



### DON'T TURN THE CLOCK BACK

We've had a great response to our New Debt Crisis campaign since its launch in the summer, with several thousand 'Don't turn the clock back' postcards signed at the Glastonbury and Greenbelt Festivals and thousands more sent directly to Justine Greening, the International Development minister. She has so far remained silent on calls from MPs to use the British aid budget to restart direct UK loans to impoverished countries, so it's vital we keep up the pressure all the way through to the General Election.

### TAKE ACTION

Please use the postcards enclosed to contact the International Development spokespeople of the Conservative, Labour, Liberal Democrat and Green parties. You can return them to us in the reply envelope enclosed.

Alternatively, you can email all the main parties standing at the General Election via our website at:  
[www.jubileedebt.org.uk/newdebtrap](http://www.jubileedebt.org.uk/newdebtrap)



**ORDER POSTCARDS**  
 To order copies of the New Debt Trap postcards, fill in the form below.

## SUPPORT THE CAMPAIGN



The Jubilee Debt Campaign gets its power from YOU – our thousands of supporters up and down the country. Here are five ways to get involved in the campaign:

#### 1. USE YOUR VOICE

Speak out against unjust debt by taking our latest campaign actions. If you don't already receive this magazine by post, or our regular news and action alerts by email, fill in your details on the postcard opposite and return it to us.

#### 2. ORDER MATERIALS

Request more free copies of this magazine and other campaign materials mentioned in this issue opposite. For a full list of our latest leaflets, postcards, reports and briefings, including our special education and faith resources, phone the office or see: [www.jubileedebt.org.uk/materials](http://www.jubileedebt.org.uk/materials)

#### 3. CHIP IN

We rely on thousands of individual donations to keep us fighting for debt

justice. You can send a donation with the postcard attached or donate online at: [www.jubileedebt.org.uk/donate](http://www.jubileedebt.org.uk/donate)

#### 4. SHOW YOU'RE WITH US

Join the conversation and spread the word on Facebook and Twitter:  
[www.facebook.com/jubileedebtcampaign](http://www.facebook.com/jubileedebtcampaign)  
[www.twitter.com/dropthedebt](http://www.twitter.com/dropthedebt)

#### 5. GET ACTIVE LOCALLY

If you're part of an existing local group, union branch or congregation, you can affiliate to the campaign. Contact the office for an affiliation form or download at: [www.jubileedebt.org.uk/groups](http://www.jubileedebt.org.uk/groups). If you're not part of a local group, get in touch and we'll help you find others in your area.

### ABOUT US

Jubilee Debt Campaign is part of a global movement demanding freedom from the slavery of unjust debts and a new financial system which puts people first.

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## DEBT UPDATE

### TTIP: HANDS OFF OUR DEMOCRACY

It's the secret trade deal that could give corporations the power to sue countries for lost profits caused by social protections. It could undo even the minimal financial regulations introduced since the financial crisis. And it could give vulture funds more chances to profiteer from governments drowning in debt. It is TTIP, the Transatlantic Trade and Investment Partnership, and Jubilee Debt Campaign is part of the growing campaign against it.

As we warned when TTIP was first announced at the G8 in Northern Ireland last year, this trade deal between the EU and the United States is a serious threat to democracy on a number of fronts, with

BELOW: TTIP THREATENS TO WEAKEN DEMOCRATIC CONTROL OVER EVERYTHING FROM THE NHS TO BANKING. CAMPAIGNERS PROTESTED OUTSIDE THE EU OFFICES IN LONDON IN JUNE.



debt and global finance a crucial area of concern. Thousands of people have taken part in days of action around the country over the summer, as part of the no TTIP coalition in the UK, and there are growing campaigns across Europe and in the US. Now, European groups are uniting to gather over 1 million signatures against TTIP to hand to the European Commission – and they've already got to 850,000 at the time of going to press.

↓ Read our briefing on what TTIP means for debt and global finance at: [www.jubileedebt.org.uk/TTIPbriefing](http://www.jubileedebt.org.uk/TTIPbriefing)

