



We are the creditors!

We remind the leaders of the world's richest and most powerful nations that in truth, the North owes the South.

The accumulation and concentration of wealth in the North has been largely at the expense of the South – our land, our minerals, our forests and waters, our labor, our communities, our economies, our cultures, our governments, our lives.

Jubilee South's Response to the G8 Debt Proposal: Justice Demands Unconditional and Total Debt Cancellation for All South Countries!

Jubilee South, a network of debt campaigns, movements and people's organization from Africa, Latin America and the Caribbean and Asia and the Pacific, stands firm in its position that no less than the unconditional cancellation of all debts claimed from all South countries will liberate the peoples of the South from debt domination.

The financial burden of debt servicing is staggering. It results in the violation of our people's basic rights and impoverishes our countries. The injustice is magnified even further when we examine the onerous and often odious nature, terms and purposes of many of these debts and the negative consequences of numerous debt-financed projects, for which northern lenders and authoritarian and corrupt South governments are responsible.

Even more fundamental is how the debt is used as an instrument to perpetuate the powerful hold that rich nations, international financial institutions, and global corpo-

rations have over our people's lives. They use this power to continue the long history of exploitation and plunder that is one of the central causes of the problem of the debt in the first place.

Ever since the explosion of the global debt crisis in the 1980's, we have been witness to a series of debt relief programs by G8 governments and international financial institutions. Time and time again, these schemes succeeded not in releasing our people from debt bondage, but in keeping our countries on the debt treadmill, and creating even more favorable conditions for wealth concentration and extraction by foreign investors. In many instances they were poorly disguised initiatives to bail out international banks and financial institutions.

Since last year, G8 governments, led by the US and the UK, started discussing proposals for 100% multilateral debt cancellation. Debt campaigns took this



as a challenge and an opportunity to fight for what may be partial but nevertheless important gains, and outlined the terms in which a 100% multilateral debt cancellation would truly represent a significant step forward in the struggle against debt domination.

On June 11, the G8 Finance Ministers released a statement on “Development and Debt” which includes a proposal for multilateral debt cancellation that would be put to the Annual Meetings of the IMF, World Bank, and African Development Bank by September 2005.

We cannot join our voices to those publicly hailing the G8 debt agreement as a “historic” victory for the following reasons:

1. The multilateral debt cancellation being proposed is still clearly tied to compliance with conditionalities which exacerbate poverty, open our countries further for exploitation and plunder, and perpetuate the domination of the South.

The G8 agreement includes the cancellation of US\$ 40 billion multilateral debt claimed from 18 HIPC Completion Point countries. The cancellation of US\$ 40 billion, if it were to push through, will mean a significant change from the current situation of many of these countries. But we should not forget that these 18 countries paid and will continue to pay a terrible cost for this US \$ 40 billion — compliance with HIPC conditionalities required to reach “Completion Point,” the impact of which will be felt for many years to come.

The proposal also mentions that 100% stock cancellation will be delivered to those “on track with their programmes of repayment obligations...” implying that countries currently in arrears will have to catch up on their payments before they are eligible for the cancellation.

It remains unclear as to whether new conditionalities will be imposed on these countries in the guise of ensuring “good governance, accountability and transparency.”

The proposal is also understood to include US\$ 11 billion claimed from 9 HIPC Decision Point countries, and US\$ 4 billion claimed from 11 HIPC countries that have not yet reached decision point. This US \$ 15 billion comes with the same price — the 20 other countries will only become eligible for cancellation after they implement HIPC conditionalities.

The total US \$ 55 billion in multilateral debt cancellation will definitely not be enough to compensate for the devastating effects of these policies, which include privatization of services and utilities, indiscriminate trade and market liberalization, the further opening up of economies to foreign investments (especially targeting extractive industries in Africa), export-oriented policies at the expense of domestic needs. The impact of these policies

includes the undermining of sovereignty and democracy, the intensification of repression and militarization, and war.

The cancellation of multilateral debts will not automatically mean these countries would finally be free from the hold that the International Monetary Fund, the World Bank and the African Development Bank have over their economies. These international financial institutions are not only lenders — their assessment and ratings of country performances heavily influence the behavior of international investors and other lenders. These countries will continue to be vulnerable to these institutions as long as the governments of these countries insist on chasing after foreign investments, aid and loans.

