

## What Would Jesus Do About the International Debt Crisis

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In the free market world, taking a small loan or debt to further oneself is natural. Debt, when taken modestly, can be a beneficial stepping stone to going to college, buying a car or purchasing a home. Interest rates stem the public's craving for loans, but there is a disconnect between the average person and the rich, privileged public servants sitting in Congress and other global governments. Risky loans are taken left and right to fund projects with depreciating values. These government debts are passed along to future generations while interest rates significantly increase the amount owed. The current global economic system is flawed and creates a dramatic disparity among the wealthy and impoverished that, especially as a Christian, needs to be addressed so justice can be reached.

In the 1960s, the United States government had an imbalanced budget and the Federal Reserve printed more money to fix this problem. However, the excess dollars caused the dollar's value to drop. Oil producers were outraged because oil was valued by the dollar. As a result of the dollar's dropping value, the price of oil jumped suddenly in 1973 (Beginners). Banks desperately wanted to lend out wads of money to counter the dropping interest rates. Most third world countries' economies were beginning to expand, but, to keep development at a steady rate and purchase oil, they needed to take on debts. This exchange worked out well, but only short term. Many countries squandered the excess money on arms, unfinished construction, fruitless programs, and private bank accounts. Over the thirty year period from 1970 to 2000, the debt of developing countries grew from \$68.4 billion to over \$2.14 trillion dollars (Todaro 675).

As the debt accumulated, the majority of the underdeveloped countries' people never saw the results of the loans. The previously developing quality of life halted abruptly. The growing

debt caused governing bodies to focus more on repaying the debt than caring for the people of the countries. This is particularly evident in Africa, a continent with 25 of the 32 of the countries classified as “severely indebted” (Beginners). Health care is an essential need that is being denied to the people by the current debt crisis. Africa, as a whole, spends four times more on paying their debts than it does on health care. HIV/AIDs struggles are causing many deaths and a growing orphan count. How can the outside world, which is so concerned with HIV/AIDS prevention/relief, allow for the unjust debt to continue growing when Africa spends \$13.5 billion on debt relief every year (Beginners)?

Health care isn't the only key living standard hit hard by the money spent on repaying debts. The governments cannot afford to educate their youth, so they charge for education. As prices for education rise, enrollment drops and countries have no future generation to cure the social and economic issues presented to them. The government also cut back spending for employment, which led to steadily growing unemployment rates. This dangerous cycle will not be broken unless change is implemented.

What do these impoverished countries have going for them? Quite frankly, nothing. Their main sources of trade are now cash crops that compete with the higher qualities of other countries that can produce goods more efficiently and cheaply. Importing many essentials, high unemployment rates, low education enrollment and poor health care will keep third world countries lagging behind the privileged until their enormous debts are paid off.

Throughout history, various global organizations and individuals have tried to help relieve the ailing, indebted countries with little or no success. In 1982, the International Monetary Fund (IMF) decided to help. They worked with the World Bank to reschedule the payments for the poverty-stricken countries with strict conditions, including compound interest.

Structural Adjustment Programs (SAPs) were also implemented. However, these programs to retrieve the money from countries harmed more than they helped. SAPs increase exports and decrease imports. The poor are hit the hardest when less money is spent on education and health care, jobs are cut, prices of food increase, the national currency's value decreases, and small farms are taken over to grow cash crops (Beginners).

Clearly, SAPs originated as schemes to further traumatize the unfortunate. The World Bank's efforts to help the indebted countries are criticized by many. Stephen Smith, an economics professor, believes development agencies could have prioritized helping the poor and that helping the poor could benefit the countries more than programs to repay the debts could (Smith 242). In another study, the World Bank and IMF were criticized for loaning money to corrupt governments that do not help their people. This report reached the U.S. Congress stating that the World Bank needed "thorough reform" (Todaro, Smith 702). Muhammad Yunus, a Nobel Peace Prize winner for his innovative economic advancements in Bangladesh, sees the World Bank as a hypocritical organization. Most development agencies give better positions to employees who lend the most amount out. 75% of the money Bangladesh "received" was not spent in Bangladesh but on equipment from the donor country (Yunus 144-145).

Yunus created the Grameen Bank of Bangladesh in 1976. His main objective was to lend money directly to the poor, called micro-lending. Most organizations don't give credit to the poor, and Yunus found this discrimination unjust. By giving collateral free loans for self-employment directly to the oppressed, the poor can build better houses, feed their families, and send their children to school. By 2003, the Grameen Bank had lent \$4 billion to 2.8 million Bangladeshi workers (Bornstein 13). The debts are never cancelled, but payed gradually at reasonable interest rates. Bornstein calls Yunus's "micro-credit revolution" a proven notion that

“institutions can establish reliable, long-term credit relationships with poor people” (Bornstein 38). Though these successes are now more widespread (by 2002 more than 2,500 micro-credit programs spanned across the world (Bornstein 14)), the World Bank continues to lend out excessive money or reschedule debts with higher interest rates to indebted countries’ governments, who are stuck with debts they cannot repay alone.