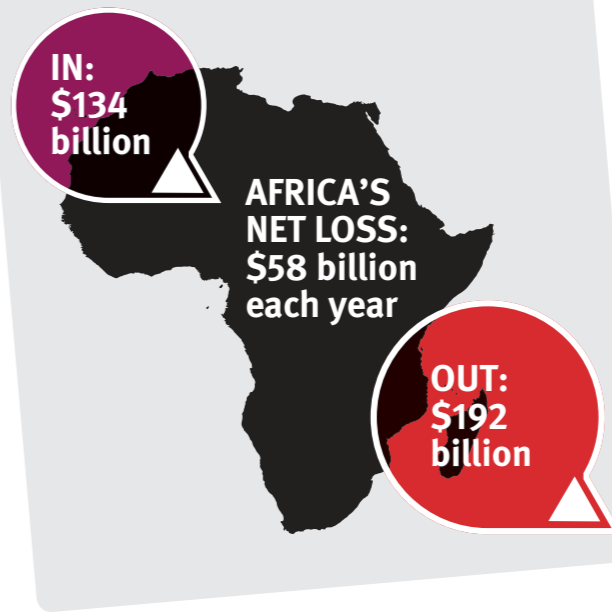
↓ Help the Stop TTIP petition reach 1 million signatures at: [www.stop-ttip.org](http://www.stop-ttip.org)

### HONEST ACCOUNTS: THE TRUE STORY OF AFRICA'S BILLION DOLLAR LOSSES

We hear a lot in the media about the amount of money the UK is giving to African countries in international aid, but how much is coming out again? Jubilee Debt Campaign has joined with Health Poverty Action, the African Forum on Debt and Development and others to carry out the first research attempting to calculate Africa's total financial losses across a wide range of areas. *Honest Accounts* finds that while \$134 billion flows into the continent each year, predominantly in loans, foreign investment and aid, \$192 billion is taken out again, mainly in profits made by foreign companies, tax evasion, debt repayments and the costs of adapting to climate change – a net loss of \$58 billion every year.

Wealthy countries, including the UK, benefit from many of Africa's losses. Yet we are led to believe that the main flow of finance between Africa and the rich world is 'aid' from Britain and other countries. This research shows that this is a deception, and demands that we challenge the story the media tells about Britain's relationship with Africa.

↓ Read the full report at: [www.jubileedebt.org.uk/honestaccounts](http://www.jubileedebt.org.uk/honestaccounts)



### JUBILEE ECONOMICS: BIBLICAL TEACHING AND FINANCIAL CRISIS

While we are an organisation for people of all faiths and none, Jubilee Debt Campaign takes inspiration from the ancient and biblical concept of jubilee, a time when debts were cancelled, slaves set free, land redistributed and fields left fallow. At Greenbelt Festival in August we launched a new resource for Christians and churches on faith and economics: *Jubilee Economics*. Produced in conjunction with All We Can and Christian Aid, it contains six Bible studies on topics including debt, inequality and tax, and can be used by discussion groups or individuals.

↓ Read *Jubilee Economics* at: [www.jubileedebt.org.uk/jubileeeconomics](http://www.jubileedebt.org.uk/jubileeeconomics)



# DROP IT!

Winter 2014



## Argentina refuses to pay

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JUBILEE DEBT CAMPAIGN

## STOP VULTURE FUNDS

### ARGENTINA REFUSES TO PAY AS SUPREME COURT REJECTS APPEAL

Two US vulture funds have so far been frustrated in their battle to extract more than \$1.3 billion from the people of Argentina, despite efforts by the US and UK governments to block international action to outlaw their activities.

NML Capital and Aurelius Capital bought up some of Argentina's debt for cents on the dollar at the height of the country's financial crisis in 2001, and have been demanding payment of the full amount plus interest and penalties ever since. A widely-criticised New York court judgement last year by Republican Judge Thomas Griesa saw Argentina banned from making payments on any of its debts

**"The vulture funds do not want to negotiate. They seek to extort a sovereign country. That is why the international community is standing with Argentina's position in this case."**

*Axel Kicillof, Argentinian Finance Minister, 9 July 2014*

### WHY DID THE UK SIDE WITH VULTURE FUNDS AT THE UN?

The Coalition government's decision to vote against action on vulture funds at the UN, taken jointly by the Chancellor George Osborne and Chief Secretary to the Treasury Danny Alexander, was very disappointing. The UK led the world with its anti-vulture funds law in 2010, but this vote represents a turnaround. Ministers have decided to put the interests of the finance industry and the City of London before those of people in poverty around the world. What's worse, they tried to hide this in their public response – claiming they didn't have 'enough time' to discuss the proposals, despite the issues having been on the table at the UN for more than a decade.

Read our full response at: [www.jubileedebt.org.uk/UNvotersresponse](http://www.jubileedebt.org.uk/UNvotersresponse)

BELOW: THE UN GENERAL ASSEMBLY VOTES TO STOP VULTURE FUNDS



unless it also paid the vulture funds in full. When the US Supreme Court turned down the final appeal in June, the country was forced into a new debt default. Argentina's decision to refuse to give in to 'extortion' has attracted support from around the world, including from over 100 British MPs who signed Early Day Motion 666, following campaigning by Jubilee Debt Campaign supporters earlier this year.