2. Even if the debt cancellation were without conditionalities, the proposal falls far too short in terms of coverage and amounts to demonstrate a bold step towards justice by any standard:

- It does not cover the debts claimed by the Inter-American Bank and the Asian Development Bank from at least 6 of the 38 countries considered for multilateral debt cancellation. No logical explanation is evident and none offered by the G8 statement.
- It covers only 38 out of more than 160 South countries burdened by debts claimed by international financiers. By being silent on the rest of the South, the G8 continues to perpetuate their self-serving myth that debt is a problem only for “the most impoverished” countries.
- Even granting that the G8 aims to start with the most urgent of situations, the proposal does not even attempt to respond to the critical conditions of tsunami-hit countries in Asia and other countries experiencing severe crisis, such as Haiti.
- The amount of US\$ 40 billion is shameful compared to what G8 governments are willing to spend on their annual military budgets — for the year 2004: US\$ 400 billion for the US and a US\$ 191.4 billion for 6 other G8 countries combined (excluding Russia).
- These comparisons become even starker considering that as per the proposal, the contributions of donor countries to the US\$ 55 billion debt cancellation will be spread over many years (i.e. the duration of repayment of the cancelled loans).
- Their annual contribution to the debt cancellation is estimated to be only at about US\$ 1 billion per year. This is a pittance compared to what the G8 governments and the international financial institutions collect annually in principal and interest payments from South countries. In 2003, more than US\$ 23 billion dollars were collected for interest payments alone on multilateral and bilateral debts claimed from the South.

3. Like its predecessors, the proposal does not address the issue of odious and onerous debts.

Even by the narrowest legal, political and ethical parameters, most if not all debts claimed from the South are patently illegitimate. Indeed many of them have been shown to be outrightly illegal. Northern governments and international financial institutions have refused and continue to refuse to address this issue squarely.

Most historical precedents of restructuring, cancellation or repudiation of odious debts were opportunistic maneuvers by colonizing powers and occupying forces to free up resources in the South for their own interests, the most recent example being the Iraqi debt restructuring.

4. The G8 statement does not express any measure of acknowledgment of the historical and structural causes of debt and poverty and their own culpability. Without this recognition, the G8 governments cannot make poverty history.

Instead, the G8 statement is a re-affirmation of their collective commitment to push poverty-inducing and debt-creating policies in the South.

We recognize that the G8 agreement on cancellation of multilateral debt stock claimed by these Institutions from 18 to 38 countries is some progress from previous schemes and proposals for limited relief from debt payments. It is also notable that debts claimed by the IMF are included, an official recognition that IMF debts can be cancelled after years of rejecting this notion. The fact that the G8 governments have been forced to address the sham and inadequacy of their various debt relief schemes would not have been possible if it were not for the unceasing and tireless efforts of debt campaigns and social movements across the world.

But we must not lose sight of the over-all nature and impact of these agreements. The G8 debt agreement is a clever effort to use positive elements to project an image of generosity, but embeds these elements in a package that is firmly consistent with and in furtherance of their economic agenda and control over the South.

We reject this renewed attempt to manipulate the hopes and demands of millions of people around the world.

We urge all debt campaigns, social movements and people's organizations to step up the pressure and demand that leaders of the world's richest and most powerful nations take immediate and decisive steps towards:

- The unconditional cancellation of all debts claimed from all South countries;
- The end to the imposition of policies on the South using loans, aid, debt relief and debt cancellation programs, other economic leverages, political pressure, military aggression
- Restitution and reparations for slavery and colonization, the plunder of our wealth and natural resources, exploitation of our labor, the human, social and ecological destruction in the South caused by their economic activities, military operations and wars.

We remind the leaders of the world's richest and most powerful nations that in truth, the North owes the South. The accumulation and concentration of wealth in the North has been largely at the expense of the South – our land, our minerals, our forests and waters, our labor, our communities, our economies, our cultures, our governments, our lives.

