

## Chapter 7

### SOUNDS FROM THE ECUMENICAL CHURCH

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#### Abbreviations

AACC	All African Council of Churches.
AEAM	Association of Evangelicals of Africa and Madagascar
CAN	Christian Association of Nigeria
CCN	Christian Council of Nigeria
CCPD	Commission on the Churches' Participation in Development, a WCC organ
ED	External Debt
GATT	General Agreement on Trade and Tariff
ICS	Institute of Church and Society
IMF	International Monetary Fund
NEF	Nigeria Evangelical Fellowship
TCCR	The Taskforce on the Churches and Corporate Responsibility
TNC	Transnational Corporation
WCC	World Council of Churches
WEF	World Evangelical Fellowship

#### INTRODUCTION

Though until now the church in Nigeria has been largely silent about the external debt (ED) issue, this is not true for the church in other parts of the world. There, the churches are showing increasing agitation about the debt. In this paper, I want to

summarize what Christians and/or churches throughout the world are saying or doing.

The voice of the church comes to expression in, among other places, synods, conferences and written reports. I suspect that it will come as quite a surprise to many that, as we peruse such documents, the world church will be seen to be actively engaged in the struggle against the ED and its disastrous consequences. I assure you that the activities and opinions I am about to reveal are **not** the expression of a few odd, exceptional individuals within these organizations. A Marxist friend of mine once tried to so classify my interest in these issues as an attempt on his part not to have to change his distorted prejudice towards the church in general. Though information about these activities is difficult to obtain in Nigeria, I assure you that what follows is only a sampling.

### **THE NATURE OF THE CRISIS**

Throughout this paper I use the term "crisis" very consciously, for that is how ED problem is identified. Joseph Obemeata <sup>1</sup> echoes the feeling of many when he asserts that "the most serious problem facing Nigeria today and which should be treated as a priority problem is the problem of ED and its consequences for...especially the...poor." Without the word "crisis" being used, the ED is described as "the single biggest block to the attainment of a decent standard of living for people in the indebted countries." <sup>2</sup> That is crisis language. African leaders are quoted as agreeing that the debt burden is the "single most crippling economic problem the continent has." <sup>3</sup> There is an international non-governmental agency devoted to doing something about the ED that calls itself "Debt Crisis Network." The titles of many documents and books dealing with the subject include the word "crisis", as, for example, *The Debt Crisis and Brazil* <sup>4</sup> or the title of the introduction to WCC's Resource Material Dossier no. 1, "The Debt Crisis: A Call to Action and Solidarity," or Marie Giblin's "Theological Reflection on the Debt Crisis in Africa" in the same dossier.

If then the ED problem has taken on the proportion of a crisis, we cannot afford to dawdle around and play intellectual games with it. Julio de Santa Ana, a former long-time WCC staff member from Latin America, asserted that the ED problem "has become the single overriding concern of the world economy, especially in the Third World countries." <sup>5</sup> The TCCR report of 1989 affirms that this crisis is "a major contributing cause of the desperate economic hardship suffered by the peoples of the developing

world." <sup>6</sup> ***For this reason, this conference, if it is to be worth its salt, will have to produce practical results.*** It is not meant to serve merely as an outlet for academic instinct or analytical pursuit. This conference will be judged by what ***happens*** as a result, especially by the concrete hope it will give to the victims of the crisis. Bankers' requests for patience <sup>7</sup> rightly fall on deaf ears. Hunger and patience do not make good bedfellows.

Rob van Drimmelen, an economist on the WCC staff, wrote, "About 15 years ago, libraries were flooded with books about transnational corporations. Nowadays the same is true with regard to publications about the debt issue." <sup>8</sup> Unfortunately, though some fairly major skirmishes with these corporations have been won, <sup>\*</sup> their powers and their problems have not waned as a result of that space of publication. The intent of this conference is to avoid becoming another irrelevant gathering but to initiate concrete changes, especially on behalf of those most victimized by the crisis. This conference is only the first step in what is likely to become a determined campaign.

