

**OGC Update**  
**Maryknoll Office for Global Concerns:**  
**Peace, Social Justice & Integrity of Creation**  
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**Debt: The State of the Debate**

Because there is so much discussion worldwide about debt cancellation and the new millennium, we thought it might be helpful to summarize briefly for Maryknollers the state of the debate and to give you a more comprehensive idea of how the Office for Global Concerns is addressing this issue. What are we trying to accomplish and why? We hope this will occasion response from the Maryknoll world. Do you agree with what we are doing? Are we in synch with your own activities? We are already working closely with many of you on this issue; can we do more?

In this communication we will not go into the history of the debt crisis and recent responses to it. If you would like a packet of background articles that we have written over the past few years in Maryknoll *NewsNotes*, Sojourners, the National Council of Catholic Women's journal, and other publications, please let us know. A very good new video on Jubilee 2000 entitled "Cancel the Debt, Now!" is also available and we will gladly send it your way.

**Why are we working for an end to the debt crisis?**

Maryknollers have repeatedly identified crushing debt as a tremendous burden on impoverished people in debtor countries. *Life Not Debt* was the campaign begun by Maryknollers in Sao Paulo in 1992, but long before that Maryknollers in Latin America and the Philippines were calling for a lifting of the unjust burden of debt.

Maryknollers in many countries have seen clearly that overwhelming debt was the "handle" whereby a certain kind of economic reform program was exacted of debtor countries and that something about that model of economic reform seemed detrimental to the poor communities where you live and work.

**What exactly are we asking for? What values or criteria do we use to shape the positions we take along the way?**

We realize that a resolution of the debt crisis is a necessary, but not sufficient, condition for the elimination of poverty. We have to keep digging way beyond debt to uncover the root causes of the kind of poverty now endemic in our world. And, while it is easy to identify overwhelming debt as an obstacle to human dignity and social justice, it is very difficult to identify a solution that is just and has a chance of lasting.

What we are working for as Maryknoll is consonant with the platform of Jubilee 2000/USA, which we helped write two years ago.

We are not asking for the cancellation of all debt, only debt that is destructive in human or environmental terms or debt that is demonstrably illegitimate.

We are asking for an end to impunity and corruption in the management of debts, for transparency and accountability, for debt cancellation that really benefits impoverished people.

We are asking for a process whereby the people most affected by international financial transactions and by economic policy have real voice in the decision-making about them.

We are asking for a serious reevaluation of structural adjustment programs as they have been implemented in most debtor countries not because every component of adjustment is bad, but because many, many Maryknoll people around the world have repeatedly complained about the apparent and severe impact of these reforms in the communities where they live and work.

We are asking for the establishment of some mechanism for dealing with national insolvency a panel, perhaps, that would include some neutral arbiters and provide for more just negotiations between creditors and debtors.

### **How do we reflect Maryknoll experience in our work, and Catholic social teaching?**

We believe that these goals reflect very well the concerns of Maryknollers and the values of Catholic social teaching (e.g. all people have a fundamental right to integral human development that respects the integrity of creation and is sustainable; people have the right to participate in the important decisions that affect their lives, etc.) We know that your experiences vary enormously in different parts of the world and that the impact of overwhelming debt on your communities varies as well. Yet, we have heard a great deal of distress and frustration from Maryknollers about a deteriorating quality of life in most poor communities that is intertwined with escalating evidence of environmental failure.

The dramatic debate about debt right now provides a remarkable opportunity to put fundamental economic policy questions on the global table for careful reevaluation and, hopefully, substantial transformation. We see our task as one of bringing the human face into these discussions that too often remain abstract - and of making room at the decision-making table for the people most affected.

### **What steps have we taken to move in this direction?**

Basically, two:

1. Raise the issue, show what is happening as a result of overwhelming debt, get people talking about it, make connections, try to get it on the agenda of decisions-makers. To do this, the demands are pretty simple and general: Cancel the Debt! Life Not Debt!

Jubilee 2000 plays a very important role here, as do communities of faith (especially the Catholic Church with strong leadership coming from the Vatican). Given the moral implications of the debt crisis, many religious institutions are part of Jubilee 2000 others work on a separate but parallel

track for debt relief. This first task is essentially one of building political will; once there is sufficient political will, decision-makers will pay attention. Jubilee 2000 campaigns in Africa, Latin America, Asia, the Pacific, Europe, and North America have demonstrated a tremendous base of support that continues to grow as we approach the turn of the millennium. It is definitely moving the debate to a new level.

