

DROP THE DEBT

Fall/Winter 2004

NEWS and ACTION from Jubilee USA Network, Washington, DC

Making Progress Towards Our Goal of 100% Debt Cancellation

By Neil Watkins, Co-Coordinator

WE KNEW 2004 WAS GOING to be a critical year for Jubilee USA Network and campaigns for impoverished debt cancellation around the world. After all, 2004 held the 60th Anniversary of the IMF/World Bank, a G-8 Summit in the United States, and a presidential election in this country.

But could we have ever predicted just 11 months ago where we stand today? As we write, it is the official policy of the US government to support 100% multilateral cancellation for the poorest nations. Democratic nominee for US President, John Kerry, indicated his support. The government of Tony Blair and Gordon Brown in the UK -hosts of next year's G-8 summit - support full multilateral debt cancellation. Media outlets as diverse as the *New York Times* editorial page, the *Zambia Post*, the *Financial Times*, *Sojourners*, and the *Washington Post* have featured stories on 100% debt cancellation this year.

And though clearly Jubilee's pressure alone did not get us to this point - geopolitical considerations and the debate over Iraq's debt clearly played a key role - debt campaigners should feel good about the contributions they have made to where we are today.

What was it we did to contribute to where we are now? And more importantly, where do we go from here? In short, we must keep the pressure on. Though we have made tremendous progress towards one of our key campaign goals, we need to seal the deal, and ensure that debt cancellation without harmful conditions is realized for all impoverished nations.

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Jubilee supporters make their voices heard in front of the G-7 meeting at the US Treasury Building on October 1.

Jubilee Telephones, Pickets, and Faxes for Debt Cancellation

By Morigan Phillips, Jubilee Fellow

IN JULY JUBILEE USA LAUNCHED OUR "Countdown to Freedom from Debt" campaign. We were counting down the days approaching the International Monetary Fund Annual Meetings and the G-7 Finance Ministers meeting. It was at this meeting that the G-7 was to take up a proposal on 100% debt cancellation. From July to October Jubilee supporters faxed, called, wrote opinion editorials and picketed in support of 100% debt cancellation for impoverished nations. Although the G-7 came up with no final decision by October 1, Jubilee supporters' terrific energy in action thrust the proposal and debt cancellation into the spotlight of national and international media.

Jubilee USA organized various events and actions with the support of grassroots activist across the country. In July 650 faxes were sent from across the country to the US Department of the Treasury calling for 100% the debt cancellation. On September 1, 30 days before the G-7 meeting, Jubilee's national call in day to the White House and Treasury shut down the White House comment line and the message left indicated that "no more calls on debt would be taken." The momentum was amazing.

Meanwhile editorials, opinion editorials and articles appeared in newspapers around the country and globe. The BBC ran a story "Africa Should Not Pay its Debts" on July 6 in which Jeffery Sachs said "[t]he debts are unaffordable. If they won't cancel the debts I would suggest obstruction; you do it your-

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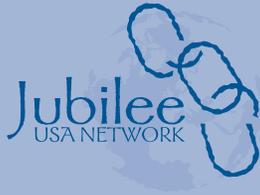
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"...proclaim liberty throughout the land to all its inhabitants; it shall be a jubilee for you..."
— Leviticus 25:10

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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Tours by Global South leaders and organizers (like Walden Bello of Focus on the Global South, pictured above at the Global Justice Action Summit in Montana in 2002) help to spur excitement on debt in local communities.

Jubilee Hits the Road! Spring 2005 Tour Will Visit 5 U.S. Cities

JUBILEE USA NETWORK IS HAPPY to announce a new and exciting project: the Global Connections Tour. Jubilee has long wanted to take a movement-building speaking tour across the country to support and strengthen existing grassroots Jubilee groups and reach out to new constituencies throughout the US. Recently, Jubilee was awarded a grant to make these plans a reality, and the Jubilee Global Connections Tour is now being organized for Spring 2005.

The tour will feature up to three partners from the Global South (one each from Africa, Asia, and Latin America and the Caribbean). Partners from the Global South will spend approximately five days in each of five U.S. cities educating the U.S. public about the crisis of debt faced by impoverished nations and the related issues of development assistance, health, trade, environment and human rights, all while linking these issues with local economic justice struggles. Two of the cities will be places where Jubilee USA Network does not currently have local or regional coalitions, and the other three cities will be locations with existing Jubilee groups or coalitions.

This tour will be different than previous speaking tours. Rather than rushing partners from city to city to maximize the number of stops, the focus of the tour will be to spend longer periods of time in a few cities in order to develop deep relationships, and to bolster the process of building the movement. The tour is not designed to gear up for a mobilization in Washington nor is it merely to do public education; rather it is designed to help facilitate deeper local movement-building on issues of global economic justice.

