

Resource Project Contacts

Debt and Development Coalition Ireland:
www.debtireland.org

Bretton Woods Project: www.brettonwoodsproject.org

Debt Channel: www.debtchannel.org

Eurodad: www.eurodad.org

Jubilee Debt Campaign UK:
www.jubileedebtcampaign.org.uk

Jubilee South: www.jubileesouth.org

Jubilee Research: www.jubileeresearch.org

Jubilee Zambia: www.jctr.org.zm/jubilee-zambia.htm

Malawi Economic Justice: www.mejn.org

Uganda Debt Network: www.udn.or.ug

One World website: www.oneworld.net

World Development Movement: www.wdm.org.uk

International Monetary Fund (IMF): www.imf.org

World Bank website: www.worldbank.org

United Nations: www.un.org/millenniumgoals

Debt Information

"Can the World Bank and IMF cancel 100% of poor country debts?"
www.debtireland.org OR www.jubileeresearch.org

"Did the G8 drop the Debt?", May 2003
www.jubilee2000uk.org/analysis/report/G8final.pdf

"Millennium Development Goals: A Compact among nations to end human poverty". UNDP Report 2003
www.un.org/millenniumgoals

Jean Somers, "Debt cancellation by instalments" in McCann and McCloskey (ed.) From the Local to the Global, Pluto Press, London



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Debt and Development Coalition Ireland includes organisations and individuals who share a deep concern about the injustice of the debt crisis and are working together for an effective, fair and speedy solution. The Coalition works with National, European and International networks.

The Coalition is calling for:

- Debt cancellation:
Mulima Akapelwa, a debt activist from Zambia, says, "Debt is an *ISSUE* for you, it is *LIFE* or *DEATH* for us."
- Fair and independent decision making on debt to give an equal voice in negotiations to debtors and creditors alike.

TAKE ACTION!

Contact our Education and Campaigns Worker to get involved through:

Emailing / letter writing, lobbying and campaigning

Feet on the street activities

Workshops, presentations on debt crisis

For information contact:

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Debt and Development Coalition Ireland



There's a Hole in the Bucket

It's the Debt Crisis ...Want to know more?

Why Should the Debt be Cancelled?

Some debt simply cannot be paid

Many developing countries are forced to use scarce resources for paying debt rather than for healthcare, education, and other vital social services.

For example: in Zambia almost a fifth of the adult population is living with HIV/AIDS. Life expectancy has dropped dramatically to 37 years.

At the same time Zambia spends 12% of its resources repaying debt and less than 5% on health and education combined.

Debt which should not be paid

Illegitimate and odious debts should not be paid.

A debt is illegitimate when the projects and policies it has financed have caused social and ecological damage.

An odious debt arises when money is lent to oppressive regimes and these loans help keep them in power. A new, democratic government taking over from such a regime should not be liable for these debts. Examples: Debts run up by the military regime in Argentina or debts incurred by Saddam Hussein in Iraq.

www.odiousdebts.org

'Don't Owe Won't Pay'

Many Southern groups claim that "the external debt of the countries of the South is ...illegitimate, unjust, and ethically, legally and politically unsustainable" (international people's tribunal on debt, Porto Allegre, 2002) and have consequently adopted the slogan "Don't Owe, Won't Pay".

www.jubileesouth.org

Who Makes the Decisions on How to Tackle the Debt Crisis?

The following international bodies are the main decision makers:

International Monetary Fund (IMF) and World Bank

The IMF and the World Bank are major players in the debt crisis. The Allies set up these organisations towards the end of the Second World War, to help re-establish world trade and support post war reconstruction. Most countries in the world are members of these bodies.

IMF

The role of the IMF is to facilitate international trade. Countries with balance of payment problems (where the costs of their imports are greater than their earnings from exports) can borrow from the IMF. In return they must implement policies laid down by the IMF.

World Bank

World Bank is the IMF's sister institution. Its role is to provide loans to developing countries to support their development. In order to receive loans from the World Bank, borrowing countries must fulfil a range of conditions.

The IMF and World Bank are the most significant creditors of the poorest countries.

Each country's voting power at the IMF and World Bank is based on the financial contribution it makes. Inevitably these institutions are dominated by the views of the richest and most powerful countries.

The USA holds by far the greater single share of voting power (approx. 17%), while the combined G8 countries have over 45%.

In contrast at the United Nations General Assembly the principle of one country one vote prevails.

G7/8

The G7 is made up of seven of the world's most powerful economies: Canada, France, Germany, Italy, Japan, UK and USA. When Russia joins the G7 the group becomes known as the G8. The G8 is an informal grouping, with no democratic mandate, and holds a Summit each year. Statements made by the G8 have enormous influence on IMF and World Bank policies.

Missing from the picture are the people carrying the debt burden, who struggle to pay it at the expense of their health, their welfare and their children's future.

What Caused the Debt Crisis?

A mixture of unaccountable lending and borrowing in the late 1970's fuelled by the 1973 oil boom laid the foundations for the debt crisis. Oil prices quadrupled generating billions of dollars for oil producing countries. They deposited much of this surplus in Western banks. Banks were anxious to lend these dollars and developing countries themselves were desperate for loans for economic development.

The needs of the banks and those of developing countries appeared neatly matched. Interest rates were low and money was plentiful.

- In the 1970s many of the borrowing countries were ruled by military governments or dictators.
- While some of the loans were used well, significant amounts of money were spent unproductively on inappropriate projects, or disappeared through corruption.
- At the end of the 1970s, interest rates shot up and oil prices rose again.
- Developing countries dependent on exporting e.g. coffee, copper, cotton and bananas to earn the dollars to repay debt saw their commodity prices plummet. In August 1982, Mexico, one of the biggest debtors, announced that it could not continue to repay its debt.
- Fearing the collapse of their banks, Northern governments moved swiftly to contain the crisis. *The crisis was defined as a problem of individual countries, which had borrowed too much rather than also being a result of how the international community had handled the oil crisis.*
- A cycle of further lending in order to enable countries to continue to repay debt set the debt treadmill in motion.