The global community noticed the injustice of the World Bank’s SAPs, and the Trinidad/Naples terms were proposed. The Trinidad/Naples terms work at cancelling two thirds of the debt low income countries are facing. In 1994 the G7 (seven powerful countries) agreed to the terms, but no significant debt relief has blossomed. In 1996, the International Monetary Fund and World Bank proposed the Heavily Indebted Poor Countries initiative. This initiative would relieve countries of 80 percent of their debt when they accomplished two three year programs of restructuring. It failed. Two countries, Uganda and Bolivia, met the standards and had their debts cancelled but regained the debts within a year. No progress was being made on debt relief and many were demanding a reform. So, the HIPC II was launched in 1992, a revised debt relief program that has unburdened some countries of over \$12 billion dollars but that has failed to solve the underlying social and economic issues intertwined with debt (Beginners).

There is a program shadowed by the United States Congress’s belabored health care crisis called the Jubilee Act for Responsible Lending and Expanded Debt Cancellation. Although health care is an important issue for our nation, it is a selfish use of time to further develop our country while other countries are oppressing their people to repay illegitimate debts to rich nations. The Jubilee Act’s goal is “about the need for right relationships between people and among nations” (Debt). By cancelling illegitimate debts to developing countries, the living conditions of people in those countries will be bettered. The program isn’t only about cancelling

debts. The Jubilee Act is seeking to create justice by the omission of debt through examining and informing the public about issues such as HIV/AIDs, gender conflicts, immigration trends, trading woes, and climate change. Jubilee is raising awareness through promoting global protests, heckling Congress members, and influencing the recent cancellation of Haiti and Liberia's debts. If President Obama genuinely seeks to radically change the world, the American people will see him tackling this complicated issue promptly.

The Jubilee Act is loosely based on the biblical Year of Jubilee. The Year of Jubilee, or the Year of the Lord's Favor, is a holy year that comes every seven years in which all debts are cancelled amongst the people. In Deuteronomy 15:4, God states that there should be no poor (implying that the poor represent failures of the rich). Later, in verse 11, he acknowledges that there will always be poor and that they should be cared for generously. It comes as no surprise that the first thing Jesus preached in Luke 4:18 came from Isaiah 61:1-2 on justice. Luke 4:18 reads, "The Spirit of the Lord is on me, because he has anointed me to preach good news to the poor. He has sent me to proclaim freedom for the prisoners and recovery of sight for the blind, to release the oppressed, to proclaim the year of the Lord's favor" (Student 1086). That Jesus made this his first speech is crucial and shows the importance God places on intentionally and diligently caring for the poor in every possible way. Jesus came to help the poor. As followers of Christ, it is our job to perform God's desires by helping the oppressed. God wants shalom to be fully achieved on His earth – a peace with God, oneself, others, and creation. Cancelling debts is one way to balance the social inequalities caused by economic differences so all have a chance to have the essentials needed for life. By narrowing the gap between the wealthy and the poor, justice can become reality. As Mennonites, pacifism is a strong, core value. This pacifist ideal can be directly applied to the debt crisis. Historically, a wide gap between the rich and the poor

has contributed to uprisings, rebellions, and civil wars. To truly be pacifist, we must eliminate the causes of struggle worldwide and start forgiving debts because economic crises have been a key source of unrest for centuries.

Clearly, something needs to be done to create God's ideal shalom in this broken world. Is cancelling all illegitimate debts to low income nations the answer? One could attest that the developing countries have learned their lessons and wouldn't return to extracting foolish loans. But what example would this set for the youth, the future, of the world? The United States Government's bailout of major companies taught citizens that the government will pay for greed and mistakes. This lack of responsibility can only create more problems. However, the current proposed "solutions" to the debt crisis exude no results. More people die every day because of the apathy and avarice of rich nations. Cancelling illegitimate debt isn't only biblical – it's the sole ethical solution to the debt crisis so that indebted nations can begin to provide for their citizens. Yunus said, "Development should be viewed as a human rights issue... When the national economy picks up, the situation of the poor is not necessarily improved. Therefore, development should be redefined" (qtd in Yunus 146). A real "Christian" nation wouldn't starve and kill innocent children in other lands to teach its own youth a lesson on responsibility. Is oppression the lesson we will leave with the future of the United States? After giving companies who caused their problems money, justice wouldn't be complete without the innocent getting their bailout. Support jubilation, love, and shalom; support the cancellation of international debt.

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