



Sisters of Notre Dame Corporate Stance

Cancel Debt of Poor Nations

A MORAL ASSESSMENT OF PROGRESS
TOWARD JUBILEE:
FROM STRUCTURAL ADJUSTMENT
TO JUST ECONOMIC RELATIONSHIPS
BY THE RELIGIOUS WORKING GROUP ON
THE WORLD BANK & THE IMF

(Individual or institutional endorsements of and reflections on this statement are welcome and may be sent to the Religious Working Group on the WB/IMF, P.O. Box 29132, Washington D.C. 20017; ogc@maryknoll.org.)

Three years ago, in a statement entitled “Moral Imperatives for Evaluating Structural Adjustment and Economic Reform Measures,” hundreds of religious leaders declared: “Economic decisions by individuals, institutions and governments involve moral choices and are subject to moral accountability. Our faith traditions insist that public policies be shaped and evaluated according to the standards of God's love and mandate of justice.”

The Moral Imperatives statement was a faith-based critique of the far-reaching economic policy changes required of developing countries to qualify for debt relief or new loans. The statement was rooted in reports from our partners in the global South and our own observations that conditions for many impoverished people around the world were worsening as a result these policies.

Repeatedly, we have brought this concern to the discussion about Jubilee and debt cancellation. We are more convinced than ever that the immediate, broad cancellation of debt is essential and support the demands of the Jubilee 2000 campaign. It must be deep enough to make a real difference and wide enough to include debts that are overwhelming, odious or illegitimate.

Our Moral Assessment statement now specifically addresses the current status of economic policy prescriptions attached to debt relief as expressed in the new Poverty Reduction Strategy Paper (PRSP) process recently adopted by the World Bank and International Monetary Fund (IMF). We have been told by officials at the U.S. Treasury, the World Bank and the International Monetary Fund that the new Poverty Reduction Strategy Paper (PRSP) process will take a more enlightened approach to economic reform.

There is enormous skepticism about the ultimate intentions of creditor institutions and governments who for decades have supported damaging structural adjustment programs.

Furthermore, official policy pronouncements have often failed at the level of implementation. This Moral Assessment statement focuses on holding policy makers accountable to the commitments they have expressed with respect to the PRSP approach. If these commitments are truly kept, it appears to us that the PRSP approach has at least the potential to move away from structural adjustment in its current form and make economic reform subordinate to poverty reduction and subject to authentically democratic processes. As communities of faith and people of conscience we commit ourselves to holding policy makers accountable to their own pledges of a new and more just effort.

I. We have been told that under the new framework, poverty reduction will in every instance take precedence over economic policy reform.

This commitment must imply that reforms associated with trade, investment, privatization, monetary policy, financial market policy, labor market policy and other measures that have constituted structural adjustment programs will now be reevaluated and eliminated if they impede progress toward poverty reduction, even more so if they themselves worsen the situation of people living in poverty. We will monitor with great care the implementation of this proposal and will judge it not by promise but by performance.

II. We have been told that decisions will be made in a transparent manner and that people in local communities will be participants in the design of national poverty reduction plans.

The new PRSP approach will only succeed if creditor countries cease attempting to control the economies of countries in the global South and respect the right of the people of these nations to democratically determine their own policies and goals. We will monitor the PRSP process to see if Aparticipation@ moves beyond Aconsultation@ to include real power in decision-making, implementation and evaluation of poverty reduction strategies, including debt cancellation and economic reform measures. Sufficient resources must be made available to local communities to make such participation possible for all levels of civil society.

III. We have been told that assessment of the social and environmental impact of policy reforms will be an integral part of decision-making about the suitability of any such reforms prior to and during implementation.

But we will not be convinced until we see the identification and termination of adjustment programs that have deepened unemployment, lowered wages and job security, destroyed small businesses, undermined food security, increased the burdens on women and undercut government's ability to protect the environment.

IV. We have been told that countries emerging from overwhelming debt and poverty will not be held to a rigid model of economic life, but will be able to adapt economic policy decisions to their specific social, cultural, economic and environmental contexts.

We insist that this is essential. Policy prescriptions designed and imposed by outsiders are bound to ignore the varied nature of multiple local realities. The “Washington Consensus” set of policies forming the basis of structural adjustment programs have been a disaster for poor people. We will observe the PRSP process to discern whether or not countries are genuinely freed from this inadequate model to shape their own economic lives and futures.

V. We have been told that in the new plan savings from debt cancellation will be used for poverty reduction.

We believe the best assurance that debt cancellation will benefit ordinary people lies in the empowerment of local communities to hold their own governments accountable. We will monitor the PRSP process to see if it facilitates this empowerment, and ensure that it does not serve as an excuse for delaying debt relief.

We will judge the value of all policies by their impact on impoverished communities and the environment.

- When unjust and overwhelming debts are abolished;
- When those now carrying the burden of debt sit as equals at decision-making tables;
- When local people impoverished by debt and structural adjustment see real improvements in the quality of their lives;
- When debt no longer serves as an obstacle to environmental protection and human dignity;
- When the global North faces up to its own debt to the global South for the terrible moral wrong of slavery, the unjust appropriation of natural resources and centuries of destructive military, political and economic intervention and domination;

Then we will know that the call for Jubilee is being answered.

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