We challenge South Governments to exercise the political will to repudiate all debts claimed from the South by the North and chart an independent path towards genuine development and self-determination. □

JUBILEE SOUTH

GLOBAL SECRETARIAT ADDRESS:
54-F Matapat corner Matiyaga Sts., Central District
Quezon City, Philippines 1100

Telefax (632) 925-3036
Email: secretariat@jubileesouth.org
Website: <http://www.jubileesouth.org>



Respuesta de Jubileo Sur a la propuesta sobre Deuda del G8: La Justicia Exige La Cancelación Total e Incondicional De La Deuda Para Todos Los Países Del Sur

Jubileo Sur, una red de campañas sobre la deuda, movimientos y organizaciones populares de África, América Latina, el Caribe, Asia y el Pacífico, permanece firme en su posición de que nada salvo la cancelación incondicional de todas las deudas reclamadas a los países del Sur liberará a sus pueblos de la dominación de la deuda.

Es innegable que el peso financiero del servicio de la deuda es desestabilizador y resulta en la violación de los derechos humanos básicos de nuestros pueblos y el empobrecimiento de nuestros países. La injusticia se magnifica aún más cuando examinamos la naturaleza, las condiciones y el propósito onerosos y a menudo odiosos de muchas de estas deudas y las consecuencias negativas de numerosos proyectos financiados con deuda, por los cuales los prestadores del Norte tanto como los gobiernos autoritarios y corruptos del Sur son responsables.

Es aún más fundamental cómo la deuda es utilizada como instrumento para perpetuar el poderoso dominio que las naciones ricas, las instituciones financieras internacionales y las corporaciones globales tienen sobre las vidas de nuestros pueblos. Utilizan este poder para continuar con la larga historia de explotación y saqueo que es una de las causas centrales del problema de la deuda en sí.

Desde el momento de la explosión de la crisis global de la deuda en los años 80, hemos sido testigos de una serie de planes para alivio de la deuda ofrecidos por los gobiernos del G8 y las instituciones financieras internacionales. Una y otra vez, estos planes tuvieron éxito no en liberar a nuestros pueblos de la servidumbre de la deuda, sino en mantener a nuestros países en la noria de la deuda y en crear condiciones aún más favorables para la concentración de la riqueza y su extracción de nuestros países por los inversores extranjeros. En muchas circunstancias fueron iniciativas mal disimuladas para socorrer a los bancos internacionales y las instituciones financieras.

Desde el año pasado, los gobiernos del G8, liderados por los Estados Unidos y el Reino Unido, han estado debatiendo propuestas acerca de la cancelación del 100% de la deuda multilateral. Las campañas sobre la deuda tomaron esto como un desafío y una oportunidad para pelear por lo que podría ser un avance importante, aunque parcial, y resaltaron los términos en los cuales una cancelación de 100% de la

deuda multilateral redundaría verdaderamente en un importante paso hacia adelante en la lucha contra la dominación de la deuda.

El 11 de junio próximo pasado, los Ministros de Finanzas del G8 hicieron pública una declaración sobre "Desarrollo y Deuda" que incluye una propuesta de cancelación de deuda multilateral que sería presentada a las Reuniones Anuales del FMI, Banco Mundial y Banco Africano de Desarrollo en septiembre de 2005.

No podemos unir nuestras voces a las de aquellos que festejan el último acuerdo sobre la deuda del G8 como una victoria "histórica" por los siguientes motivos:

1. La cancelación de deuda multilateral propuesta está todavía ligada al acatamiento de los condicionamientos que exacerbaban la pobreza, abren nuestros países aún más a la explotación y el saqueo y perpetúan la dominación sobre el Sur.

La propuesta incluye la cancelación de U\$S 40.000 millones de deuda multilateral reclamada a 18 PPAE a Punto de Conclusión. La cancelación de 40.000 millones de dólares, si fuera a llevarse adelante, será un cambio significativo a la situación actual de muchos de estos 18 países. Pero no debemos olvidar que estos 18 países ya han pagado y continuarán pagando un terrible costo por estos U\$S 40.000 millones – cumplir con los condicionamientos PPAE requeridos para llegar al "Punto de Conclusión", el impacto de los cuales será sentido por muchos años por venir.

