



## The Price of Oil Connections between Debt and Oil Study Guide – May 2006

What is it with the price of gas these days? We are seeing record prices at gasoline pumps across the country, which are hitting our wallets hard.

But what about the price of oil? High oil prices hit more than just the wallet of the average American consumer:

- High oil prices hit poor countries hard as they must pay more to meet their energy needs.
- An oil-fueled economy hits the environment hard, with oil spills and local damage, as well as emissions which fuel global warming. Global warming hits the poorest nations the hardest and threatens to erode the gains from debt cancellation and promises of increased aid.
- Dependence on oil also aggravates the global debt crisis. The oil shocks of the 1970s were one of the main causes of the debt crisis. Last year, a new study “Drilling into Debt” for the first time found that the more dependent on oil a country, the more heavily indebted it is. Today, with oil shocks again occurring, the implications are clear: a possible new debt crisis is in the making.

To avoid that new crisis, it is time for debt campaigners to think more about the links between oil, debt, and global warming. That is why this year Jubilee USA Network has embarked upon a project with Jubilee USA members Oil Change International and Rainforest Action Network, along with partner Bank Information Center to examine the links and develop more coordinated campaigns going forward.

As we work for freedom from debt, it is clear that we must also work towards freedom from oil and a clean energy future. A place to begin is by challenging the role that international financial institutions like the World Bank and private banks play in financing oil and extractive industries, together with our partners in the environmental movement.

This summer from July 15-17, a year after the 2005 Gleneagles G-8 summit at which world leaders announced the G-8 debt deal, world leaders will again gather, but this time in St. Petersburg, Russia. What’s on their agenda? You guessed it – energy – and oil. As the summit nears, we’ll be asking to you to take action – to write letters to the editor and decision-makers about the need to end oil aid and enact a bold Jubilee cancellation of debts – going far beyond the limited debt cancellation announced last year. We need to ensure world leaders reverse the course they are currently on, which calls for increasing oil production. This would refuel the impoverished country debt crisis and poverty as well as global climate change and other negative effects of our addiction to oil.

We encourage you to **get educated** on these issues and the connections. We've pulled together a few short articles and reports to whet your appetite.

And one way you can **take action now** is to consider approaching your city council and urge them to pass a resolution for debt cancellation because of how debt fuels global warming. Check out great resources on the Debt Boomerang website to learn how debt fuels global warming, and then take a sample resolution to your city council. See the Debt Boomerang and city council resolution materials from Jubilee USA member Institute for Policy Studies: <http://www.ips-dc.org/boomerang/index.htm>.

### **Resources on Debt and Oil:**

- **Our Addiction to Oil is Fueling World Poverty**  
Center for American Progress, April 6, 2006  
<http://www.americanprogress.org/site/pp.asp?c=biJRJ8OVF&b=1533171>
- **Drilling Into Debt: An Investigation into the Relationship between Debt and Oil**  
Oil Change International, June 30, 2005  
[http://www.priceofoil.org/fileadmin/user\\_upload/multimedia/DrillingIntoDebt.pdf](http://www.priceofoil.org/fileadmin/user_upload/multimedia/DrillingIntoDebt.pdf)
- **Secret Document Reveals G-8 Plan to Invest “Trillions” More in Fossil Fuels and Nukes**  
Oil Change International and Jubilee USA Network, March 14 2006  
[http://www.jubileeusa.org/jubilee.cgi?path=/press\\_room&page=release031406.html](http://www.jubileeusa.org/jubilee.cgi?path=/press_room&page=release031406.html)
- **State of the Union: Addicted and Still in Denial**  
Oil Change International, February 1, 2006  
[http://www.priceofoil.org/fileadmin/user\\_upload/OCI-TP1-0206.pdf](http://www.priceofoil.org/fileadmin/user_upload/OCI-TP1-0206.pdf)
- **The Debt Boomerang: How Americans Would Benefit from Cancellation of Impoverished Country Debts** (see Boomerang 3: Global Warming)  
Institute for Policy Studies, March 2006  
<http://www.ips-dc.org/boomerang/DB2006.pdf>