What then is this crisis? It "is characterized by a net flow of resources from impoverished countries to advanced industrialized countries." <sup>9</sup> There you have it in a nutshell, pure and simple. C.E. Ritchie, at the time chairman and chief executive officer of Scotiabank of Canada, similarly defined the problem. "What has gone wrong?" he asked. "In a nutshell, capital has essentially stopped flowing into the financially strapped developing countries, but debt-service payments have continued to flow out." <sup>\*\*</sup> A document released by the Canadian TCCR asserts that while the debtor countries are in need of a increased inflow of resources, their "wealth, in the form of interest payments, is flowing out of Latin America and Africa to the banks and governments of [the West and Japan]. Since 1985, the flow of interest payments to the developed countries has significantly exceeded the flow of new loans and aid money to the debtor countries." <sup>10 \*\*\*</sup>

For example, in 1988, the Philippine Freedom from Debt Coalition, in a congress that included workers, peasants, women, youths and professionals, cried out, "We owe the US \$28.6 billion we cannot fully pay." They complained

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\* I have a manuscript at the publisher in which some of these victories are documented.

\*\* This article appeared in Toronto's *Globe and Mail*, a secular newspaper. However, it has become appropriated by the ecumenical world by virtue of its circulation by TCCR.

\*\*\* From here on I will simply refer to this phenomenon as "the outflow."

that the Philippine government is using much of our scarce resources to pay foreign creditors, leaving little to meet the basic needs of the Filipino people. The reason: **nearly half** of the national budget goes to debt payment. We are appalled that 60% of our yearly export earnings are used for debt service. International banks compel us to pay more than \$20 billion for the years 1987-1992. Pope John Paul II himself has condemned this arrangement where poor countries send out money to rich creditor nations. Such funds siphoned off deprive impoverished countries of development.<sup>11</sup>

Many publications contain statistics about the ED and the outflow, but few express it as succinctly as the unidentified author of the following rather long quote. At the end of 1988, the South

owed about US \$1.3 trillion to Western banks, governments and international financial institutions. From a global perspective, this is not such a high amount; on Black Monday, 19 October, 1987, Wall Street lost as much on paper in a single day. However, for individual indebted countries the debt burden has become unbearable. In 1987, the total debt service ratio of the least developed countries, as share of exports of goods and services, reached 27%. The debt service ratio of countries like the Sudan, Niger, Tanzania, Malawi and Bangladesh ranged from 40-50%. This means that a large proportion of export earnings has to be sent abroad and cannot be used for the development of the country.

The debt crisis has led to the situation that, since the beginning of the 1980s, there has been a net financial flow from the poor South to rich North. According to the latest World Bank Annual Report the pace at which developing countries have been transferring money to the richer nations has accelerated dramatically in 1988, hitting a record of \$50.1 billion, up almost \$12 billion from 1987. The World Bank itself received \$2.6 billion more in interest and principal payments from developing countries from June, 1988 - June, 1989, than it disbursed in new loans.<sup>12</sup>

In case some readers doubt the above statistics because they are suspicious of the WCC, let them go back to earlier papers that confirm the dangerous extent of this outflow. Furthermore, it is confirmed by Ritchie, a bank officer. Writing concerning the 17 highly indebted middle-income countries, Ritchie explains that, while they benefitted from a net inflow of more than \$80 billion in foreign capital between 1978 and 1982, in the succeeding five years there was a net outflow of \$130 billion. So we have here then a clear case of the poor getting poorer. This is true not merely for a large group of individuals scattered throughout the world, but it is true for a large group of entire nations and even of whole continents.

Most of the loans and the consequent outflow are to and from Latin America and Asia, while the African share was/is considerably less.<sup>13</sup> A European ecumenical consultation stated that the debt figures for Africa are relatively low in comparison with those of Latin America, but in comparison with the size of African economies and their ability to repay, the African ED is large. The World Bank expects that during 1988-1990, the ratio of debt-service to exports for some African nations will exceed 50%!<sup>14</sup>

With the general emphasis of the churches on the Bible's "preferential option for the poor,"--I will return to this subject later--it should not surprise anyone that the churches everywhere are getting up in arms about this intolerable outflow that in effect means the poor of the world are increasingly supporting the standard of living of the West and its allies.

What should surprise us is that the church in Nigeria has done so little about it. We trust this conference will change the situation so that we can be in line with our brothers and sisters elsewhere who, according to Hugo Assmann, have turned the ED problem into "a key item on the agenda of Christians today."<sup>15</sup>

One way in which Christians have given the crisis priority attention is by the myriad of conferences and workshops held throughout the world, one after another. Ours is only one of many. Almost all the information in this paper, along with the examples and quotations, is gleaned from the reports of such events or from papers presented there. Assman summarizes a number of these events, which, though impressive enough, represent "only some well-known examples."<sup>16</sup> As this paper unfolds you will come across more references to such events.