La propuesta también menciona que el 100% de cancelación de deuda será otorgado solamente a aquellos "que continúan en curso con sus programas de repago de bligaciones..." Esto significa que los países actualmente atrasados van a tener que ponerse al día en sus pagos antes de ser elegibles para la cancelación.

Además no está claro si se impondrán nuevos condicionamientos sobre estos países de modo de asegurar "buena gobernabilidad, responsabilidad y transparencia".

Según se entiende, la propuesta también comprende la inclusión de U\$S 11.000 millones reclamados a 9 PPAE a Punto de Decisión, y U\$S 4.000 millones reclamados a 11 PPAE que no han alcanzado todavía el Punto de Decisión. Estos U\$S 15.000 millones vienen con el mismo precio – los otros 20 países devendrán elegibles para la cancelación solamente después de implementar los condicionamientos PPAE.

El total de U\$S 55.000 millones de cancelación de

deuda multilateral definitivamente no van a ser suficientes para compensar el impacto devastador de estas políticas, que incluyen la privatización de servicios, liberalización indiscriminada del mercado y el comercio, la apertura de las economías a la inversión extranjera (con un énfasis especial en las industrias extractivas en África), políticas orientadas a la exportación a expensas de las necesidades domésticas. El impacto de estas políticas incluye socavar la soberanía y la democracia, la intensificación de la represión y el militarismo, y la guerra.

La cancelación de deudas multilaterales no va a significar automáticamente la liberación de estos países del dominio que tienen sobre su economía el FMI, el Banco Mundial y el Banco de Desarrollo Africano. Estas instituciones financieras internacionales no son solamente prestadores – su evaluación y clasificación del desempeño de los países, ejercen gran influencia en el comportamiento de inversores internacionales y otros prestadores. Estos países continuarán siendo vulnerables a estas instituciones mientras continúen a la pesca de inversiones extranjeras, ayuda y créditos.

2. Aún si la cancelación de la deuda fuera sin condicionamientos, la propuesta se queda muy corta, en términos de la cobertura y montos, para considerarse un significativo paso delante hacia la justicia bajo cualquier criterio:

- No cubre las deudas reclamadas por el Banco Interamericano y el Banco de Desarrollo Asiático de al menos 6 de los 38 países considerados para la cancelación de deuda multilateral. No hay una explicación lógica evidente y ninguna fue ofrecida por la declaración del G8.
- Cubre solamente 38 de más de 160 países del Sur agobiados por deudas reclamadas por financiadores internacionales. Al guardar silencio sobre el resto del Sur, el G8 continúa perpetuando el mito para su conveniencia, de que la deuda es un problema solamente para “los países más empobrecidos”.
- Aún aceptando que el G8 aspira a comenzar con las situaciones más urgentes, la propuesta ni siquiera intenta responder a las críticas condiciones de los países azotados por el tsunami en Asia y otros países que atraviesan graves crisis como Haití.
- Los U\$S 40.000 millones son una vergüenza en comparación con lo que los gobiernos del G8 están dispuestos a gastar en su presupuesto militar anual – para el año 2004: U\$S 400.000 millones para los EEUU y unos U\$S 191.400 millones para otros 6 de los países del G8 combinados (excluyendo a Rusia).
- Esta comparación se hace más obvia considerando que de acuerdo con la propuesta, las contribuciones de los países donantes a la cancelación de la deuda

por U\$S 55.000 millones se extenderá por muchos años (la duración del repago de los créditos cancelados).

- Su contribución anual a la cancelación de la deuda se estima en solamente alrededor de U\$S 1.000 millones anuales. Esto es una miseria comparado con lo que recaudan los gobiernos del G8 y las instituciones financieras internacionales en pagos de capital e intereses desde los países del Sur. En el año 2003, más de U\$S 23.000 millones se recaudaron por pago de intereses solamente sobre deudas bilaterales y multilaterales reclamadas al Sur.

3. Tal como las anteriores, la propuesta no trata el tema de las deudas odiosas y onerosas.

Aún por los parámetros políticos, legales y éticos más limitados, la mayor parte si no todas las deudas reclamadas al Sur son videntemente ilegítimas. En verdad, se ha demostrado que muchas son flagrantemente ilegales. Los gobiernos del Norte así como también las instituciones financieras internacionales se han negado y continúan negándose a tratar este tema abiertamente.