Keep checking the website at www.jubileeusa.org for tour dates and more information. We hope to see you along the way! ✧

In Search of Apartheid Debt Reparations

By Jakeya Caruthers, Outreach Fellow

FOR HUNDREDS OF MILLIONS OF PEOPLE living in poverty in low and middle-income countries, debt has become a new form of slavery and exploitation. Indebtedness and the poverty it causes is rooted in power structures like colonialism, slavery, corporate resource extraction and other illegal and immoral systems that render the resulting debts illegitimate or odious. Legally, debt is considered odious if the borrowing government used the money or resources for personal purposes or to oppress the people. And if the money/resources were used against the peoples' interest, with the knowledge of the creditors, the creditors are said to have committed a hostile act against the people. The idea of debt illegitimacy and the international legal principle of *odious* debt are arguably nowhere better expressed than in the case of South Africa's apartheid-era debt.

For decades, a racist and oppressive minority-ruled apartheid regime controlled South Africa, effectively subjecting millions of South Africans to cruelty and dehumanization. The resistance movement that emerged to oppose the brutal regime was met with a fierce terror campaign that included torture, imprisonment, murder, and sexual assault. Despite international embargoes placed on the repressive apartheid government, the tools of its terror (dogs, weapons, automobiles, information technology, and other material) were often financed by US and European banks and corporations.

Often, South Africa's apartheid state bombed, invaded and oppressed people beyond its borders targeting neighboring Zimbabwe, Swaziland, Lesotho, Botswana, Zambia, Namibia, Angola, Malawi, and Tanzania. These attacks aimed to destabilize the region and counter support for the anti-apartheid movement in South Africa. Governments under attack were forced to borrow from Northern creditors in order to defend themselves against the regime, host refugees, repair infrastructure and re-route exports and imports. The economic costs to South Africa's neighboring states alone for conflicts relating to the abolition of apartheid are estimated at \$115 billion.

Appallingly, after dismantling the apartheid regime, the new South African government, as well as governments throughout the Southern African region were handed the bill for the cost of these atrocities.

In response, Jubilee South Africa and the Khulumani Support Group (in Zulu, *khulumani* means "speak out") have created the Apartheid Debt and Reparations (ADR) campaign. The group seeks restitution for suffering and repayment of debts already paid by the post-apartheid government and assurance of no new borrowing from institutions seeking to cripple the country's economy. When banks and creditors failed to provide that restitution, the organizations embarked upon legal action against these banks and corporations that committed or aided and abetted human rights abuses against thousands of South Africans. The case, based heavily on human rights principles is currently being adjudicated and the ADR committee is taking major strides to garner world-wide support for the campaign and for the lawsuit.

This summer, ADR held a comprehensive international conference, press briefing and seminar discussing the future of the campaign. In the past few months, ADR has generated, among other developments, an *amicus curiae* (friend of the court) brief to be circulated globally, expressing solidarity with and support for the case. The brief was filed on September 29, and can be viewed at: www.cmht.com/casewatch/AmicusBriefAsFiledSeptember292004.PDF ✦

SAVE THE DATES!

Make All Things New: Ecumenical Advocacy Days for Global Peace with Justice
March 11-14, 2005, Washington, DC

You are invited to participate in the third annual ecumenical gathering in Washington, D.C. addressing urgent global issues. The event will focus on critical regions and issues including: Africa, Asia, Latin America, the Middle East, the United States, Eco-justice, and Jubilee and economic justice.

Sponsored by Jubilee USA Network and a broad range of churches and faith-based coalitions, the gathering will feature challenging speakers, issue briefings, advocacy training workshops and a Lobby Day on Capitol Hill when participants will

speak with their Senators and Representatives or key Congressional policy staff.

Conference highlights also include common times for fellowship and networking, a keynote address and banquet dinner, and a special ecumenical service of worship for participants and the public.

For registration and other information, go to www.AdvocacyDays.org. ✦

But first, let us consider some of the key developments this year. We made our demand for 100% debt cancellation directly to the IMF/World Bank at the institutions' April 2004 Spring meetings, on the occasion of their 60th Anniversary with an "unhappy birthday" party where we delivered more than 10,000 cards to their front door. It was in April when we received the first hint that the US government was considering support for 100% multilateral cancellation. The Department of the Treasury Undersecretary for International Affairs, John Taylor, spoke at a forum at the Center for Global Development and wondered why, if creditors like the US government had nearly fully cancelled the debts of the poorest nations, would multilateral creditors not follow suit?

At the June G-8 Summit in Sea Island, GA, media reports indicated that high-level discussions were underway amongst US and UK leaders over a proposal for 100% multilateral debt cancellation. As Jubilee USA introduced the bi-partisan JUBILEE Act in the US Congress and released a letter from more than 200 religious leaders calling on the G-8 to act on full cancellation, thousands of activists flooded the switchboards of the US Department of the Treasury urging a late deal and announcement by the conclusion of the summit. Though the final communiqué of the summit failed to include anything on 100% cancellation and instead proposed a meager 2-year extension of the failed Heavily Indebted Poor Country (HIPC), the cat (100% cancellation) was out of the proverbial bag.

