

# DROP THE DEBT

Spring 2005

NEWS and ACTION from Jubilee USA Network, Washington, DC

## G-7 Affirms Principle of 100% Cancellation

*More Pressure Needed to Move G-7 to Cancellation for All Impoverished Nations, Without Harmful Conditions*

*By Neil Watkins, National Coordinator*

THE G-7 FINANCE MINISTERS met Feb. 4-5 in London and for the first time, officially indicated the need for "as much as 100 percent multilateral debt relief." This is a small but important victory for all of us-it represents the first time such language has been used by the G-7 as a whole. Congratulations to all for your efforts over the past few years-this is a victory we should acknowledge our contributions to!

As with any announcement by creditors and governments, however, the devil is in the details. Though the G-7 have agreed in principle to 100 percent cancellation, they have not made plans for which countries will be eligible, how it will be financed, which conditions will or will not be attached or other specifics. They have pushed back critical discussions of these questions to the April 16-17 Spring meetings of the IMF/World Bank and the G-8 Summit in July in Scotland.

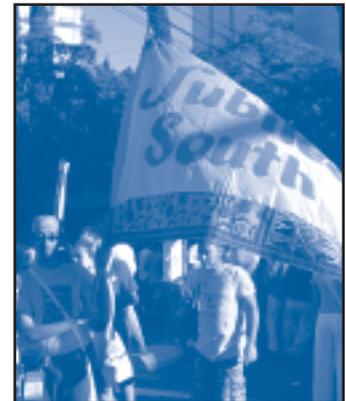
As we celebrate our victory, we should remember that we have our work cut out for us. We must insist that this be actual debt cancellation, that it be for all impoverished countries-not just the Heavily Indebted Poor Countries selected by the World Bank, and that it come without devastating economic conditions attached. Our struggle is far from over and we will need your

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## World Social Forum 2005 Highlights Need for Land and Water Rights

*By Morrigan Phillips, Jubilee Fellow*

THE 2005 WORLD SOCIAL FORUM held from January 26-31 in Porto Alegre, Brazil, brought together over 150,000 people from across the globe to discuss how to build a more just world. Major topics of discussion at this year's forum were debt, water privatization, and land rights. Speakers and participants addressed how access to water and land is impacted by World Bank and International Monetary Fund activities and policies. Farmers, landless peasants, indigenous peoples and solidarity activists shared stories of life under policies of the international financial institutions with forum attendees who packed large tents, fanning themselves in the Brazilian heat. The similarities between the stories from the different regions were stunning; World Bank and IMF policies of free trade, privatization and cuts to social spending were jeopardizing the very existence of the small farmer in the global South.



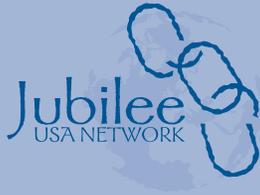
Structural Adjustment Policies and economic conditionalities imposed on indebted countries as part of new loans and debt relief programs by the World Bank and IMF often have far reaching effects that are most felt by the poorest. In the global South the majority of people rely on rural subsistence farming for food and income. Most harmful to subsistence farmers are the cuts to domestic subsidies and opening up of domestic markets to highly subsidized agricultural goods from the global North. Most food grown on small farms in the South is consumed regionally; many governments offer some assistance to small farmers to get their goods to market. When those assistance programs are cut as part of World Bank or IMF programs farmers experience the first set back when getting to market becomes even more costly.

The second setback comes during trade liberalization, when domestic markets are opened to foreign investment and competition is imposed on a nation. Many impoverished countries are forced to cut subsidies for domestic producers, as this might hinder foreign investors' interest in a nation's economy, as well as drop any restrictions on imports such as import taxes or quotas. In the

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*"...proclaim liberty throughout the land to all its inhabitants; it shall be a jubilee for you..."*  
— Leviticus 25:10

Jubilee USA Network began as Jubilee 2000/USA in 1997 when a diverse gathering of people and organizations came together in response to the international call for Jubilee debt cancellation. Now over 60 organizations including labor, churches, religious communities and institutions, AIDS activists, trade campaigners and over 9,000 individuals are active members of the Jubilee USA Network. Together we are a strong, diverse and growing network dedicated to working for a world free of debt for billions of people.