## **THE CAUSES OF THE CRISIS**

The causes of the crisis of ED have been exhaustively explained by the earlier speakers, though, admittedly, sometimes in a one-sided fashion. I will only in summary discuss the causes as identified by voices in the church.

### **A. The Systemic Factor in Capitalism**

Many factors are identified as having contributed to the present problems. There are those who reject individual facts as the main cause, but seek it in the world economic system as a whole. At a meeting of church leaders in Washington aimed at challenging the International Monetary Fund (IMF) and World Bank policies, it was suggested that the real crisis is neither the debt nor the outflow, but "a crisis of the whole system of relations between North and South."<sup>17</sup> This system has its roots far back in colonialism and it is the basic cause, according to one WCC document.<sup>18</sup> It was back there that the international division of labour was established that turned the South into the source of primary products and cheap labour.

Others insist that the ED crisis derives from the "international financial system, and the system of international markets, which are subordinated to a logic of capital accumulation."<sup>19</sup> If you want to solve the debt question, you will have to significantly alter the entire setup. Just tinkering with the debt in isolated fashion will yield no results. I agree that basic changes are needed in the system or that the system itself needs so much revamping that a desirable outcome would in effect be another system. However, that may take more time than the hungry can afford. Hence, while I opt for a radical revamping,\* in the meantime we must free ourselves from the bondage of the ED with the greatest speed we can muster.

### **B. Petrodollar Surplus**

Though in the documents referred to in the previous paragraph the theory of surplus petrodollars is rejected as the most important cause, it is nevertheless advanced as such by many in various ecumenical documents. The surplus petrodollars in Western banks, deposited by the Arab oil countries, needed a lodging place and a function. Hence, these banks actively promoted such loans to the South.<sup>20</sup> Western banks have been transnational since the 1870s, but the process greatly accelerated during the

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\* In my book *Caught in the Middle* (1992) I suggest that the basic revamping needed is to put the economy in line with the Cultural Mandate of Genesis 1:26-28. This would involve the radical replacement of the priority of the profit motive with that of service. At this stage of the development of my thinking, I hesitate to predict to what structural changes such substitution would lead us.

1970s, when the top 100 banks became the main vehicles for the recycling of Arab petrodollars. Along with the petrodollar expansion came expansion of gross profit from foreign affiliates from 2% of total profits in 1970 to 60% in 1982. <sup>21</sup>

Not only were these loans actively promoted by Western banks, but they were eagerly accepted. Nigeria, according to Modupe Odeyoye, long-time Director of Daystar Press, an arm of the Christian Council of Nigeria (CCN),

got into debt because we accepted offers of loans. I did not say "we borrowed," because we did not even start by seeking loans: we were offered loans on a platter of gold by those who told us...that Nigeria was underborrowed. And we were foolish enough to accept their loans. I would have thought it was safe to be under-borrowed, but some development economists say it is primitive economics to avoid receiving loans. We have not stopped accepting foreign loans. Isn't this incurable folly?

Odeyoye's compatriot, Obemeata, echoed the same sentiment. In spite of Nigeria's huge ED, the country continues to borrow. One has only to turn to the pages of the Nigerian dailys to read of new loans contracted almost weekly. I read in today's *National Concord*, a Nigerian daily, that the World Bank is offering \$8 billion aid to 21 African countries, but it is all tied up to IMF conditionalities. <sup>22</sup> Obemeata commented: "Our national leaders talk, behave and continue to negotiate for more loans as if they believed that ED were a sign of greatness." He also wondered "why the World Bank has become so generous in granting loans to Nigeria."

There you have it. The perfect combination: Eager lenders with surplus petrodollars and eager borrowers, all armed with the same mythical development theories to defend themselves and to conceal their class interests.

### **C. Other Complicating Factors**

The above two causes, the systemic and the petrodollar, are the main explanations advanced in ecumenical documents for the present crisis. However, there are a host of additional complicating factors that have increased the seriousness of the problem. Some of these factors arise in the West; others, in the South. I will first address the former group.