### CALLS FOR A DEBT AUDIT

Campaigners in Argentina have been pushing their government to go further and conduct a full audit of the country's debt, much of which dates back to the military junta of the 1980s and the forced IMF structural adjustment programme of the 1990s. Nobel Peace Prize winner Adolfo Pérez Esquivel wrote an open letter to Judge Griesa, arguing that the people of Argentina had not benefited from these debts and there was a strong moral case for non-payment. The campaign received a boost in September when Argentina's parliament passed a law to establish a debt audit commission, though it remains to be seen whether it will be fully implemented.

### THE UN TAKES A STAND

The outrageous nature of the US judgement stirred the countries of the global South into action at the United Nations, where

**"The bonds whose payment is now being discussed are stained with the blood of the victims of the military dictatorship. They are part of a debt that was generated behind the backs of the people and that was never used for their wellbeing."**

*Argentinian Nobel Peace Prize winner, Adolfo Pérez Esquivel, to Judge Thomas Griesa of the New York District Court, 26 June 2014*

they proposed a new debt restructuring process – effectively a 'bankruptcy' procedure for governments – at the General Assembly in September. After an impassioned debate, the proposal was passed by 124 votes to 11, with the UK disgracefully one of the countries to oppose, along with the US. The government of Argentina has maintained its refusal to pay the vulture funds, but has come under renewed international pressure to make a deal in early 2015 after a renegotiation clause on its other bonds expires, and ahead of elections due next summer.

- ✓ Support Argentina's right not to pay: [www.jubileedebt.org.uk/argentina](http://www.jubileedebt.org.uk/argentina)
- ✓ Read Adolfo Pérez Esquivel's letter: [www.jubileedebt.org.uk/letttertogriesa](http://www.jubileedebt.org.uk/letttertogriesa)

### WHERE WILL THE VULTURES SWOOP NEXT?

The US vulture fund verdict has implications for countries in debt crisis around the world. As a major financial centre, some 45% of all international debt contracts are subject to US law (with a further 40% governed by UK law). A precedent has now been set that makes it easier for others to refuse to take part in solving a debt crisis and demand full repayment instead.

The Caribbean island of Grenada has already seen the Argentina verdict cited in court over its debts, while the Democratic Republic of Congo has an outstanding judgement in US courts which this verdict makes more difficult to appeal. With debt levels rising around the world since the financial crisis, the vultures will circle wherever a country is struggling with its debts.

## NEW DEBT CRISIS

### LENDING BOOM THREATENS TO SET A NEW DEBT TRAP

Countries like Zambia, Ghana and Tanzania are heading for a new debt crisis unless something is done to halt the new lending boom to the developing world – that's the message of our New Debt Crisis campaign, which launched in the summer. Lending to low-income countries has doubled since the financial crisis, with countries across the global South having to borrow more to deal with the knock-on effects of the Western banking crash. With interest rates low and lenders hunting for returns, loans to low-income countries were a whopping \$12 billion in 2012, up from \$5.8 billion in 2007. This is on top of the tax dodging and bad terms of trade which leave countries in the global South dependent on debt in the first place.

New Jubilee Debt Campaign research, covered by *The Guardian* during the IMF and World Bank annual meetings in October, has shown that as many as two-thirds of 43 impoverished countries surveyed face

### DEVELOPING COUNTRIES AT RISK IN THE NEXT DECADE

Risk of a large rise in debt payments by 2023.

