

Jubilee 2000: Debt Relief As Hunger Relief

by Robert Krzewinski

Imagine living in a country where there are no bankruptcy laws for individuals. Debt incurred by anyone in your family has to be paid off by the remaining family members. Let's say you had a distant uncle, now deceased, who ran up a multi-million dollar debt on a failed business. Every month, you'd be expected to contribute 50-75% of your income to pay off this debt. If you didn't make payments on time, some government agent would come by and tell you how to structure your entire life to pay off what you owe.

Many of the world's poorest nations are indeed saddled with the equivalent of having to pay a dead uncle's debt. While individuals can declare bankruptcy, sovereign nations cannot. This means, in almost all cases, that past debt must either be paid off or the debt forgiven. Like a poor family making tough choices, heavily indebted nations see a majority of their resources go to paying off loans, leaving little left over for schools, hospitals, food aid and other human-need programs. Rather than helping people, many loans have turned into a gross liability that drags people further into poverty.

The actual statistics of the effects of debt are staggering. The *Financial Times* reports that in Mozambique one of every four child dies before the age of five due to infectious diseases. Yet the government of that country spends four times as much money servicing its debt than it does on health care. In Tanzania, 40% of the population dies before age thirty-five, yet according to Oxfam America, the Tanzanian government spends nine times more on debt payments than it does on health care. Half of Africa's population, around 300 million people, live without access to safe water supplies. One of every twenty African mothers dies giving birth. The United Nations reports that eighty-seven developing countries do not produce enough food for their people and cannot afford to import the rest.

Currently in Africa alone, forty-eight nations owe approximately \$227 billion, mostly to other governments and international financial institutions like the World Bank and the Interna-

tional Monetary Fund (IMF). In the 1970's, these same lenders were eager to loan money, approving funds for projects that weren't always the best risks. In theory, loans were supposed to be used to help a country grow or at least get back on its feet. In reality, money was often used to build up a military force, to finance costly oil imports, to build ill-conceived projects (i.e. huge dams) or even to line the pockets of corrupt leaders.

In the 1980's interest rates began to skyrocket while market prices for typical products of poor nations plummeted. Countries found they needed to borrow even more money to stay afloat, adding to an immense debt burden. The World Bank and the IMF were willing to make additional loans, but indebted countries had to abide by strict economic reform policies called structural adjustment programs (SAPs). The adjustment programs often required a nation to eliminate subsidies on food and farm supplies as well as to cut back social services.

In the mid-1980s, the World Bank estimated that through structural adjustment programs and other reforms, sub-Saharan African nations would only owe \$29 billion by 1995. When 1995 did arrive the actual figure owed was seven times as much as predicted.

Problems of debt are not strictly related to Africa. Both Honduras and Nicaragua have been under the burden of debt for a number of years. Honduras owed over \$4.5 billion and had been making payments of \$450 million in interest alone. Nicaragua spent half of its government revenue on servicing its debt. Then came Hurricane Mitch. The storm killed over 10,000 people, devastated the infrastructure, wiped out seventy percent of the grain harvest and destroyed jobs. In a little over 72 hours time, a storm destroyed 10 years of progress that Nicaragua and Honduras had been making in paying off their debt. With such massive destruction to contend with, the two countries had to delay loan payments while seeking even more money to borrow.

Clearly the plans and schemes to have poor nations pay off their debt are not working.

Seeing the connection between debt and poverty, a coalition of over 130 organizations and churches is taking an initiative from the ancient Jewish tradition of jubilee, where every 50 years debts are to be forgiven. Appropriately called Jubilee 2000, the group is asking foreign governments, the IMF and the World Bank to forgive the debts of the world's poorest nations. Endorsements of this campaign include just about every major religious denomination as well as organizations such as Bread

For The World, the Heifer Project, Mazon, Oxfam America, and World Hunger Year.

In the US, the main effort of Jubilee 2000 is to have Congress pass legislation that would center around debt relief. A few months ago, a Debt Relief For Poverty Act, HR1095, was introduced that would cancel, or reduce, debt owed to the US by poor nations. A priority would be given to nations that have demonstrated a sustained commitment to alleviate poverty or have suffered natural disasters. The Act would exclude countries that support terrorism, have excessive military spending or a history of human rights violations. As of mid-June, HR1095 has 69 co-sponsors including Representative Lynn Rivers.

The Debt Relief For Poverty Act would also work to encourage sustainable development in heavily indebted countries and to include ordinary citizens and non-governmental groups in the process. Countries would be required to establish a Human Development Fund where savings from debt relief would be held. The savings would be used to reduce the number of people living in poverty, expand access of the poorest members of society to basic social services and prevent degradation of the environment.

The Debt Relief For Poverty Act can make a real difference in helping end poverty and hunger around the world. While Representative Rivers is to be commended for her co-sponsorship of H.R. 1095, letters are very much needed from people living in Representative Stabenow's district urging her to co-sponsor debt relief legislation. Similar legislation is expected to be introduced in the Senate soon. Letters, e-mails and calls to Michigan Senators Abraham and Levin are encouraged now asking support for debt relief.

The address for Representative Stabenow is the U.S. House of Representatives, Washington, D.C. 20515. Our Michigan Senators can be written at the U.S. Senate, Washington, D.C. 20515. Telephone calls can be made to any member of Congress by calling the Capitol switchboard at 202/224-3121. To send an e-mail to Congress, or for more information about Jubilee 2000 and debt relief, visit the Bread For The World web site at WWW.BREAD.ORG.

People around the world are making plans to have huge celebrations when the clock ticks midnight this December 31st. Help the poorest of the poor have something really to celebrate in the coming century. Contact Congress. Remind them that debt relief is poverty relief, and urge them to make 2000 the year of jubilee.

To get involved locally, write:
cancel.debt.2000@umich.edu

Last month we omitted this announcement about RELIEF TO NICARAGUA:

To make a tax-exempt donation by check, make to "The Casa Materna" or to "AGJ Hurricane Relief Project" and mail to Nicaragua Network, 1247 E St. SE, Washington, DC 20003