La mayoría de los antecedentes históricos de reestructuración, cancelación o repudio de deudas odiosas fueron maniobras oportunistas de potencias colonialistas o de fuerzas de ocupación para liberar recursos en el Sur para sus propios intereses, siendo la reestructuración de deuda reclamada a Irak el ejemplo más reciente.

4. La declaración del G8 no expresa ninguna medida de reconocimiento a las causas históricas y estructurales de las deudas ni la pobreza y su propia culpabilidad. Sin este reconocimiento, los gobiernos del G8 no pueden convertir a la pobreza en historia. En lugar de esto, la declaración del G8 es una reafirmación de su compromiso colectivo para forzar políticas conducentes a la pobreza y a la creación de deudas en el Sur.

Recognecemos que el acuerdo del G8 sobre cancelación de deudas multilaterales reclamadas por estas instituciones de 18 a 38 países, representa algún progreso con relación a otros planes y propuestas previas para alivio limitado de los pagos de las deudas. También es de notar que se incluyen algunas deudas reclamadas por el FMI, lo cual es un reconocimiento oficial de que las deudas con el FMI pueden ser canceladas luego de años de rechazar esta posibilidad. El hecho de que los gobiernos del G8 han sido forzados a referirse al engaño y lo inadecuado de

sus anteriores planes de alivio de deuda, no hubiera sido posible si no fuera por los esfuerzos incesantes e incansables de las campañas sobre la deuda y los movimientos sociales de todo el mundo.

Pero no podemos perder de vista la naturaleza y el impacto globales de estos acuerdos. El acuerdo sobre deuda 'del G8 es un hábil esfuerzo de utilizar elementos positivos para proyectar una imagen de generosidad, pero esos mismos elementos están enmarcados en un paquete coherente y que avanza con su agenda económica y control sobre el Sur.

Rechazamos este nuevo intento de manipular las esperanzas y las exigencias de millones de personas en todo el mundo.

Instamos a todas las campañas sobre la deuda, a los movimientos sociales y organizaciones populares a reforzar la presión y exigir a los líderes de las naciones más enriquecidas y poderosas a dar pasos inmediatos y decisivos hacia:

- La cancelación incondicional de todas las deudas reclamadas a los países del Sur;
- El fin de la imposición de políticas al Sur utilizando créditos, ayuda, alivio de deuda y programas de

cancelación de deuda, otros medios de presión económica, presión política y agresión militar;

- La restitución y reparaciones por la esclavitud y la colonización, el saqueo de nuestra riqueza y recursos naturales, la explotación de nuestra mano de obra, la destrucción humana, social y ecológica en el Sur causada por sus actividades económicas, operaciones militares y guerras.

Recordamos a los líderes de los países más enriquecidos y poderosos de las naciones más poderosas que en verdad es el Norte que debe al Sur.

La acumulación y concentración de riqueza en el Norte ha sido mayormente a expensas del Sur – nuestra tierra, nuestros minerales, nuestros bosques y aguas, nuestra mano de obra, nuestras comunidades, nuestras economías, nuestras culturas, nuestros gobiernos, nuestras vidas.

Desafiamos a los gobiernos del Sur a ejercitar la voluntad política para repudiar todas las deudas reclamadas al Sur por el Norte y trazar un camino independiente hacia un desarrollo genuino y la autodeterminación. □

Haiti needs Freedom from Debt NOW!...From page 8

Today, Haiti's external debt stands at some US\$1.4 billion and expected debt servicing at US\$70 million annually.

Is it not fair to ask just exactly what has changed, 200 years after France imposed an economic blockade on Haiti after its slave population emancipated themselves –a blockade that was only lifted 10 years later when the leaders of the first independent black state agreed to pay their former colonial masters 150 million gold francs in compensation, a sum now valued at nearly US\$22 billion?

Once the "independence" debt was paid off, mortally wounding the economy and determining its integration into the world economy as a marginalized and peripheral purveyor of resources and cheap labor to the center, the new debt was accrued largely under the reign of terror of the Duvaliers – father and son -- who, steeped in the blessings of the Cold War, faced no questions when it came to raking in manifestly odious loans.