Following the summit, Jubilee USA and its partners set sights on the G-7 Finance Ministers meeting scheduled for October 1 in Washington. Jubilee USA launched its multi-pronged "Countdown to Freedom from Debt" (see page 1). Jubilee USA also spent the summer generating pressure on our government from key constituencies with letters and calls from dozens of Members of Congress, key Senate leaders, prominent religious leaders including the U.S. Catholic Bishops, hundreds of health professionals, to the White House and the Treasury.

encouraged by these reports, however insisted that this cancellation must be for more than just the HIPC countries, and that it must come without harmful economic conditions attached.

On September 24, in response to pressure from supporters and the specter of the Bush administration having a bolder position on debt cancellation, Democratic Presidential candidate John Kerry announced his support for full debt cancellation in a speech in Philadelphia. Promising to "lead the international community to cancel the debt of the most vulnerable nations," by "wiping clean" their debts and expanding countries eligible for debt relief, Kerry announced his position as a component of his plan to win the war on terror. His proposal, however, seemed to endorse economic conditions on debt cancellation as it tied cancellation to countries' "reforming their economies," often a euphemism for IMF/World Bank structural adjustment programs.

In the week prior to the Annual Meetings, UK Chancellor of the Exchequer Gordon Brown upped the ante even more, announcing a new proposal for 100% debt cancellation. The Brown plan differs from the US approach in that it would revalue IMF gold in order to finance the IMF's share of debt cancellation, and the UK government would contribute to the World Bank to cover payments due to the institution from poor countries. Jubilee USA was

If 2004 was a year of great progress for Jubilee, let us pray and hope that 2005 will be a year to celebrate important victories, as we build our struggle and movement for the long-term.

In mid-September, a leaked copy of the World Bank and IMF's annual "HIPC Status of Implementation Report" revealed evidence of the failure of the HIPC Initiative to achieve an exit from the debt crisis. Costs to "top up" countries that had already reached the conclusion of the HIPC process more than doubled from \$800 million to almost \$2 billion in 2004. The *Financial Times* story which revealed this scandal fed into ongoing discussions within the G-7, the IMF and World Bank that a bolder approach was desperately needed, and that with the HIPC Initiative's scheduled "sunset" at year's end, it was a good time to re-evaluate approaches to debt cancellation.

Also in mid-September, details of the US Treasury's plan for debt cancellation were leaked to NGOs and the media via the *Washington Post*. The Treasury approach, which calls for 100% IMF/World Bank debt cancellation for around thirty poor nations, would use existing IMF/World Bank resources to finance the cancellation, and would shift future resources from the IMF/World Bank to the poorest nations from loans to grants. Jubilee USA was

thrilled to see support for full cancellation from the UK government, but is concerned about the UK's call to finance the World Bank's share of cancellation. The apprehension stems from a sense that the Brown approach (on appropriations for the World Bank) would be a political non-starter in cash-strapped and budget-conscious capitals like Berlin, out of a concern that this could amount to a taxpayer bailout to institutions which ought to accept some responsibility for the debt crisis and contribute their fair share.

As the G-7 Finance Ministers meeting on October 1 neared, differences between the US and UK approaches threatened to scuttle a deal. Indeed, when the ministers concluded their meeting

on the afternoon of October 1, there was only a general resolution on the need to address the crisis of debt, and a promise of a progress report by years' end.

Debt campaigners were saddened by the news, but were slightly encouraged by the tone of discussions at the IMF/World Bank Annual Meetings October 2-3, 2004. The UK's Gordon Brown, who is also chair of the IMF's powerful International Monetary and Finance Committee (IMFC), faced a barrage of questions on poor country debt from reporters following the IMFC meeting, and insisted that ministers were agreed in principle on the need for debt cancellation, but were just working out the details.

Meanwhile, the IMF/World Bank's favored approach to dealing with debt, the Debt Sustainability Framework (DSF), did not receive an endorsement at the meetings. Though discussions on the DSF will continue in the months ahead, civil society and official concerns about the approach seemed to weigh down this proposal, especially given the much bolder approaches being discussed within the G-7. (For a more lengthy analysis of the DSF, see www.jubileeusa.org)

So, where does all of this leave us? **We are so close, but without a prophetic Jubilee call, our leaders will be tempted to stray.** Our sense is that, in addition to the progress report that should come out by year's end, the next critical moment for a decision on debt will be in February 2005, when G-7 Finance Ministers next meet in the United Kingdom. Because this decision must be agreed by all G-7 members, Jubilee USA has stepped up its work to coordinate our messages and actions with debt campaigners in G-7 nations, and elsewhere in the world, paying particular attention to the views and positions of our colleagues from the global South. We are also working to highlight the use of IMF gold valued at \$30 billion (see a new report by Sony Kapoor on this innovative approach at www.debtireland.org) to fund the cancellation of IMF/World Bank debt as a potential compromise approach to financing. Moreover, we will be asking you to join with us in December, January, and February, to pressure our government to maintain and strengthen its commitment to full debt cancellation for impoverished nations. Stay posted by checking www.jubileeusa.org regularly for all the latest.

