



Statement by His Excellency Archbishop Ivan Jurkovič
Permanent Observer of the Holy See to the United Nations and Other International Organizations in
Geneva at the 37th Session of the Human Rights Council on Report of the Independent Expert on the
effects of foreign debt and other related international financial obligations of States on the full
enjoyment of human rights
28 February 2018

Madam President,

1. The Holy See takes note of the Report of the Independent Expert and readily supports its assertion that a human rights impact assessment might help “policymakers identify potential inconsistencies between pre-existing human rights obligations and economic reform policies, irrespective of whether they are pursued exclusively, based on their own merits, or in response to lending conditionalities imposed by international financial institutions”¹. The application of such an approach to situations of, and in response to, financial stress could provide a framework and normative guidance that would prompt an analysis of the “deeper causes of a crisis as well as serious consideration and analysis of alternative responses to crises that can provide a more sustainable path to longer-term growth”².
2. Human rights criteria for evaluating foreign debt can be an important tool for moving development from a narrow “economic” or material understanding to one based on integral human development, one that promotes “the development of each man and of the whole man”³. As shown in the Report, these new crises have become more complicated. Debt itself has changed and its instruments have changed as well. Whereas 20 years ago, debt was relatively limited to a rather small group of lending facilities, international financial institutions, governments and bonds, now we see more complicated instruments and a broader array of types of credit and debt. The

¹ Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights. Doc. A/HRC/37/54 para 44.

² *Idem.*

³ Pope Paul VI, Encyclical Letter *Populorum Progressio*, n.14.

Holy See again raises its concern with the so-called, “vulture funds” or predatory firms that take advantage of economies in distress.

3. Debt sustainability works hand in hand with public budget transparency and responsible lending and borrowing. Such sustainability must rely on improved fiscal policies that curtail tax evasion and corruption. Standards can be set in debt sustainability frameworks that provide targets to governments to curb illicit financial flows, tax evasion, corruption and corporate and professional tax avoidance. The debt of developing countries must be placed in a broader context of economic, political and technological relations, which have brought an increased interdependence between countries, as well as the need for international collaboration in pursuing the objectives of the common good. When disaster strikes, when famine spreads or when an economic crisis impacts the poor, we need to be able to reevaluate these situations. In this sense, it is of particular importance that the Guiding Principles “be applicable to different circumstances in the context of acute financial crises, in less challenging economic times, in developing countries and in highly advanced economies”⁴.
4. The resolution of the international debt problem is indisputably an economic question, but it is also a question of political will. The international community must not ignore this fact. As Pope Francis expressed to the General Assembly of the United Nations in 2015: “The International Financial Agencies should care for the sustainable development of countries and should ensure that they are not subjected to oppressive lending systems which, far from promoting progress, subject people to mechanisms which generate greater poverty, exclusion and dependence.”⁵ While reaffirming the principle that debts must be repaid, solutions must be found that do not compromise the “fundamental right of peoples to subsistence and progress.”⁶
5. While institutionalizing the inclusion of a human rights impact assessment into the cost and benefit calculations will present challenges, we would like to remind the Council that every past improvement in human rights and expansion of participation

⁴ Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights. Doc. A/HRC/37/54 para 78 (d).

⁵ Pope Francis, Address to the United Nations General Assembly, 25 September 2015.

⁶ Pope John Paul II, Encyclical Letter *Centesimus Annus*, 35: AAS 83 (1991), 838; cf. also the document *At the Service of the Human Community: An Ethical Approach to the International Debt Question*, published by the Pontifical Commission “Iustitia et Pax”, 1986. II Edition 2011.

and inclusion faced similar challenges. That is to say, financial relationships that increase inequality and yet fail to promote income convergence are contrary to justice. To achieve true debt sustainability and ensure effective frameworks, we need to address a number of particularly challenging issues and promote stronger policies around public budget transparency, responsible lending and borrowing, securing greater development protections, stronger debt restructuring policies and fiscal strategies that curb tax evasion and corruption.

6. The Holy See recognizes that severe human rights impacts resulting from the recent financial crisis have been widely and well documented. Policy responses to the crisis have revealed a deep-seated structural neglect of human rights in economic policy formulation, insufficient protection of the most disadvantaged and a lack of attention to participation, consultation, transparency and accountability. The previous efforts by the United Nations General Assembly to improve debt restructuring and bankruptcy processes are important steps to creating a more participatory, accountable and transparent financial system.

In conclusion,

7. We all know that human weakness will never allow a perfect world. But to emphasize, at least, reasonable principles and virtues would help all people of goodwill to enable the world to become a better place. It would also reduce the risk of another impending financial and economic crisis. Changing the rules without addressing a fundamental change in values would leave the common good as a second-class goal. We can no longer frame the debt crisis as an exclusively economic problem. It affects future generations, as well as the social conditions that allow the enjoyment of human rights of vast numbers of people entitled to the solidarity of the whole human family.

Thank you, Madam President.