

DROP THE DEBT

Summer 2002

Update on Debt Legislation

By Sarah Smiley - summer intern at Jubilee USA Network.

This summer has been an exciting time for legislation! At the end of April, companion bills were introduced in the House and Senate that, if passed, will provide deeper debt cancellation. This legislation, "The Debt Relief Enhancement Act of 2002," addresses the fact that the current debt relief program has failed to provide countries with sustainable debt burdens. By offering an additional sustainability level, this legislation would nearly double the amount of debt cancelled by cutting an additional \$1 billion in debt service! Since April, the debt language from the Senate bill has been incorporated into another piece of legislation, "The United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2002." This bill was unanimously passed by its committee and should be acted upon by the entire Senate soon.



Top: Coordinating Committee member, Nunu Kidane considers the legislation at NC meeting.

Bottom: Coordinating Committee member, Adam Taylor, expresses his views on legislation at Network Council Meeting.

Also this summer, the International Development Association, the arm of the World Bank that lends to poor countries, has asked Congress for additional funding. Jubilee is using this opportunity to call for reforms to the World Bank's harmful lending practices. These reforms would generate more resources for development, ensure accountability and effectiveness of debt cancellation, and guarantee that no harm is done to the environment, workers, women, or the poor. Jubilee's top priority is to see the language concerning debt cancellation added to the bill when it is introduced.

Grassroots activity is taking place on all of this legislation - and there are many ways for you to participate! Visits to members of Congress are being arranged during the summer recesses, and letters and calls are still needed. Your Representative and Senators need to hear from you concerning debt cancellation - without your voice, they will not support our efforts. So act now! The Jubilee office has talking points for this legislation - don't wait! *

G8 Leaders Discuss Africa but "Action Plan" Offers no New Deal on Debt

By Mara Vanderslice

The leaders of the wealthiest nations known as the Group of Eight or G8, gathered in Canada at the end of June for their annual summit. It is this influential group that sets policy on international economics for the rest of the world and the international financial institutions. For the past five years the G8 leaders have discussed and responded to the debt crisis of impoverished nations. While many issues were on the agenda, one full day of the summit was devoted to Africa. This monumental step brought hope that the leaders would step out with courageous action to propose solutions to the AIDS crisis, endemic poverty and the crushing debt burden facing Africa.

Only the opposite happened. Despite depictions in the press of the leaders providing billions for Africa, the G8 Plan proved to be nothing new. No additional money was proposed outside of what has already been committed. No new policy initiatives were set up outside of the neo-liberal policies that have been tried and failed for the last thirty years. The G8 leaders had an opportunity to commit substantial resources and new policy initiatives to save the lives and future of millions and chose not to.

Many Africa activists were outraged that decisions about the future of their continent were being discussed in the mountains of Canada, without active participation from African civil

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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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society and religious leaders. Njoki Njehu of Jubilee member 50 Years is Enough said that the G8 Africa Plan was a bit like the most important plan for the economic future of the United States being decided upon and presented by Africa leaders in the highlands of Kenya.

The plan did include a section on debt relief. Jubilee USA Network was pleased to learn that the G8 leaders agreed to fill a \$1 billion shortfall in the financing for the multilateral debt relief initiative known as the Heavily Indebted Poor Country Initiative (HIPC). Since debt relief is currently based on the ratio between debt and exports, recent crashes in export prices have meant that more money than previously thought is needed to bring these poor countries to “debt sustainability.”

There was no new deal on debt, even though many, including the World Bank and IMF, acknowledge that the current HIPC debt relief plan is falling far short. To coincide with the G8 Summit, Jubilee released a report that calls the HIPC Initiative “more grief than relief.” The study finds that HIPC is failing to resolve the debt crisis:

- It takes too long to provide debt relief; after 6 years, only 6 countries have completed the program, while over half of the countries in the program have been delayed by IMF penalties.
- It has provided too little debt relief; even by the World Bank and IMF’s own arbitrary “sustainability” standards, half of the countries now in line for HIPC relief will face officially “unsustainable” debt burdens soon after completing the program because of IMF and World Bank miscalculations.
- The conditions countries must commit to are unreasonably complex and often harmful.
- In at least 9 instances, the IMF has suspended countries’ interim debt relief because the government was not in compliance with IMF policy demands.
- HIPC requires that governments have a current loan agreement with the IMF in order to qualify for debt cancellation; in other words, countries must be in compliance with a current IMF loan or be signing a new IMF loan agreement in order to get debt relief.