**25%**  
If high growth rates achieved AND no economic shocks

**58%**  
If one economic shock in the next decade

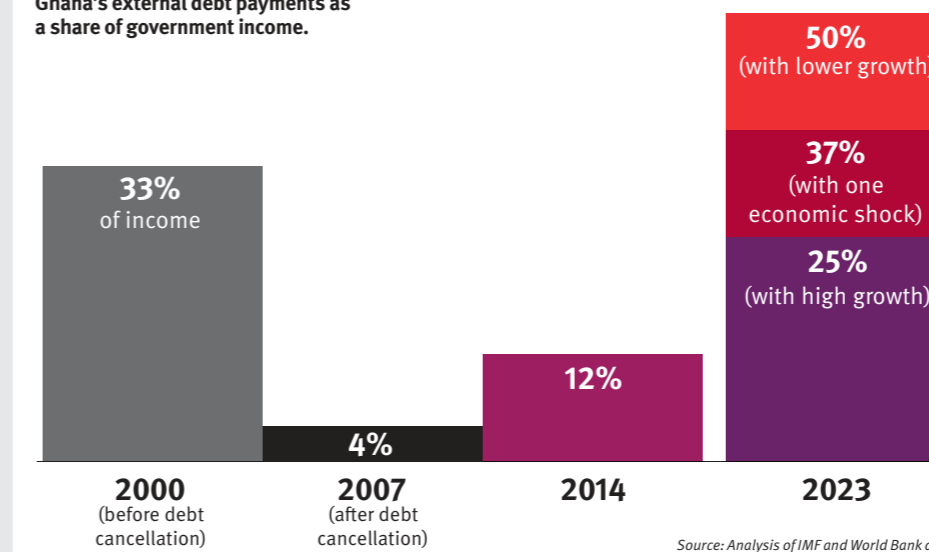
**67%**  
If growth lower than expected

Source: Analysis of IMF and World Bank debt sustainability assessments, August 2013-August 2014, for 43 countries.

large increases in the share of government income spent on debt payments over the next decade (see below). Ghana, for example, is on track to spend between 25% and 50% of its entire income on debt payments by 2023 (see right). On average, there will be increases of between 85% and 250% in the share of income spent on debt payments, depending on whether economies grow rapidly, or are impacted by economic shocks. Even if high growth rates are achieved, a quarter of impoverished countries would still see debt payments increase rapidly.

What's most shocking about this new lending boom is that it is public bodies like the World Bank – of which the UK is the world's leading funder – that are leading the boom, not just reckless private traders hunting for higher returns on the bond markets. What's more, the UK aid budget is contributing to it, through the UK's contribution to the World Bank and other public international lenders. In total, \$1.3 billion of loans to developing countries were counted as 'aid' by the UK in 2012.

### GHANA'S DEBT PAYMENTS Ghana's external debt payments as a share of government income.



We know how this story ends. The previous era of irresponsible lending in the 1970s and 80s trapped developing countries in a spiral of debt from which it was impossible to escape. It set back the fight against global poverty by two decades. But we know just as well how to change the ending. Our movement has seen faceless global financial institutions confronted with the reality of their irresponsible lending, and \$130 billion of unjust debt wiped out. Millions of people have received healthcare and education as a result.

So let's sound the alarm now, with a new debt crisis brewing but not inevitable, and support people in the global South as they demand a different future.

- ✓ **TAKE ACTION:** Ask the political parties to adopt our manifesto to avert a new debt crisis in the developing world (see right). Sign the postcards enclosed and order more overleaf.
- ✓ Read the *Guardian* report, and the full Lending Boom research at: [www.jubileedebt.org.uk/lendingboom](http://www.jubileedebt.org.uk/lendingboom)

**"Debt cancellation in the early 2000s gave Ghana a great relief, allowing us to dream again. However, the IMF and other external partners may have, alongside Ghana itself, become too complacent. Access to low-interest loans was taken away and the lack of tax revenues was neglected. Ghana is now falling back into the debt problem again to the detriment of the many poor Ghanaians who have to bear the hardship and pain of austerity measures."**

*Bernard Anaba, Integrated Social Development Centre, Ghana*



### ELECTION 2015: HOW TO AVERT A NEW DEBT CRISIS

As the world's leading funder of the World Bank, the next UK government will be in a powerful position to determine whether a new debt trap is set for the developing world. We're calling on all the political parties to adopt three key policies to avert a new crisis:

#### 1. GRANTS NOT LOANS

The next UK government must continue to provide aid in the form of grants, not loans, and resist calls to restart direct loans from the UK aid budget. It must demand the World Bank stops lending irresponsibly to the developing world, or redirect its aid money to institutions that give grants instead.

#### 2. TAX JUSTICE

The next UK government must change UK tax laws so they don't encourage big companies

to avoid paying tax in the developing world. Impoverished countries lose three times as much to tax havens as they get in overseas aid, and tax avoidance leaves governments reliant on debt to provide basic services.

#### 3. FAIR GLOBAL RULES ON DEBT

The next UK government must support the UN's work to establish a fair legal framework for restructuring sovereign debt – a 'bankruptcy court' for countries. This must not be run by the IMF. It should prevent vulture funds from profiteering out of debt crises, and send a message to banks that they won't be bailed out by governments if they lend recklessly.

✓ Read our full manifesto at: [www.jubileedebt.org.uk/election2015](http://www.jubileedebt.org.uk/election2015)

## DON'T SET A NEW DEBT TRAP



**JUBILEE DEBT CAMPAIGN**