The external debt that the community of so-called international donors continues to collect from the people of Haiti, is beyond any shadow of a doubt,

illegitimate. Some 40% of the debt is prima facie odious, accumulated as it was under the Duvalier dictatorships and used systematically to oppress and repress the Haitian people. Furthermore, under the circumstances of death and destruction now attributable in no small portion to the historic legacy of the independence debt and its more recent stabilization and structural adjustment counterparts, there is no possible justification for the international community of "donors" continuing to collect its pound of flesh.

We must join together not only to press for the unconditional cancellation of all the external debts still claimed of Haiti but also to demand that policies of restitution and reparation be adopted in recognition of the historical, ecological, and social debt due to the people of Haiti, in particular from France and the United States. New external financing made available to Haiti should be done on a non-reimbursable basis and earmarked for support of those priorities, projects and programs developed and determined by local and community-based groups and organizations rather than those developed by the international community and now reflected in the Interim Cooperation Framework (CCI for its initials in French). □

Haiti needs Freedom from Debt NOW!

Occupied militarily for more than a year now by a UN sanctioned “stabilization” mission, classified by the UN as a country in “rapid economic regression” with a “cuasi-failed state”, with some 80% unemployment and similar levels of illiteracy, water and electricity rationed to a few hours a day in the best of circumstances, more than half of the population living on less than one dollar a day, and a mere 2% of the country’s forest cover remaining, Haiti is today a chronicle of death foretold.

In the midst of that reality however, important sectors of the Haitian people nonetheless continue their historic and immensely dignified resistance to the fate that others would have them accept in resignation. It is with them that we are called to act in solidarity, working together to develop new forms of international cooperation respectful of their rights and needs and able to turn the tide of plunder, exclusion, violence, and subjugation now resulting from the complex clashing of multiple interests both internal and external.

The economic embargo imposed by the international community in the aftermath of the 1991 coup against the first democratically elected government in Haiti’s nearly two hundred years of independence prompted the collapse of an already precarious economy, widespread social dislocation, and an intensification of the process of environmental devastation that has at its center the continued concentration and plunder of available resources and the impoverishment of the vast majority of the population.

The structural adjustment and trade liberalization measures, sent back with Aristide when he returned from Washington in 1994, further deepened the process of decline, wiping out sugarcane, fruit, and rice production and converting Haiti into a food importer. State employment was halved over the succeeding decade, directly affecting thousands of families and seriously crippling any real prospect of institutional response not only on healthcare, education, land reform, or other pressing human rights issues but also matters of security and the administration of justice. With the turn of the millennium, charges of massive electoral fraud, and an increasingly polarized socio-political situation, cooperation was again largely suspended and the Haitian government took the only possible step of stopping payment on outstanding loans to the World Bank and the IDB, among others.

In March, 2004, less than a month after the US military intervened illegally to escort a seriously dis-



credited Aristide out of the country, and France, Canada, and Chile followed suit with the arrival of their own troops -in a matter of hours in some cases-, the same World Bank, IDB, and other so-called donors, announced their plans to reorganize the country and set in motion a whirlwind team of predominantly international specialists to devise an “Interim Cooperation Framework”. Official pledges of funding have by and large thus far failed to materialize and what resources are entering the country are primarily earmarked for supporting the military occupation itself, organizing elections, or preparing conditions for the further privatization and denationalization of the economy and the country’s transformation into a massive free-zone wherein workers are returned to the status of slaves.

Nonetheless, in early January 2005, the Interim Government of Haiti cleared US\$52.6 million in back-due interest payments to the World Bank in a move that had been long awaited by the so-called international donor community as a condition for new “assistance”. External debt service had more than doubled between 1996 and 2003, and of the government’s 2004-2005 budget, 22% of public expenditure is dedicated for debt service repayments. In relative terms, this in effect means that debt service actually constitutes the number one priority policy of the virtually bankrupt interim government.

Four days after the payment transferred by Haiti, the World Bank announced that US\$73 million would be dispersed to the country. Of this sum, US\$61 million would be devoted to “economic governance” support measures geared to putting in place market procedures designed to privatize the country’s remaining public sector (telecommunications and energy) and accelerate the transfer of capital to transnational corporations.

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