The lack of further action on debt is especially tragic considering how effective debt relief has been in putting children back in school and providing lifesaving health services in the most impoverished countries. To view the full report online go to www.jubileeusa.org or contact the office for printed copies.

Jubilee USA Network will continue to build a movement for 100% debt cancellation without further delays and without harmful World Bank and IMF conditions. We need the support of all Americans more than ever. Contact us today about how you can get active. ✱



There are 1.5 million reasons to be in Washington this September...

This year 1.5 million children will be returning to school in Tanzania. This is a direct result of debt relief and activism to abolish World Bank imposed school fees. Just imagine what full debt cancellation could do!

END DEBT SLAVERY – RAISE YOUR VOICE TO CANCEL THE DEBT NOW!

The IMF and World Bank are meeting in Washington DC September 28-29. Join us at the following events to celebrate the Jubilee vision of liberation and justice.

Interfaith Prayer Service

followed by a Vigil
at the US Treasury Department
Thursday, September 26th at 7pm

End Corporate Rule:

*Global Struggles against the IMF
and World Bank*

September 25-29th
Teach-ins, Film Festival and Debate
featuring partners from the Global South.

Followed by a **Mobilization, Rally** and **March**



These are non-violent events open to all ages. These events are organized in part with the Religious Working Group on the IMF/WB, 50 Years is Enough Network, Essential Action, Center for Economic Justice and others.

For more information, please visit www.jubileeusa.org or contact 202-783-0129

The “R” Cycle of Jubilee

By Tim Atwater

The Jubilee text is set in the middle of Israel’s long-way-around journey to the new land. (Lev. 25-26) It is a wilderness teaching about freedom from slavery to the world, particularly freedom from the ruthless gods of materialism.

God says to Moses on Mount Sinai: when you get to the new land and the manna ceases and you begin to live within a money economy you will end up with new forms of slavery, much like those you left behind when you left Egypt. You will find yourself stuck in the ways of the world, with rich and poor, slaves and slave-holders, debtors and creditors, excesses of abundance and scarcity, and on top of it all, you and the land will be over-tired and in need of rest. You will be ill from this cycle of **debt, destruction** of community, and **decay** of relationship.

The antidote to this “3-D” syndrome is a 7-step Jubilee “R” cycle: **Rest, return, release, reordering, redemption, relationship, and renewal**. Like the old joke about what happens when you play a country and western record backwards (your truck comes back, your dog comes back, your spouse comes back...), the Jubilee strategy involves a counter-cyclical cycle of obedience to God, within which creation and community are restored and re-balanced. When we practice Jubilee, our rest comes back, our release from slavery comes back, our relationships come back, and blessed community is renewed.

How do we get the broken record of debt, destruction and despair spinning backwards?

Let’s consider some of the major movements in the Jubilee song, a tune which is simultaneously sacred symphony and holy jazz – a powerful melody that must be respected, a series of gentle harmonies and rhythms that cry out for creative improvisation to fit each new day’s context.

Rest. (Lev. 25:1-12, 26:2, 34-35; see also Genesis 1:1-2:4; Exodus 16, 20:8-11, 23:10-12) All members of the community are to rest every seventh day and every seventh year. The Jubilee begins with a reiteration of the cycle of creation, a seven-step movement with the seventh note always being a rest-stop grace note. Every seventh year is to be a year of complete sabbath rest. Here in Leviticus, an extra year of rest comes every seven times seven years, and the rest is especially for the land, the means of production in an agricultural economy. All work stops and the land rests, people rest, animals rest, and so the economy rests. People live off the land, which produces enough for all, just as the manna in the wilderness was enough for all.

Today rest is one of the most difficult things to claim in a world economy that enslaves poor and rich alike to work without end. Even those of us working full-time for justice often forget that we need to take rest as well. If we are fortunate enough to be able to take a ‘sabbatical’ break from work, most of us agree to produce something tangible such as a report or a reading list. But the Biblical concept of Sabbath rest is both more playful and more subversive.

Return. (Lev. 25:10, 13, 18-22) All members of the community are to return to their family and their ancestral land in the Jubilee year. Lands are to be returned to their original “owners,” or more accurately, lease-holders. According to scripture, lands are never to be sold forever, because the land does not belong



Staff and Coordinating Committee pray for Jubilee

to humans, it belongs to God; humans are tenants and guests on the land (Lev. 25:23).

Release. (Lev. 25:10, 23-24, 41, 50; see also Exodus 21:2-4, Deuteronomy 15:1-18) People who have become enslaved because of debts are freed, lands that have been lost because of debt are released back to those who were forced to sell them. Israelite slavery is tolerated as a temporary situation but it is never to be tolerated more than six years. Land

loss is never to last more than 50 years.