## 1. Causes in the West\*

A major problem is interest fluctuations. Whereas most of these loans are contracted with low concessionary interest rates, subsequent interest rates on rescheduled debts were contracted at commercial rates and thus went sky high. The increase was caused by various policies of Western governments. In 1981, the industrial nations,

led by the US, introduced sharply higher interest rates in order to control domestic inflation. Interest rates more than doubled within a short period. The size of the original Third World debt grew rapidly as unpaid interest was added to capital. Since then, interest rates have dropped, but they are still significantly higher in real terms than they were at the time the loans were made.<sup>23</sup>

The US plays a major role in these fluctuations. When American interest rates go up, so do the international rates.

As a result of US policies then, Third World debtors can and do abruptly find themselves facing sharply higher interest payments. Expanded spending on armaments play a clear role in swelling US budget deficits. These in turn strain domestic US and international financial markets as the US government borrows to finance these deficits. The deficits keep interest rates higher than they would otherwise be. Ironically therefore, the rest of the world and its poor are being compelled to help finance US military expansion.<sup>24</sup>

With respect to Brazil, we read that

Washington's policy of attracting foreign capital in order to finance the cost of maintaining its federal deficit caused a sharp hike in international interest rates (from 11.8% in 1978 to 21.5% in 1980), and consequently a dizzy rise in our annual expenditure on foreign debt interest payments.<sup>25</sup>

In interest alone, Brazil pays the equivalent of the original principal every seven years, a situation parallel to that of many other nations. Another voice from Brazil, Cardinal Arns, passionately put it this way:

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\* In this document "West" refers to the entire industrialized world outside of the former Eastern block.

The huge efforts of the past two years have resulted in an export surplus of one billion dollars per month...one billion dollars which Brazil immediately remitted to the banks. Yet this money served only to pay the interest on the debt. It is impossible to go on this way. We have already taken everything the people had to eat, even though two-thirds of them are already going hungry. When we borrowed, interest rates were 4%; they are 8% now, and at one point were as high as 21%. We have already reimbursed the debt...twice over, considering the interest paid. We must stop giving the blood and misery of our people to repay the First World.

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Obemeata similarly observes that in Nigeria the interest payments exceed the original loans.

The upshot is, of course, that affected countries are not able to pay off their loans. Even bankers realize it. A Royal Bank of Canada executive said that banks did not expect many debtors to pay off their debts. Proper debt-servicing would satisfy him. Similarly, a Citibank official said the issue is not repayment of the loans, but debt-servicing. This is an approach that would seem to turn the ED into an eternal one.<sup>27</sup> De Santa Ana, however, doubts that even debt-serving can be kept up.<sup>28</sup>

Debt-servicing requires foreign exchange, something often obtained by exporting to other nations. For this reason, IMF conditionalities usually include an emphasis on exporting. However, there are various barriers that keep the South from exporting their products to the West. One of these barriers is protectionism, the putting up of tariff barriers to imports from the South. Though some years ago, the nations of the world established the General Agreement on Trade and Tariffs (GATT) to facilitate trade, this organ has not been as effective as it was hoped, partially because of its domination by the **stronger** economic powers who seem unable to resist the protectionist instinct.<sup>29</sup>

How, it was asked at a German ecumenical consultation, "is a country supposed to pay interest, let alone repay the debt itself, when its export earnings are being considerably reduced due to protectionism in industrialized countries?"<sup>30</sup> Thus, while the IMF conditions usually include an emphasis on exports, the debtors find access to Western markets increasingly difficult.<sup>31</sup> Only last week a Nigerian daily reported that the US

has placed new restrictions on the importation of Nigerian cloth.

There is an additional reason, primary products from the South have an increasingly hard time penetrating Western markets. That reason is the production of new synthetic substitutes. Transnationals (TNCs) are spending fortunes on research for such substitutes to cut both production costs and their dependence on agricultural products. Where such breakthroughs occur, the primary product is no longer needed. A market has been lost once again.<sup>32</sup>

Directly related to synthetic substitution is price reduction of such raw materials. If a substitute has been created, the demand for the natural diminishes along with its price. The same effect may result from the discovery of health problems related to a raw material, for such discovery may reduce demand. For example, coffee is the main export of a number of debtor countries, but its price has fallen to its lowest level just when its income is needed for debt servicing.<sup>33</sup> A most startling example is the price of sugar that fell from \$630 per ton in 1980 to \$89 in 1985! This was due partially to the fact that soft drink companies have substituted sugar with a synthetic.<sup>34</sup> During the 70s, when the loans were cheap, prices of primary products were stable and no one foresaw the fluctuations and price reductions that would occur. In 1984, the price of several primary products, the major source for foreign exchange, had fallen to 1930 levels.<sup>35</sup>