In the Jubilee Year as quoted above in 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 poor people working harder and harder in a vain effort to keep up with the interest payments on debts owed to rich countries including the US and international financial institutions such as the International Monetary Fund (IMF) and the World Bank. Jubilee USA Network brings together people to turn this reality around by active solidarity with partners worldwide, targeted and timely advocacy strategies and educational outreach. Please join us in working for Jubilee justice.

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# Jubilee, AFSC Hit the Road for Life Over Debt!

*By Jakeya Caruthers, Jubilee Fellow*

THIS FEBRUARY, AMERICAN FRIENDS SERVICE COMMITTEE hosted the "Life Over Debt: Africa in the Age of Global Apartheid" Tour – a speaking tour organized for, by, and about young people. For 27 days, six youth debt, labor, anti-privatization and peace activists from Africa trekked across the United States in two teams, educating and activating US young people to join in the work to bring about economic justice on the Continent. For seven of those days, Jubilee took the opportunity to join one of these inspiring teams - and made some connections to last a lifetime.

Joining the tour in Dayton, Ohio, Jubilee Fellow Jakeya Caruthers along with activists Nomsonto Mthimkulu (South Africa), Jean Claude Nkundwa (Burundi) and John Bomba (Zimbabwe) launched into a rigorous schedule of presentations and forums at six local community colleges and universities over just two days. The group went on to engage more diverse audiences in Akron, Ohio, where participants ranged from university groups to community Elders Council to students at a primary school.

All through the Ohio leg of the tour, African team members told stories of on-the-ground struggles against the overwhelming burden of debt and the conditionalities that come with it, giving personal accounts of how imposed policies like privatization, environmentally harmful business initiatives, and cuts to social service spending had affected their lives.

"When Zimbabwe first gained independence, every child was given shirt, shorts, boots, books, meals, a little packet of milk during the day - and now, most children can't afford to go to school because the government was told to cut spending on services like healthcare and education. They can no longer provide these services to the people for free," said John Bomba. "In the University [where I attend]," he added, "they have privatized the University catering service and now, because students can no longer afford the meals, students eat on what we call the Binary System; that's 0-0-1. No breakfast, no lunch, and maybe a small something for dinner. They have outsourced everything - from food to books!"

While such commentaries incited moments of exciting debate over the moral and economic principles of debt cancellation, the most common response of audiences was, "What can I do?"

And Jubilee USA Network was right there to give an answer.

"It's so good to have someone from Jubilee here, because [Jubilee] can bring it all in and really cover the whole spectrum of issues," said Migwe Kimemia, lead organizer of the Life Over Debt campaign in Dayton, Ohio. "[Jubilee] really helps the people to see what people here in the United States are doing to act in solidarity with organizers in Africa... Jubilee's presence really rounds out our presentation," added Anyango Reggy, tour organizer and coordinator of the Youth Exchange Program at AFSC St. Louis.

While the schedule proved intense, this tour provided a rewarding opportunity to educate and engage our peers. And best of all, the overwhelming welcome of fresh voices and ideas that this tour received in just eight days will stand to be the foundation of a bigger, stronger justice movement that will continue to grow for years to come. \*

## VISIONING JUBILEE'S FUTURE

AT ITS FEBRUARY MEETING, the Coordinating Committee established a framework for consulting with Jubilee members as well as allies and partners in the United States and around the world in order to create a new 3-5 year strategic plan for Jubilee USA Network.

CC members identified several features which give rise to this process—such as the reinvigoration of the global justice movement in the United States and the likelihood of some form of debt cancellation for some countries being achieved in 2005.

The CC set five goals for the process:

- That it be transparent.
- That it be wholly-owned by the Network Council.
- That it be realistic.
- That it have a clear purpose.
- That the planning is done well.

