

THE G 8 DEBT RELIEF PLAN FOR POOR COUNTRIES
(MOSTLY IN SUB SAHARAN AFRICA)
INFORMATION SHEET

NUMBERS TO PONDER:

12 million children die in poverty each year

1 trillion dollars is the world's expenditure yearly in armaments

\$350 billions is spent on farm subsidies in the first world.

42 poor countries owe over \$200,000 billion.

\$76 billion is the amount of debt relief proposed by the G8 (rich countries).

FACTS TO PONDER:

Interest payments on debts going back to 1970s exceed the amount received in new debt relief programs.

Interest payments also exceed a country's health and education budget.

SOME POSITIVE DECISIONS:

- 1. Health aid would be separate from the debt relief package.**
- 2. Extra assistance would be given to assist the fight against HIV/AIDS**

SOME NEGATIVE DECISIONS:

- 1. Of the \$50 billion pledged by the countries, \$30 billion comes from money previously committed.**
- 3. The record of action on previous pledges is not great, for example Tsunami.**
- 4. Out of 42 countries qualified to receive aid from \$52 billion pledged in 1999, only 27 have received aid, and only 15 received the full amount.**
- 5. Structural Adjustment Policies.**

STRUCTURAL ADJUSTMENT POLICIES EXPLAINED

These are best described as loan conditions but they are in effect part of a political right wing philosophy of the World Bank and others. Here are some examples through which Canada itself suffered in the 1980s and later.

- 1. A country is told to use its tax income to repay the loan. This means that it has cut its health and education services to its own people.**
- 2. It has to plant cash crops (i.e. for export) rather than food crops grown by its own peasant farmers. They find themselves unable to compete with subsidized imports from the First World, i.e. Mexican and USA corn.**
- 3. It has to open up its public utilities, such as water supply and distribution, to profit making overseas private companies.**

THE G8 ALSO MADE PIOUS PROMISES TO MOVE TOWARD TRADE JUSTICE. UNFORTUNATELY THEIR ACTIONS TO DATE SHOW LITTLE SIGN OF INTENTION TO KEEP THESE PROMISES.

OVER

THE STORY OF THE DEBT

The 1970s

Oil producing countries became very rich and poured vast sums of money into First World Banks. In turn the banks looked for places to invest this new cash supply and made large loans to those poor countries wishing to develop economically or militarily at little or no interest rates.

The 1980s

World economic and financial crisis occurs. Throughout the world, banks began demanding higher interest rates on old and new loans (as much as 20% in some cases). Poor countries unable to pay debts had to reschedule them. Their governments had misused the monies loaned. Corruption and military expenditures were the main reasons. Some talk of debt relief using the idea of Structural Adjustment Policies.

The 1990s and on

Activists mainly in the churches began efforts to persuade rich nations that debt relief along with aid and just trade are moral and practical imperatives. The G8 countries began reluctantly to accept these ideas while delaying any meaningful action.

ADDITIONAL NOTES

Subsidies to farmers and farming corporations in Europe and the United States stifle efforts of poor countries. 1. They must sell their product as a cash crop on the world market, and 2. Their peasant farmers have to produce food for home consumption cheaper than the subsidized First World imported product.

Christian Aid groups say all African nations should receive a universal, unconditional and unselective removal of debt.

The Inter American Development Bank and the Asian Development Bank are not included in the G8 Deal so that poor countries in these areas will receive no debt relief.

Recently the debt of two oil rich countries Nigeria and Iraq, were cancelled, but the same considerations have not been given to non-oil producing countries.

Over fifty years ago, rich member nations of the United Nations pledged .7% of their Gross National Product towards international aid. Neither Canada Nor the United States are anywhere near that amount, nor are they able to say when they will reach this level.

Debts amassed by dictators should be forgiven, i.e. the poor should not be burdened.