Still another important element is the fact that TNCs often are major borrowers of scarce financial resources. Please read the following:

TNC subsidiaries are very substantial borrowers both directly from international banks and indirectly from local banks on lending external funds. In 1983, it was estimated that \$100 billion odd of developing economy external debt represented borrowings by TNC subsidiaries.<sup>36</sup>

Of course, once so borrowed, these funds are no longer available to the citizens of the South for needs more directly related to them.

Finally, there are certain features associated with the IMF that further militate against the ability of the South to cope with the ED crisis. The first of these are the "conditionalities" the IMF imposes on borrowers. Previous speakers have explained

these to us. In the ecumenical literature I am perusing I have found the clearest summary description of these conditionalities in the TCCR document as well as in "The World Economy..."<sup>37</sup> All the main features are found in these summaries. The three main general features emphasized in the former are (a) that the plan forces a country into the prevailing Western economic model, (b) that it is rigid and ignores cultural variations and (c) that it is "destructive to the well-being of the majority of the people, at least in the short term."<sup>38</sup>

Another characteristic identified in the literature is that the voting power of the IMF and related organizations is heavily weighted in favour of the rich countries, since it depends on the size of the investment a country devotes to it. If two of the larger contributors do not approve a certain loan, the IMF will also withhold its approval. The US even has veto power on key decisions. The influence of eastern and southern countries is "at best, a secondary and on occasion a marginal influence."<sup>39</sup>

When you read capitalistic accounts of the ED, you get the impression that it is all a matter of neutral technicalities. Many governments and banks treat the problem as if it can be handled by technocrats, but according to Ritchie such an approach "sells the system tragically and dangerously short." De Santa Ana denies that mere technical solutions not based on moral or ethical concerns will work.<sup>40</sup> The Mexican Elsa Tamez, at an ecumenical hearing in West Berlin, scorned the present economic system as an example of irrationality and of the logic of sin, citing the ED as a concrete example.<sup>41</sup> At the same hearing, Philip Potter, a former General Secretary of WCC, debunked the entire notion of the economic system being rational, value-free and merely a matter of technicalities:

...the whole economic system is regarded so much as a "thing in itself", as to become a sort of idol, a god to be sustained or which orders. But the other side of it is that the economy and the decisions that are made about economy are made by persons. All that we have heard about in terms of the human costs of the debt crisis are the result of the decisions of persons, whether individually or corporately. Therefore, we are dealing not only with the issues of idolatry but with the issue of evil, where people consciously make decisions which have disastrous effects on the rest of the world. People cannot pretend not to know what is going

on in our world and yet they continue to do what they do. Why do they continue to do so? Because their priority is not people but profits, and that is a basic theological question.<sup>42</sup>

Still in West Berlin, the myth of technical neutrality was mercilessly flogged:

The present system is characterized by a technical rationality claiming to be value-free, but that in reality is geared at domination through the possession and accumulation of capital. Thus it does not promote the well-being of all and/or create just relationships. The system is an idol asking for absolute belief. But as systems are made and sustained by people, this system is not only idolatrous, but evil, an evil for which persons are responsible through their praxis.

The modern market rationality, with its unlimited growth for some at the expense of the many, should not be equated with the classical concept of reason which orients itself to the common good and the love of the neighbor.<sup>43</sup>

Canada's TCCR identifies this reductionist tendency as "the core of the problem." Bankers, it complains, regard the ED

as a financial matter, to be dealt with by bankers and accountants who operate according to the rules of normal banking practice. These rules are no longer adequate to guide decisions which affect the lives of millions of people living on the edge of destitution.<sup>44</sup>

Back to West Berlin, Ron Rote from The Netherlands, who has for some years been searching for solutions to the ED and has thus been dealing with IMF officials and others, put it in plain words:

In my experience...I have found that when you talk to bankers, even...to high-ranking officials in the World Bank or the IMF, there is a tremendous lack of information. You will really find it shocking. Bankers take very short-sighted views. Their time horizons are limited. They do not look beyond 3 to 4 years, they do not analyse the world in political terms, they have not read the most impressive

studies. They actually know very little. Their wisdom is conventional and their remedies are highly questionable. Therefore, there are plenty of reasons for the churches not to feel afraid... <sup>45</sup>