The CC designed a highly consultative process whereby Network Council members will have key roles to play in the development of the plan. Look for a written questionnaire in the mail by late March or early April. You will be asked for your insight in matters such things as the organization's strengths and weaknesses, to describe how you read the current political moment in terms of opportunities and challenges—such as whether Jubilee should broaden its focus beyond debt. Please take the time to complete this! We need everyone's input. CC members may follow-up with phone calls to explore your ideas and comments in more detail.

If you live or work in one of the five cities—Atlanta, Missoula, Portland, Seattle and the San Francisco Bay area—where the Global Connections tour will visit, there will be opportunities for in-person focus group-like discussions on Jubilee's future. If you are interested in participating in one of these, contact: Jakeya Caruthers, [jakeya@jubileeusa.org](mailto:jakeya@jubileeusa.org), (202) 543-0692.

Network Council members' input will be combined with input from strategic allies and partners in the form of observations, analysis and recommendations to the CC. The CC will then draft a plan in early September at its retreat. All Network Council members will receive a full copy of the plan in October in preparation for a discussion and vote on it at the next NC meeting, Nov. 10-11. Please hold this date now on your calendar.

If you have any questions or comments about the plan or the process to create it, contact the interim chair of the Strategic Planning Committee, Debayani Kar at: [kar@cepr.net](mailto:kar@cepr.net). \*

*World Social Forum 2005, continued from page 1*

global North governments still protect and support domestic producers, particularly agricultural producers (sometimes to the tune of 150 percent!). This keeps goods produced in the North cheaper than agricultural goods produced by small farmers in the South. The reduction in trade barriers mean that inexpensive agricultural products, like rice and corn, can flood markets in Southern countries cutting out domestic producers.

A third setback hits small farmers when governments turn to an export oriented economy as part of IMF and World Bank programs. Since agriculture is the main industry of most Southern countries, this means a shift from traditional crops such as rice, beans and corn for regional consumption to export crops such as flowers, coffee and rubber. Export crops require large initial capital investments such as irrigation systems, planting, harvesting and processing equipment. Most small farmers can not afford the initial set up costs to switch to export crops. As a result large agri-businesses, who can afford the initial capital investment, come in and buy up large amounts of land and displace small farmers and communities. Another drawback of export oriented agriculture is the toll it takes on the soil. Cash crops, especially coffee, deplete soil nutrients, leaving large amounts of land infertile after a short time. Further, more food must be imported when land that is used for cash crops. This makes poorer countries dependent on importing cheap foreign goods and exporting cheap crops.

Water, essential to agriculture, also was a central theme at the forum. World Bank and IMF policies of privatization are limiting the poor's access to water. The first steps in privatizing water is "full cost recovery," passing to the customer the cost of distribution and maintenance of distribution systems. Many small farmers cannot afford the subsequent increases in the cost of water and lose access. There is then a shift in service to "high value" users: the wealthy sector, large industry and agro-business. In communities where water has been a communal resource for decades, privatization adds to the deterioration of traditional community structures already being dismantled by the loss of traditional forms of agriculture.

Increased poverty and migration to urban centers for low paying manufacturing work result from these changes. Such jobs often come with no protections for workers, long hours and unsafe work conditions. Women often face sexual harassment and intimidation. At the forum many spoke of the harm to their families and communities and the constant worry over their future. An indigenous woman from the Amazon in Ecuador spoke to the necessity of land for human dignity. She said as they lose their land to multi-national corporations, financed by the World Bank, they lose their identity. "It is like we are alive, yet dead," she said. "We have no identity." A Cambodian woman agreed land was essential to dignity, and spoke of the central role land plays in indigenous communities.

