



International Debt and our Catholic Response

What is the Issue?

Beginning in the 1980's, the debt owed by poor countries to rich countries and international financial institutions grew rapidly. The debt burden was causing increasing hardship, especially to poor people, who in most cases had no voice in the decision to borrow. Archbishop Mazombwe from the African country of Zambia described the impact in 1998: "What servicing this debt means for Zambians [is] lack of education opportunities, inadequate health care facilities, poor housing, water and sanitation structures, [and] insufficient productive investments for generating jobs...." He emphasized, "The debt problem is not simply an economic issue. It is fundamentally an ethical issue...affecting the well-being of families, the survival of the poor, the bonds of community, and the security of the future." Since then, a great deal of progress has been made in relieving poor country debt in large part due to the advocacy efforts of Catholics and other faith-based advocates in the United States. But the job is not yet finished.

Why Should People of Faith Care?

Pope John Paul II spoke often about the moral imperative of relieving poor country debt. The Holy Father's most famous statement on the subject came in 1994 when he announced the celebration of the year 2000 as the "Great Jubilee." He recalled that the biblical tradition of the jubilee included forgiveness of debts and urged all Christians "to raise their voice on behalf of all the poor of the world, proposing the jubilee as an appropriate time to give thought, among other things, to reducing substantially, if not canceling outright, the international debt which seriously threatens the future of many nations."

The United States Conference of Catholic Bishops (USCCB) and Catholic Relief Services (CRS) have long advocated debt relief for poor countries. USCCB issued major statements on the subject, including the 1999 statement "A Jubilee Call for Debt Forgiveness," that set out principles derived from Catholic social teaching for considering the moral dimensions of the debt problem. Among them are respect for human life and dignity, the common good, the option for the poor, and solidarity. Respect for the life and dignity of every person is at the heart of our moral concern when debt imposes a crushing burden on the poor. The common good is violated when debt owed abroad undermines a government's ability to finance critical social investments. The "option for the poor" reminds us that the way to judge the moral character of a society is how it treats "the least among us," and in the case of debt it is often the weakest members of society who pay the heaviest price. Finally, the principal of

How Does Debt Affect Real People?

Meet Aurelie Nyapeye Yatchou, a community forest manager for CRS Cameroon. Cameroon suffers a high rate of underdevelopment, despite the presence of rich natural resources. Many forests in Cameroon and other developing countries have historically been exploited by logging companies and other large industries with little compensation for local communities.



Photo by Christophe Droeven/CRS

In 2006, funds that were saved through the forgiveness of Cameroon's debt were approved to be redirected into a new community forest management program run by Catholic Relief Services. This poverty reduction program now helps the forest communities that Aurelie manages improve their quality of life by managing, harvesting and selling valuable forest products such as wood, bark, leaves and seeds.

Due to debt forgiveness and the work of CRS, many forest communities in Cameroon have been able to see a real improvement in the quality of life in their communities.



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solidarity reminds us that we are one human family. We are called to pursue justice for the poor and vulnerable seriously affected by debt whether they live across the street or across the globe.

What Actions Have Been Taken to Improve the Situation?

Pope John Paul II's call for debt relief in the Jubilee Year was echoed by other religious leaders and led to the formation of the worldwide Jubilee 2000 movement that brought together faith-based and other non-governmental organizations from both rich and poor countries to urge rich nations and international financial institutions (IFI's) like the World Bank to relieve the heavy burden of poor country debt. USCCB and CRS were active participants in the Jubilee movement, which achieved success in late 1999 when rich countries and the IFI's adopted a comprehensive program that provided billions of dollars of debt relief to a large number of poor countries and included provisions to assure that the benefits reached the poor.

While the 1999 program was a major achievement, it soon became apparent that the debt relief was not deep enough and did not reach all the poor countries in need. A major breakthrough occurred in 2005 when, with the U.S. playing a lead role, the World Bank and other major IFI's agreed to cancel 100% of the debt owed to them by qualifying poor countries. The combined result of these debt relief initiatives has been the cancellation of over \$70 billion in debt for 23 poor countries. By 2010 this total may reach \$100 billion for 33 countries, and more countries are potentially eligible in later years.

There is solid evidence that debt relief is helping reduce poverty. Total spending for education, health and other poverty-reducing investments in the countries receiving debt relief has increased substantially, and there are many specific instances of how debt relief is working for the poor. For example, it enabled Uganda and Tanzania to eliminate school fees. As a result, primary school enrollment more than doubled in Uganda and increased by almost two million children in Tanzania. Debt relief funds helped Mozambique to vaccinate 500,000 children and Zambia to provide free health care to the rural poor. A project developed by CRS in Cameroon is using debt relief funds to generate a new source of income for poor rural communities through sustainable forest management and wood production.

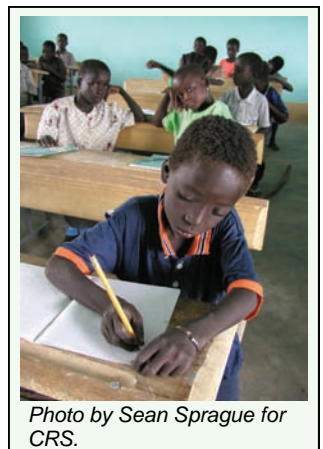


Photo by Sean Sprague for CRS.

What Further Response is Needed?

By providing 100% cancellation of most IFI debt, the 2005 initiative addressed one of the deficiencies of the program, but not the other—the number of eligible countries. Thus, there is one remaining step that USCCB and CRS advocate: extending debt cancellation to all poor countries that need it and can show that they will use the savings for poverty reduction. A bill requiring the U.S. to 1) cancel debt owed by these countries to the U.S. and 2) take a lead role with respect to debt owed to the IFI's, passed the House and the relevant Senate Committee in 2008, but the session ended before final passage was achieved.

USCCB and CRS will work through Catholics Confront Global Poverty to advocate for the cancellation of debt owed to the U.S. and IFI's by needy poor countries that have been left out of existing debt relief programs.

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