The Maryknoll Justice and Peace and Social Concerns Offices began working in this area with Maryknollers overseas and with other Maryknoll departments years ago during the debt crisis of the 1980s. Many attempts were made with some success to help raise the issue to public attention and educate about the impact of unpayable debt on poor people. More recently, Maryknoll was a primary force behind the formation of the Religious Working Group on the World Bank and IMF, which launched Jubilee 2000 in the U.S., and behind Jubilee 2000/USA itself. As an office we have decided that the most effective way for us to do this work is through Jubilee 2000/USA, so we serve on the Executive and Steering Committees of the campaign and participate energetically in shaping its positions and strategies. Maryknollers in several other countries are also active with debt relief campaigns, particularly Jubilee 2000.

To raise this issue in the United States is essential because the U.S. is a major creditor to many poor countries and holds great power in the World Bank and IMF. It has also required ongoing collaboration with many, many other religious groups (Catholics religious orders and missionary groups, Mennonites, Quakers, mainline Protestant denominations, aid agencies like Catholic Relief Services/Caritas, etc.) and with other nongovernmental groups with similar concerns. To make our voices heard clearly enough to move, for example, the U.S. Congress (a critical player) to action will take a great deal more work and creativity! We will have to move from reading and studying about the debt crisis to advocacy and action.

Maryknoll and other religious institutions have invited partners from debtor countries to come to the U.S. this fall. First we will gather to pray for jubilee at the World Bank and IMF as these institutions prepare for their annual board meetings; then our guests from the South will go to different parts of the United States to tell their stories of living with unpayable debt and their sense of possible ways to resolve the crisis. At the same time, people of faith across the United States will begin a 100 day fast in preparation for the millennial year of action toward jubilee.

The spring of the year 2000 will be a time of mass mobilization in the U.S., moving toward the April meetings of the World Bank and IMF. Our office will support this effort as much as possible because we believe it is essential that Congress and the administration hear very clearly our insistence that a just and lasting solution be found.

2. Step #2 has been to engage in the complex pursuit of answers to questions about what debt should be canceled and how. This is analytically and strategically much more nuanced, but can only begin when Step #1 has borne some fruit!

In this effort Maryknoll has also been very involved. From long before the World Bank and IMF launched the HIPC (Highly Indebted Poor Country) framework for debt relief in 1995 through the Cologne meeting in June 1999, where a substantially better proposal was made, we have participated in countless meetings and discussions with World Bank and IMF officials, the U.S. Treasury and the

U.S. Congress. The many “human face” stories told by Maryknollers shape the content of our interventions in these meetings. We constantly press for an evaluation of proposals for debt relief and other economic policies according to how they will affect the most impoverished communities and the rest of creation.

Slowly, as political will for change has become more evident, the conversation of policy-makers with Jubilee 2000 and other religious and nongovernmental groups has become more serious. For the first time we are having substantial discussions (most recently in late July in Washington and Addis Ababa) about linking debt relief to poverty reduction; about the relationships between macroeconomic policies, structural adjustment and poverty; about the need for transparency, popular participation and good governance (including an end to corruption). We have moved from meetings with Treasury staff in functional positions with little power to meetings with the new Secretary of the Treasury and his senior staff.

While it is good that the U.S. Treasury and other G-7 finance ministries are feeling the pressure to meet the year 2000 goal, it is even more important that debt cancellation be definitive and lead toward the elimination of poverty. As long as it is linked to economic reforms that worsen poverty or environmental destruction - if it exacerbates corruption or impunity - it will never meet our goals. We see the need for very careful, long term attention to this phase of the debate.

Maryknoll and other groups with people working in debtor countries have another important role to play in this component of our work. Because resources are more readily available in Europe, the U.S. and other wealthy countries, the Jubilee campaigns in the North could easily dominate the debate. We are committed to righting this imbalance so that, even if the process takes much longer, communities most affected will have their voices heard by creditors and policy-makers. Some of that can be accomplished by building good relationships within Jubilee 2000 - South to North and vice versa. Perhaps can also be partially accomplished by shifting some Maryknoll resources to support Jubilee 2000 campaigns in the South.

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