Of course, OPEC also has had a significant role in these developments, particularly the Arab states. Petroleum price increases have contributed substantially to the imbalances of our day. It was the Arab petrodollar in Western banks that stimulated the loan debacle. In addition, Saudi Arabia and Kuwait are themselves large creditors. <sup>46</sup> However, the role of OPEC is not emphasized in these documents, probably due to the ecumenical tradition of selective indignation.\*

From the above it is abundantly clear that these debts did not bring the kind of development once expected from them. Gathaka sadly mused, "These debts are taken in order to finance so-called development projects in Africa." <sup>47</sup> Obemeata complained that "Nigeria's external loan has not led to any appreciable development of the economy." Instead of encouraging development, the debt is now recognised as a barrier to it. The Roman Catholic Archbishop Weakland testified at an American congressional hearing that the debt stands in the way of economic development in the South, while it is adding to the profits of Western banks. <sup>48\*\*</sup> I have earlier referred to the statement of the West Berlin Hearing Group that the ED has "become the single biggest block to the attainment of a decent standard of living...in the indebted countries." <sup>49</sup> If you had trouble understanding that statement at that stage, it should now be easier to comprehend. In fact, the debt has turned completely against the people and achieved the very opposite. Manuel Montes, a Filipino professor, talked of "the ironies...that wherever there are big development projects, there you also have human rights violations. This is very ironic, because development is supposed to solve the problems of the people, but instead you find human rights violations." <sup>50</sup>

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\* I had expected the paper on the Muslim approach to address this issue, but it was unfortunately avoided. It is characteristic of Nigerian scholarship and media to avoid any mention of the Muslim input in these problems. Shortly after our own conference, another conference was held in Nigeria, organized by the Nigerian multimillionaire Abiola of ITT fame, a fervent Muslim, in which reparations were demanded for Western slavery and colonialism. It was suggested the remission of the ED would be an appropriate Western expression of penance. There may be something to be said for this demand, but the fact that the conference totally avoided any reference to Muslim slavery of Africans and Arab oil money rendered the conference and its demands totally unbelievable. (African Concord, Dec. 24, 1990, pp. 18-19. See also my response in a letter to the editor in the issue of Jan. 21, 1991, p.6, under the pseudonym "Yohanna Maigona.")

\*\* Similarly, it is plain for all to see that in Nigeria, a Southern debtor country, banks also do well under the structural adjustment programme.

## 2. Causes in the South.

I have almost moved into our next major section of the paper, namely the one dealing with the problems caused by the ED. However, before moving on, it is necessary to examine also the contributions of the debtor countries to the crisis. It cannot be denied that the South itself has contributed significantly to these problems.

Although he does not go into detail, Godfrey Okoro of the Institute of Church and Society (ICS), hinted that part of the problem lies with the people, not just with the government. Bread is not among Nigeria's traditional foods and it depends on imported wheat for which the country pays dearly. However, the people are not prepared to do without this and similar products and will riot when wheat is banned. Odeyoye similarly touched on this aspect. Though there is plenty of local food in Nigeria, the people insist on bread. They "are still desiring imported shoes, imported singlets, imported handkerchiefs." He concluded, "This is how we got into debt; this is how to remain in it." In other words, the pressure of a people not content with their local products in turn puts pressure on the government to import and, thus, spend (waste?) valuable foreign exchange on non-essentials.

However, most of the Southern causes are identified with government policies and with the elite. The emphasis on Western causes does not absolve Southern governments from imprudence. When money was cheap, governments raised "much more than the country really needed." There was a definite lack of foresight.<sup>51</sup> Obeamata bemoaned the fact that the loans are "usually not wisely invested," but are "spent on unproductive ventures." Notice the "usually." Not sometimes or occasionally, but "usually!" The Western European Consultation stated that "A substantial portion of the loans were spent unproductively on large-scale capital-intensive projects, militarisation, luxury consumer imports, and interest on past loans."<sup>52</sup> Describing the Philippino situation, Green wrote:

With petro-dollars then easily available, irresponsible lending by international commercial banks at rising interest rates and declining maturities, coupled with the alacrity with which the unchallenged political leaders (who brooked no opposition, neither from the press, the political parties, business groups nor trade unions) took them up, led to a mountainous debt. Nor were the bulk of the

public investments productive.<sup>53</sup>

De Santa Ana explained that

there were those...who accepted the offers of finance for undertakings which were not always necessary and did not always benefit those classes constituting the majority of the population. Such projects were frequently grandiose in their proportions and were intended to bring political prestige regardless of social well-being.<sup>54</sup>

The TCCR report includes some harsh accusations. "Many [loans] were squandered on wasteful ventures, or for the purchase of military equipment and arms." The report quotes the Catholic Bishops' Conference of Panama: "There has been a squandering and misappropriation of public funds, borrowed from foreign banks." The Mensaje Iberoamericano in Venezuela is quoted as saying that "no one knows the exact destination of these loans or where the development projects---the hydro-electric dams, the universities, the roads--are. Indeed, on the contrary, there are unfinished, abandoned and ruined projects everywhere." Again, the Secretariado Episcopal de America Central charged that "enormous sums of money, originally intended to meet the urgent needs of the people, were diverted to buy weapons." Similarly the Catholic Bishops' Conference of Brazil:

Development projects undertaken by a dictatorship who took its priorities from the rich upper class resulted in huge ostentatious building projects of no real value to the nation. They can only be compared with similar state building projects in ancient Egypt; we call them "*Pharonic*". These projects are false developments, built at huge cost to the public.<sup>55</sup>

Green agreed that all of the above are part of the debt scene, but he also felt that they can be exaggerated and used as excuse for stopping any further flow of aid and loans. Nevertheless, his careful hedging is based on terrible realities. He asserted,

The so-called "aid weariness" ...is...far less of a problem when it can be shown that aid is being well used and in particular that it is not being used by the elite...to increase their own well-being.

Unfortunately opponents can all too easily pick upon the cases of misuse of aid, of inappropriate national policies and of conspicuous public and private consumption and use them to imply total incompetence, greed and waste in all developing countries no matter how untrue or partial that assessment is. <sup>56</sup>

Again, Green referred to the frequent charges that

aid funds and commercial flows of savings to the developing world have, at best, not always led to increases in production and still less to an improvement in the well-being of the majority of the people...and particularly of the poorest and, at worst, the increased resources made available to these countries have been "wasted" or "misused" on military hardware, luxury consumption and white elephant projects. <sup>57</sup> \*

Green is at his strongest condemnation in the following:

National governments in developing countries...have often proved faithless to their responsibility to further development by and for their people. Many have completely mismanaged their economies. Many have let loose their predatory instincts and indulged in corruption, abuse of office and repression.

Ill considered projects and programmes, fiscal imprudence, corruption and financing of capital flight have substantially increased many countries' external debt burden and substantially reduced the economic base available to service it. <sup>58</sup>

I leave this problem area with a comment from the editor of *National Concord's* "Thinking Corner": "Africa's problem, according to the continent's sage, Dr. Julius Nyerere, is corruption. True. But corruption is a worldwide scourge, except that in Africa, it has developed into a complex that can only be African." <sup>59</sup>

A serious aspect of the problem is that the people are largely left in the dark about the

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\* In the foregoing there are several reference to spending loans for military purposes. I am highlighting this to make sure it does not escape our attention. WCC has quite frequently published materials on militarism that are well worth studying, e.g., *Military*.

details of the debts incurred by their governments. Governments have argued that non-economists are in no position to understand. So, why consult them? <sup>60</sup> Potter testified that these arrangements "are negotiated with the governments very secretly. It is not a matter of public discussion. The government afterwards announces the measures to the people without consulting them. How many witnesses here have told us, 'We were not consulted, we have only suffered.'" <sup>61</sup>

Talking about the \$28 billion ED of the Philippines, Leonor Briones commented, "This is money...that we never saw, that we never counted, that we never spent and which never benefitted our people." <sup>62</sup> A Venezuelan group similarly protested that "no one knows the exact destination of these loans or where the development projects...are." Emilio Castro, current General Secretary of WCC, in a lecture recently delivered in Kaduna, Nigeria, lamented, "We may never know the truth about what happened to all of that money, but one thing is certain: the people never saw any of it, and yet it is they who still have to pay it back." Cardinal Arns of Brazil complained that "none of the military presidents asked for advice or permission of the National Congress in incurring these debts. The foreign debt is a dictatorial decision imposed on a whole nation. How, where and why the money was spent is never explained." <sup>63</sup>

Asuzu recalled how the present Nigerian government "heralded itself into the hearts of all of us with a public debate as to whether we should be taking foreign loans." The people "unequivocally rejected" such loans. He wondered, "why all this negation of our expressed national political will and purpose?" For this reason, according to Asuzu, the intelligentsia in Nigeria are bitterly complaining "about the seeming intellectual fraud involved in this unabated spate of foreign, enslaving loans in spite of our expressed corporate will."

