



# Resolutions To Action

LCWR Global Concerns Committee

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## Debt Crisis and Relief

by Jubilee USA Network

### EXPERIENCE

#### Debt Costs Lives

Many impoverished countries are unable to eradicate poverty, develop their economies or provide for the basic needs of their people because of the crushing burden of servicing their multilateral debts. Poor countries in Africa, for example, spend an average of \$14 per person on debt service payments to international financial institutions like the International Monetary Fund (IMF) and the World Bank and only \$5 per person on health care.

While more than 6,000 Africans die daily from HIV/AIDS, African nations send \$13 billion in debt service payments each year to wealthy creditors. UNAIDS estimates that \$10 billion each year would stem the tide of the HIV/AIDS pandemic.

The UN estimates that 30,000 children die each day from preventable diseases. Meanwhile, 10 out

of 14 African nations are still paying more on debt service than on their entire health budget. Debt cancellation frees up resources to invest in health and stops children from dying needlessly.

#### Debt Relief Works

Debt relief is a tested and effective tool for releasing resources to fight poverty. Under pressure from the global Jubilee movement, most debt owed to the US and other G-7 governments for the poorest nations was cancelled in 1999 and some debt owed to the IMF and World Bank has been relieved under the Heavily Indebted Poor Countries (HIPC) Initiative.

This debt relief has been used to fight poverty and savings from debt relief have:

- More than doubled school enrollment in Uganda;
- Provided three extra years of school for Honduran children; and
- Provided resources to fight against HIV/AIDS in Mali, Mozambique, Senegal and Cameroon.

But the HIPC Initiative has failed to provide an exit to the debt crisis. The amount countries pay creditors each year has only fallen by on average by one-third. HIPC provides too little relief, for too few countries, with too many harmful economic conditions. It is time for a bold new approach.

*(continued on page 2)*

*You will declare this 50th year sacred and proclaim the liberation of all the inhabitants of the land.*

*-- Leviticus 25: 10*

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## SOCIAL ANALYSIS

The majority of impoverished countries' debt is to the IMF, World Bank, and regional development banks. Other important creditors include the G-8 nations, the G-8 grouped in the Paris Club, export credit agencies of the G-8 countries, and private Northern banks.

When Jubilee USA Network formed in 1997, uniting a broad spectrum of religious, labor, and nongovernmental organizations into a joint international campaign, its key demand was the cancellation of bilateral debts of impoverished countries to the G-8 countries. In May 1998, Jubilee helped mobilize 50,000 support-

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ers to protest the G7/G8 summit in Birmingham, England. The protests returned in full force at the following year's summit in Cologne, Germany, where another 50,000 people formed a human chain through the city's streets to represent the "chains of debt."

Actions such as these helped galvanize world opinion in support of debt cancellation, and many high profile individuals such as the late

Pope John Paul II joined the call for dropping the debt. In September 1999, President Clinton responded to this intensive lobbying by announcing that the United States would cancel 100% of the bilateral debts of some HIPC nations. Two months later, the UK put forward a similar plan for bilateral debt cancellation; other creditor nations, such as Germany, France, and Japan soon followed suit. The governments' actions marked a critical milestone. At the same time, in dollar terms, the total cost of this US bilateral debt relief was estimated at \$330 million, while totals of impoverished country debt to multilateral creditor institutions, such as the IMF and World Bank, were estimated in the hundreds of billions.

## REFLECTION

Jubilee USA and the global Jubilee movement of which it is a part takes its biblical name from Leviticus 25 where it is demanded that every fifty years people must cancel each others' debts, and start anew, righting relations among all peoples.

In the Jubilee Year of Leviticus those enslaved because of debts are freed, lands lost because of debt are returned, and community torn by inequality is restored. Today international debt has become a new form of slavery. Debt slavery means impoverished people working harder and harder in a vain effort to keep up with the interest payments on debts to rich countries and their creditors.

The Jubilee call continues to be relevant, as we carry forward our work towards complete freedom from debt for impoverished countries and the righting of relations among nations.

## ACTION

- Learn more about the debt crisis. See [www.jubileeusa.org](http://www.jubileeusa.org) for more information and research.
- Help support the JUBILEE Act, a piece of legislation in the US Congress which would enact the full Jubilee vision for 100% debt cancellation, beyond the debt agreement announced by the G-8 nations this past July at their summit in Scotland. See [www.jubileeusa.org](http://www.jubileeusa.org).
- Learn more about odious and illegitimate debt. See under Resources on the Jubilee USA website or see [www.odiousdebts.org](http://www.odiousdebts.org).

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