will take place here in the House but involving people from outside, and that is in parallel to any lobbying campaign that goes on elsewhere. So this adds a dimension that is not otherwise there.

Q12 **Earl of Kinnoull:** Have you had any interaction with our own International Relations and Defence Committee and put to them your persuasive arguments that some work should be done, because it is in the title of their committee that they should be doing something here?

Lord Bishop of Manchester: It is, but we have here the opportunity to work across the various different departments and silos and to get something that brings together players who in the past have not engaged as much as they could and to ask how this relates to net zero and climate change. COP was referred to earlier. How does this relate to business? How does this relate to Treasury when you are dealing with public debt as well as international development? This is precisely the sort of cross-cutting that these committees do really well, and that is why it is suitable for one of these committees.

The Chair: Lord Bishop, that was most helpful, and we are very grateful to you for your presentation. Thank you very much.