Reordering. (Lev. 25:14-17, 50-52; 27:17-18, 22-24) The entire economy is re-balanced constantly in relation to the standard of Jubilee-land and indentured labor are priced in keeping with how close or distant we are from the next year of Jubilee. Jubilee is not a once-every-50 years event – it is a theme that must permeate every aspect of community life.

Redemption. (Lev. 23-34, 47-54) People sold into indentured servanthood or slavery may be redeemed for a negotiated price, and land sold because of debt and poverty may be redeemed for a negotiated price at any time, not only in the Jubilee year, but also between Jubilees. The Jubilee year is a center point, but it is not a static end point for the cycle of restoration.

Relationship. The overall goal of Jubilee is restoration of right relationships among all members of the earth community—poor and rich, weak and strong, land and people—through a periodic clearing of the slate and re-balancing of community economics. Jubilee is still a work in progress.

Renewal. Jubilee is a new creation movement that God offers as an antidote to the normal decay cycle of the first creation. The earth and all that fills it belongs to God, but we seldom act as if we believe this. The Jubilee medicine is there for us whenever we choose to use it. The problem is, it only seems to work if we apply it. As G.K. Chesterton said of Christianity, the problem is not that it has been tried and found wanting, the problem is really that it has been found difficult and left untried. *

Shifting the Debate

Case Studies on Illegitimate Debt

By Francesco Paganini

The average person in the Democratic Republic of Congo lives on about 40 cents a day yet the per capita daily debt service is 26 cents. It is as if 65% of the income of a population afflicted by decades of war is owed to the coiffeurs of International Financial Institutions (IFIs) and developed countries. The debt held by the DRC is the result of the unfair relationship between the developed world and the Global South. There has been much discussion about the sustainability of debt but recently NGOs in the Global North have been to explore in depth the issue of money owed by the developing world.

Beginning in May Jubilee embarked on a project to investigate, on a country by country basis, the sources, implications, and mainly the very *legitimacy* of the debt burden of the world's poorest countries.

Using the Verdict from the International People's Tribunal on Debt in February of 2002 Jubilee developed a set of questions to ask about each country. Jubilee is taking each country and asking:

1. What is the impact of the debt service?
2. What is the impact on the native populations and local environment of projects financed by lending?
4. Is the debt being used as leverage to impose conditions, such as user fees on education or cuts in social spending.

For countries like the Philippines the case is overwhelming. Since its inception as an independent nation it was forced into a disparate economic relationship by the western powers. The passing of the Bell Act (see box 2) by the U.S Congress, which Filipinos were forced to accept, pried open Filipino markets to the U.S. and simultaneously imposed tariffs on Filipino products being brought to the U.S.

1. What is the impact of Filipino debt service?
While almost 40% of Filipinos live below the poverty line, the government is forced to pay 5 times more in debt service than what it spends on health.

2. What is the impact of projects financed by lending to the Philippines?
*A 1976 project by the U.S. Export-Import Bank in conjunction with Westinghouse built a nuclear power plant in the Bataan province. The money loaned to the Philippines for that project (\$2.3 Billion USD) accounts for roughly 5% of the nations debt. However, the plant was built on a major earthquake fault line and was never turned on. The Filipino people, who will be paying approx. \$170,000 per day for this project until 2018, **never got a single watt of energy.***

3. Is the Filipino debt fraudulent, negligent, odious or usurious?
*Odious: By the time the 20 year regime of Filipino dictator Ferdinand Marcos ended in 1986 estimates of his **personal wealth** ranged as high as \$30 billion.*
Negligent: the West had eagerly loaned to Marcos knowing that the money they were giving him was being siphoned off to his family and friends, never reaching the Filipino people.
Usurious: from 1970 to 1996 the Philippines paid \$63 billion in principal and interests. However the original sum owed was \$14 billion.

4. Is Filipino debt being used as leverage for imposing conditionalities?

In order to receive IMF and World Bank support the Philippines had to limit the support for their rice industry. Rice represents a staple food for the Filipino people and the IFI's conditionalities have made it impossible for food supply to keep up with demand.

The goal of Jubilee's illegitimate debt project is to partially shift debt discussion from a notion of debt relief as charity to one that recognizes the illegal or illegitimate nature of many nations' debt. For some time the Global South has been arguing "don't owe, won't pay". While much work has been done to explore the "won't pay" aspect of debt, if true progress is to be made we also need to understand why they "don't owe". *

What is odious debt?

