

DROP THE DEBT

WHY DROP THE DEBT?

Debt cancellation is a matter of human need and a matter of justice. In the world's most impoverished nations, most people do not have access to clean water, education, adequate housing or basic health care. Instead of providing these basic services to their citizens, countries use their precious resources to pay debt service to wealthy nations and institutions.

"MUST WE STARVE OUR CHILDREN TO PAY OUR DEBTS?"

JULIUS NYERERE, FORMER PRESIDENT OF TANZANIA

DEBT COSTS LIVES

In impoverished countries, almost 11 million children die before their 5th birthday. Most die from diseases that are easily preventable in rich countries. Debt service payments take away resources that impoverished countries could use to prevent disease and provide adequate care.

THEY ALREADY PAID

These nations have already paid back their debts time and again. The debt crisis set in when interest rates skyrocketed and compound interest made repayment impossible.

FACT: Between 1970 and 2002, Africa received US\$540 billion in loans, paid back US\$550 billion, but still owes US\$295 billion.

STRINGS ATTACHED

The conditions that come with new loans and debt cancellation hurt the poor. Conditions such as the privatization of water and electricity, elimination of protections for local industry, and strict limits on government spending keep essential human services out of reach of the people.

FACT: Current debt relief schemes are conditioned on the requirement that countries implement harmful economic policies.

DON'T OWE:

Much of the debt is a result of "bad faith" lending in which banks pushed developing nations to take new loans or knowingly lent money to corrupt governments. Many of the loans should be considered odious or illegitimate. This money never helped the citizens. It was stolen by dictators. It was used for irresponsible projects that failed to serve a greater purpose or it caused harm to the people or the environment.

FACT: \$10 billion of the \$30 billion lent by the World Bank to Indonesia was stolen by the Indonesian dictator Suharto.



THIS IS WHY DEBT CAMPAIGNS FROM AROUND THE WORLD SAY:

"DON'T OWE, WON'T PAY!"

DEBT CANCELLATION GETS RESULTS:

In 2005, the world leaders of the Group of Eight (G-8) committed to a new deal on debt cancellation. One year after, 20 countries have had most of their debt cancelled and 20 more are eligible. Nations are spending their freed-up resources on education, health, infrastructure, and access to water. For example, Ghana is spending their money on basic infrastructure and Burundi eliminated school fees so 300,000 additional children could enroll.

FACT: Zambia can now provide free healthcare to all citizens in rural areas and hired 4,500 new teachers in 2005.