Land and water issues are central to the struggle for global justice and against the destructive policies of the World Bank and IMF. Since it is the conditions attached to debt and new loans that drives the erosion of land rights and water access in the Global South it is paramount that we continue to work for 100 percent debt cancellation, without harmful conditions. \*

# Jubilee South at the World Social Forum: 'We Are the Creditors!'

## Calls Grow for Debt Audits, Recognition of Ecological Debt

By Neil Watkins, National Coordinator

YOU COULD SEE AND HEAR THE VIBRANCY of the global movement for debt cancellation and freedom from debt domination at this year's World Social Forum in Porto Alegre, Brazil.

You could dance to it in the streets. At the huge opening march, dozens of representatives of Jubilee or debt campaigns from the Philippines, Indonesia, Angola, Haiti, Congo, Argentina, Brazil and more marched and danced together. Organizers held banners in several languages and issued chants of "No Debemos! No pagamos!" (Don't Owe, Won't Pay!)

You could see it at the forum. Jubilee South organized along with the Southern People's Ecological Debt Creditors' Alliance a "Creditor's Assembly on the Ecological, Social, and Historical Debt" at which representatives of social movements from across the globe testified to the impacts of the ecological debt. Large dams, oil and gas pipelines, and other projects were cited as examples of ecological debt. The forum set the tone for a challenge to the current definition of creditors: If loans by the World Bank and others destroy the environment, are not southern peoples the creditors?

You could read about it in the paper and watch in on TV. Jubilee South held the first major press event of the World Social Forum - a press conference to release their sign-on letter calling for full debt cancellation for the South, beginning with the countries affected by the Asian tsunami. The letter was signed by over 1,000 organizations worldwide, including Jubilee USA and dozens of other U.S.-based organizations. Adolfo Perez Esquivel, winner of the Nobel Peace Prize, joined debt campaigners from the Philippines and Indonesia at the event to highlight the need for debt cancellation. Camille Chalmers from Haiti highlighted the need for debt cancellation for other countries recently affected by natural disasters, including his own. The press conference was front page news in Argentina, Brazil, and elsewhere throughout the continent.

### Debt Audits

One of the central efforts of Jubilee South right now is the global campaign on illegitimate debt. A key component of this campaign is the call for audits of debts contracted by Southern governments. The audits are a concrete way to identify potentially odious and illegitimate debts and build a platform from which to campaign for cancellation or repudiation of such debts. Civil society groups already working on audits held an international workshop in Brasilia in December 2004 to share experiences and empower more organizations to lead audits in their countries.

The Philippines is one of the most successful examples of an audit process to date. Because of the fiscal crisis that has gripped the Philippines-interest and principal payments on the debt now take 95 percent of government revenues-some legislators have become open to an audit of past loans. The Freedom from Debt Coalition in the Philippines has succeeded in getting the House of Representatives to pass a resolution to establish an official Congressional audit of past loans to the country. Similar legislation is currently pending in the Senate, and is expected to pass in early 2005.

Freedom from Debt Coalition is organizing a Citizens' Independent Audit-comprised of lawyers, accountants, former government officials, and social movement leaders-in addition to the official audit to ensure questions, testimonies, and research that may not be included in the official audit are disseminated.

While providing a valuable reference document, the audits also help "re-tell the story of debt." Through understanding the nature and contexts of the debt, debate can move beyond questions of affordability and sustainability to issues of



justice and legitimacy. Stay tuned in 2005 for the latest developments from the Philippines and elsewhere in the global South in the campaign on illegitimate debt!

Also during the World Social Forum, Jubilee South/Americas held its annual assembly. One of the dominant themes of these meetings was the importance of connecting debt with broader issues of globalization and economic justice. As Beverly Keene of Dialogo 2000 in Argentina explained in one of the sessions, "Debt by itself is not the problem. It's a part of the problem. It's an instrument of the problem. We must connect struggles against free trade, privatization, corruption, and lack of democratic spaces in our countries."

In that spirit, participants learned of the efforts of the Popular Forum for Energy in Paraguay, which in 2002 successfully challenged the privatization of water and electricity in Paraguay. The coalition recently waged a successful campaign to get more 2,000 farmers jailed for land occupation out of prison, and are now campaigning for the cancellation of an ecological debt-a dam in Paraguay built by Argentine and Brazilian companies. Similar struggles and efforts were presented throughout the Forum.