Odious debt was first used by the United States in 1898. Upon winning the Spanish-American War the US became the steward of Cuba. In turn Spain demanded that the US pay the debt held by Cuba. However, the US argued that the debt had been imposed by force onto the Cuban people and that it was debt which belonged solely to the regime. This concept became part of international law in 1923.

The Bell ACT

The 1946 US law was passed shortly before the US withdrew from the Philippines. The government of Manila was forced to accept the terms of the statute or else the country, reeling from World War II, would not have received rehabilitation relief promised by the U.S. The law placed the Philippines in a relationship of serious economic disadvantage.

Living Global Justice and Action in Missoula

A Reflection by Jonas Bunte

JUBILEE MISSOULA, with the help of a variety of social justice, labor, environmental, human rights and other organizations, took the lead in organizing the Global Justice Action Summit in Missoula, Montana, June 20-24.

One of the primary goals of the Summit was to draw attention to the annual G8-meetings, the group of the eight wealthiest nations, in Calgary, Canada. The vision of the Global Justice Action Summit was to identify specific tools and strategies people can use to change undemocratic decisions and unfair global economic policies. As well as to explore a global vision that respects human rights, cultural diversity and ecological integrity to help build sustainable communities worldwide. As a primary co-sponsor, Jubilee USA Network helped to put debt at the top of a full agenda.

We mobilized a very interested and committed crowd of people, who wanted to learn more about issues ranging from agricultural sustainability to Export Credit Agencies and debt. The room was packed – standing room only – for a session called “Debt - Illegitimacy versus Payability” given by Marie Clarke of Jubilee USA Network and Njoki Njehu of the 50 Years is Enough Network. People were hungry for a deep analysis of the power relations around debt. This was just one of the first of a series of workshops and keynote speeches on global justice. Other featured speakers included Kevin Danaher from Global Exchange, Molly Dhlamini, a Jubilee activist in South Africa, and Walden Bello from Focus On the Global South.

A Festival of Sustainability followed the Summit, drawing attention to life-styles, skills, technology and social actions that help communities achieve greater sustainability, self-sufficiency and voluntary simplicity. In addition to the great music, over 50 community/nonprofit groups, businesses, government agencies and individuals were exhibiting and demonstrating sustainable approaches to energy, transportation, housing, agriculture, and environmental conservation. Other groups, like Jubilee, provide information on how to get involved in human rights and social justice.

The Summit concluded with an interfaith service and a caravan to Glacier - Waterton Peace Park at the U.S./Canada Border - using sustainable transportation like bikes and Bio-Diesel bus. The purpose of this trip was on the one hand to explore sustainability in transportation, development, energy, trade, and peace, and on the other hand to send a message of peace and justice from our summit to the leaders of the G8, who were meeting at the same time in Canada.

The first night we camped as a group at Apgar in beautiful West Glacier. Camping the next night was originally planned to be in Waterton in Canada, which didn't happen due to the weather and issues with the Canadian border control. The discussion of whether to go to the border for a direct action or instead to hold a powerful, peaceful event in the National Park was for me one of the most impressive experience of the whole summit. This was Not only because my heart understood both sides of the struggle, but because of the way we tried to decide. As a group in the middle of the beautiful nature of the park, we had the opportunity to show that we



Top Left: Cliff Bradley of Jubilee Missoula welcomes participants to the Global Justice Action Summit

Top Right: Molly, from Jubilee South Africa, dialogues with participant of Global Justice Action Summit on the biblical Jubilee

Bottom Left: Marie Clarke, National Coordinator, gives the warm up talk for Walden Bello's Keynote at Global Justice Summit

Bottom Right: Global Justice Action Summit participants on a bio-diesel caravan to Glacier Peace Park

are able to live all the theoretical “stuff” which we learned during the Summit. The situation was characterized by the respect for diversity, which we had already shared during the summit.

Due to all the different aspects at the summit - with politics (workshops, teach ins, speakers, discussions), culture (music, art, poetry, films) and all the meaningful conversation, we were able to respect each other's opinions and find a sustainable, respectful and acceptable way to go on. With differences in the details, all the participants acknowledged that they are a small part of a bigger picture and everybody is working in his/her way for a better world.

It was great to join this international forum and festival where we shared our work, gave a voice and a stage to our visions for a better world, and sent a peoples' message to world leaders meeting in Calgary for the G8 Summit.

Hopefully they will one day hear their peoples ... and will listen to them. ✱