If 2004 was a year of great progress for Jubilee, let us pray and hope that 2005 will be a year to celebrate important victories, as we build our struggle and movement for the long-term. ✧

Debt in the News

JUBILEE USA AND DEBT CANCELLATION were featured prominently in dozens of news articles, opinion pieces, editorials, radio reports, and even on television in September and October. See www.jubileeusa.org and then click on "Press Room" for a comprehensive list, but here are some samples of the excellent coverage:

"One of the biggest reasons that very poor countries can't provide decent education and health care is that they are stuck in a cycle of debt owed to the International Monetary Fund, the World Bank and regional development banks, much of it dating to the 1970's. Current efforts to reduce these debts are failing. The Heavily Indebted Poor Countries Initiative began in 1996, and was expanded in 1999, with the purpose of eliminating \$100 billion in debt from dozens of poor nations. But it has been too slow and limited. It has not reduced debts to manageable levels. The I.M.F. owns more than 103 million ounces of gold, a holdover from the gold standard days that it values at about 10 percent of the market price. By selling a small part of that gold at market rates or by simply revaluing it, the I.M.F. could finance debt cancellation painlessly."

- "Ending the Cycle of Debt," *New York Times* editorial, October 1, 2004

"Debt is not only an economic issue; it is a life issue. Belief in the inherent dignity of the human person is the foundation of all Catholic social teaching. Human life is sacred, and the dignity of the human person is the starting point for a moral vision for society. By nature, we are in solidarity with all members of the human family, and so we are co-responsible for one another's good. America has the responsibility to put our core values of life into practice by making life a priority in all elements of our foreign and domestic economic policy. We who make the issue of life our first priority must assert our power to push the IMF and World Bank to cancel impoverished country debt."

- Sister Amata Miller, IHM, "Eradicating poor nations' debt restores life, dignity," *Detroit Free Press*, September 22, 2004

"HIPC is nothing but another neo-colonial scheme. It doesn't free us from anything, in fact it helps keep us under servitude and in check. We will continue to be told what to do by the World Bank and IMF and officials of donor nations. Zambia's debt and the associated annual debt service payments are unsustainable and the only real answer to this is total debt cancellation."

- Editorial in the *Zambia Post (Lusaka)*, October 19, 2004

Debt Cancellation, continued from page 1

selves." Other articles appeared in prominent publications (see "Debt in the News," page 5).

On September 21, ten days prior to the G-7 Finance Ministers meeting, Jubilee held a picket outside the US Department of the Treasury. Dozens of supporters turned carrying colorful signs and banners proclaiming messages like "Drop the Debt to Fight AIDS!" and "Don't Drop the Ball, Cancel it all!" Picketers chanted "Freedom is attainable, debt is unsustainable," and "Medication for every nation, drop the debt now!" Speakers including the Salih Booker from Africa Action gave rousing calls for debt cancellation.



Jubilee outside US Treasury on October 1

Associated Press covered the picket; even more articles and op-eds appeared in papers such as the *Journal News* of Westchester County, NY, the *Detroit Free Press*, the *Financial Times* and others. At the same time groups supporting the count-down including Student Campaign for Child Survival and Student Global AIDS Campaign sponsored call in days generating hundreds of calls while individuals continued to call the Treasury sup-

porting the proposal and calling for even more debt cancellation.

As the days counted down Jubilee supporters continued to push. The number of calls pouring in were overwhelming Treasury. At one point a senior Treasury Department official called Marie Clarke, Jubilee USA National Coordinator, and asked her to "stop the calls; the negotiators are working their hardest."

Finally, On October 1 Jubilee held a picket in front of the US Department of the Treasury where the G-7 met. More than 200 people came out for a spirited noon time demonstration holding signs and flags and chanting loudly. At this

stage Jubilee had learned that the proposal would likely not be moved on at the October 1 meeting. But supporters and staff were optimistic and excited by all the attention being paid to debt cancellation thanks to activists from around the country who actively engaged in keeping the issue hot and in the news. ✧

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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.
- **It's Satisfying.** Each month you know that you're making a contribution to the success of the Jubilee campaign. Even a little bit goes a long way!

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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Or Fax to: 202-546-4468

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

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