Other themes that emerged from Jubilee South meetings included efforts to find legal instruments, especially within the UN system, to bring global attention to odious and illegitimate debts; discussions of the need to develop campaigns to address debt obligations in the form of bonds; and the need to challenge debt in the context of the broader struggle against neo-liberal globalization.

Jubilee South affirmed plans to organize its second South-South Summit on International Debt in July 2005 in Cuba. The event will bring together dozens of representatives from Jubilee/debt campaigns across Asia, Africa, and Latin America to plan the global network's work for the coming period.

For more information: [www.jubileesouth.org](http://www.jubileesouth.org) \*

# Debt, Disaster, and the Asian Tsunami

*In late December 2004, South Asian nations were devastated by a tsunami which took lives, livelihoods, and the hopes and dreams of tens of thousands of people. In response, the international community responded with pledges of aid and support. Jubilee USA endorsed a statement initiated by Jubilee South-ultimately signed by over 1000 organizations-calling for full debt cancellation for countries of the South, beginning with those affected by the tsunami. The U.S. government and other G-7 powers, meanwhile, have proposed a short-term moratorium on some types of debt payments by some of the nations affected by the tsunami. Below is an excerpt from a statement released by Jubilee South at the World Social Forum in January 2005, in response to the creditors' initiatives:*

## Disaster, Poverty and Debt

*by Jubilee South, January 2005*

MONTHS AFTER THE TSUNAMI HIT, we have yet to see an adequate response from the world's richest nations and the international financial institutions they control. To date, only an estimated total of about US\$6 billion in financial aid has been promised by the G-7 countries.

The relief package is a pittance compared to the profits that the IMF, the World Bank, the Asian Development Bank and Northern governments have made from loans to the South. In the year 2003, a total of US\$23.63 billion was paid by developing countries in interest on multilateral and bilateral debt.

Some G-7 countries have offered short-term moratorium on debt repayments. Before we rejoice ... let us note that debt moratorium costs very little for creditors-at most only the interest for the duration of the moratorium if interest accumulation is also suspended-and will have little impact to the ravaged countries.

We must also note that the debt moratorium being offered is only for bilateral debts. The IMF, the World Bank and the Asian Development Bank-whose hegemonic roles in international finance and in the South country's domestic economic affairs have been reinforced in the aftermath of then tsunami-have said nothing about a multilateral debt moratorium.

The United Nations Secretary General, Kofi Annan calls the tsunami disaster the worst natural disaster in recent history. Indeed the loss of lives, destruction of the environment and damage to infrastructure from the tsunami has been huge. But we must not forget that poverty, deprivation, and disease is a continuing disaster particularly in the South. Millions die from lack of food, safe drinking water and the most basic of health care. Impoverishment magnifies the impact of this natural disaster more than tenfold. The burden of the debt is a major if not one of the central factors in this burgeoning misery.

We call on all the organizations and social movements to join together in campaigning for IMMEDIATE and UNCONDITIONAL DEBT CANCELLATION for the South beginning with the tsunami-ravaged countries and others who have also suffered terrible disasters and crisis in recent months. \*

**G7 Affirms Principle**, *continued from page 1*

continued support to ensure this commitment turns into a reality. Moreover this discussion does not include questions of odious, illegitimate, or debt owed by middle-income countries-all issues around which Jubilee USA is committed to building campaigns.

