

Barend de Vries *Comments on Peters*

The Biblical call for a Jubilee extends to debt remission as well as freeing slaves and returning lands to the landless. Thus as Christians celebrating Jubilee 2000 we must address ourselves not only to the debt problems of the LDCs, but also to other injustices such as economic and social slavery and the issues posed by landless peasants. One thinks of the near slavery conditions in the assembly industries (especially young women) as we find them in many free port zones in LDCs such as in the Philippines and elsewhere. Likewise we face the challenge of the problems of peasants on the hillsides of the Altiplano in Latin America and elsewhere, the dispossessed of Bangladesh and the African farmers whose lands have been badly overgrazed. These issues are closely related to the causes and consequences of environmental degradation.

Before we consider universal debt remission we should analyze in some detail the origins and causes of the debt crisis of the 1980s. One can point to the mistakes made by both debtors and creditors, and the malfunctioning of credit markets, particularly the lack of competition among the international commercial banks. Unless these issues are resolved satisfactorily, debt remission would soon be followed by new defaults and crises. This was amply demonstrated by the Mexican crisis of 1994–95, even admitting this was more a crisis, set off by a lack of confidence on the part of Mexicans themselves, of direct and portfolio investment as against bank credit. To avoid possible recurrence of similar crises elsewhere (as well as in Mexico), the Halifax, N.S. summit asked the International Monetary Fund to collect more adequate debt management information and in effect set up an early warning system with more

complete data made available by the debtor governments.

The writer mentions the positions on debt relief taken by the British in a number of meetings. It is worth reviewing the position taken by other parties. For example, equally or more liberal proposals have been supported by other countries, e.g. the Dutch on various occasions. The Catholic and mainline Protestant churches in the US have also called for remission in several papers. A number of American NGOs have put pressure on the US Treasury on debt questions and other poverty-related issues, among them the Center of Concern in Washington DC. In June 1994 the Center organized an international conference "Rethinking Bretton Woods" which focused on major issues, including debt relief, before the World Bank and the International Monetary Fund.

The author strongly implies that debt remission will set the stage for overcoming poverty in the poorest countries. Most of these countries are already receiving a positive net transfer of resources on highly concessionary terms. But removing the debt overhang is only one element of the fight against poverty in the developing countries. Others are education (with emphasis on young women), health and population measures and nutrition, fighting environmental degradation, job creation and raising the productivity of the poor. Beyond this the nation and the individual must be morally committed to eradicating poverty for social economic policies to be fully effective.¹

ENDNOTE

- 1 I have dealt in greater detail with these issues in "The World Bank's Focus on Poverty" (1994) to be published in a conference volume "Rethinking Bretton Woods" by the Pluto Press of London, UK.

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Bill Peters Responds

Charles Wilber's choice of guiding moral values by which to assess the Jubilee 2000 campaign is well made. Stewardship, jubilee and subsidiarity are all yardsticks against which the programme measures up satisfactorily. The campaign gains by being described as a mediating institution.

It is true that debt forgiveness merely makes a new start possible; the article, in arguing for forgiveness, also sketches in guidelines giving the direction of steps after the new start.

Barend de Vries is right to point out that poverty in poor developing countries arises from many factors, not merely debt overhang. Several are mentioned in the penultimate paragraph of the article. In

concentrating on debt in our campaign we do not overlook these; but as current circumstances point towards a method of reducing that one factor we urge the desirability and practicality of doing so. Other methods are needed for the other factors which should certainly not be overlooked.

We recognise that in other countries many allies advocate similar, sometimes more liberal, relief measures and that American NGOs are active over debt. Our aim is "relief with acceptability" i.e. a program which offers enough compensation for foregoing repayment (such as greater awareness among SILIC governments of the limits of debt manageability and greater openness to prudential economic advice) for creditors to be persuaded to participate. ■