In the months ahead leading into the April IMF/World Bank meetings and the July G-8 Summit in Scotland, it will be critical to make sure our government, the G-7, and the IMF and World Bank hear our bold call for debt cancellation and Jubilee justice. As the debate unfolds, there are several key points that we will judge the G-7's proposals by, including:

1. 100% cancellation. There must be full debt stock cancellation for impoverished nations. Proposals put forward by the UK and Canada would not cancel debt stock, but only relieve debt service payments for 10 years.
2. Leave no country behind. The February 2005 G-7 communiqué indicates that there "will be a case-by-case analysis of HIPC countries" for consideration for 100 percent cancellation. It is critical that debt cancellation apply to all impoverished nations, not simply those that qualify for the HIPC Initiative.
3. No economic conditions on debt cancellation. Debt cancellation must come without externally imposed conditions on impoverished nations. Civil society in impoverished nations must be empowered to ensure accountability in the use of funds released by debt cancellation.
4. The IMF/World Bank Must Pay Their Fair Share. The IMF can sell gold and raise more than \$35 billion to finance cancellation of IMF and World Bank debt. The World Bank can mobilize at least \$17 billion in accumulated and future profits for debt cancellation. These sources of finance must be tapped if there are to be enough resources to extend cancellation to a broad range of countries.

## JUBILEE Act Re-Introduction

In spring 2005, a central part of Jubilee USA's strategy to move towards full multilateral debt cancellation will be the re-introduction of the JUBILEE Act into the U.S. Congress. The Act, which was first introduced in 2004, was initially co-sponsored by Rep. Maxine Waters (D-CA), Rep. Barney Frank (D-MA), Rep. Spencer Bachus (R-AL), Rep. Jim Leach

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**G7 Affirms Principle**, continued from page 5

(R-IA), Rep. Carolyn Maloney (D-NY), and Rep. Barbara Lee (D-CA). The JUBILEE Act calls for 100 percent multilateral debt cancellation for 50 countries, and it states that cancellation should come without harmful economic policy prescriptions required.

The Act will be a legislative benchmark and point of leverage as the discussions move forward within the G-7, the IMF, and the World Bank. As the G-7 debate cancellation, we will assess and evaluate proposals in comparison with the tenets of the JUBILEE Act as we push for the Act to be given a hearing in the U.S. Congress. We will need the support of Jubilee USA members and supporters across the country to generate broad support in Congress for the JUBILEE Act.

We must also remember that the discussions on multilateral debt cancellation for impoverished nations in the G-7 are only the first step on a much longer journey towards freedom from debt. The discussions in the G-7 now only apply to a very particular type of debt (multilateral) for the very poorest nations. Debt cancellation and freedom from debt domination is urgent for nations across the global South for many types of debts and its work will reflect that broader agenda in the months and years ahead.

As 2005 unfolds, stay tuned for action moments and look for exciting developments on multilateral debt as we build our longer term campaigns and movements to address broader issues relating to debt and global justice. \*

## Jubilee USA Welcome

New National Coordinator,  
Coordinating Committee  
Members!

THE COORDINATING COMMITTEE of Jubilee USA Network is happy to announce it has selected Neil Watkins as new national coordinator. Neil has led Jubilee's program work for the past year and a half and before that was an active participant in the Network Council for three years! Neil replaces Marie Clarke Brill, who left in October after three years as national coordinator. Though we miss Marie in her former position, we are delighted she has been elected to the coordinating committee representing her new organization, Africa Action. Also elected to join the Coordinating Committee at the January 2005 Network Council meeting: the Rev. Bill Harman of the Evangelical Lutheran Church of America Pacifica Synod in San Diego, Calif., and Debayani Kar of the Center for Economic and Policy Research. Welcome, Neil, Marie, Bill, and Debi! \*

## Give securely, Give with ease...Become a Jubilee Monthly Sustainer!

### What is a Monthly Sustainer?

With Jubilee USA Network's Monthly Sustainer program you can arrange to make monthly donations – big or small – using your debit or credit card.

### Why become a Monthly Sustainer?

- **It's Easy.** You give us your credit or debit card information just once. We take care of the rest.
- **It's Secure.** Jubilee USA uses a secure and trusted service to process all our monthly donations.
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If you're ready to become a monthly sustainer, fill out the donation form. Make sure you mark how much you want to give each month and if you want to give on the 1st or 15th of each month.

#### Return this form to:

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**YES!** I want to invest in Jubilee justice every month by making a monthly donation of:

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Please Charge my credit card:

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