It is widely recognized that the mismanagement referred to above is closely tied up with various forms of corruption. Green asserted that debtor countries are greatly weakened by such common practices as "imprudent borrowing, ineffective use of resources and corruption linked with private capital flight offsetting external...borrowing." Again, "Fiscal imprudence is associated with inflation, corruption, subsidies to the rich and...inability to sustain basic social services." With respect to the Philippines, he wrote,

Many of the funds were wasted in monuments to vanity and

conspicuous consumption, or siphoned off by crony businessmen-- a small group of a dozen or so of the President's men whose influence and greed in many cases greatly exceeded their business acumen. Many government projects were monumental, inherently non-revenue generating, commercially unsound or slow to generate returns. Their overt economic or social purpose was often a cover for achieving private economic or political gain. <sup>64</sup>

In the Report of the Hearing Group we read,

Again and again, witnesses asked why the people should make sacrifices for the repayment of loans which were not incurred for their benefit. We heard of economically nonviable projects, some of which never even materialized. We heard of overpriced equipment, corruption, capital flight, and always, the purchase of arms. <sup>65</sup>

Castro does not beat around the bush. In his lecture in Nigeria, he declared that "there are a lot of people in our own countries who profited greatly from all the borrowing. The money was wasted, it was stolen, or maybe it never even left the bank in New York."

Flight capital evokes a lot of disgust in the ecumenical literature, as you will already have noticed. De Santa Ana asserted that capital flight is the rule! <sup>66</sup> It may be more true than you might like to believe, according to the following:

...roughly half of the money that was lent to so-called developing countries during the past ten years was promptly sent back by telex or bulging suitcases.\* The amount of this "flight capital" is hard to measure, but economists at the New York - based bank J.P. Morgan, estimates that the stock of such wealth (assets held abroad by non-bank private sector residents of the 15 big debtors) amounted to \$300 billion at the end of 1987--more than half of their total foreign debt. Mexican residents have \$84 billion stashed abroad, equivalent to four-fifth of the country's debt; Argentina's \$46 billion is over

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\* I know of a foreign contractor in Nigeria who had a special suitcase for carrying tainted money to the governors of states where his company was doing business.

three-quarters of its debt.<sup>67</sup>

The TCCR people reported the same. The elite of many debtor countries--in some cases dictators who have since been deposed--took for themselves large parts of the monies their government borrowed, and sent it abroad to deposit accounts, often in the very banks from which the loans were made.\* The following quotes from various countries leave little to the imagination.

The total debt of the Philippines equalled US \$28.5 billion in 1987. One American bank, Morgan Guaranty Trust, estimates that US \$12 billion of this amount has been "salted away" outside the country.<sup>68</sup>

In our region, we know industrialists and important business people who were helped by their governments to obtain cheap loans, which were then diverted to private purposes.<sup>69</sup>

We protest the bribery and profiteering rampant in society, and the damage done by the wealthy elites who have transferred huge sums out of their countries to private bank accounts in Europe and North America.<sup>70</sup>

Capital sent out of the country almost equals the foreign debt, which is now being paid for in hardships suffered largely by the poor.<sup>71</sup>

Just one final flight statistic. IMF figures that \$150-200 billion from the South was invested in Swiss and American bank accounts from 1974-1985. Of that, some \$30 billion was from Africa.<sup>72</sup> Enough said on that score.

The situation has led De Santa Ana to "condemn the elites in the debtor countries as irresponsible: they show a decided lack of a sense of social solidarity, and take advantage of the situation to increase their private wealth."<sup>73</sup> Castro concluded that, in addition to the imbalances between South and North, there is an imbalance within the South. "We have often failed to see that the most powerful corporate elites are internationalist in orientation, and include some of our leaders in their numbers." In the case of Brazil, the elites do not regard the ordinary people as "truly human," we are told. "Poor Brazilians have never had rights. For the rulers, poverty is the fruit of indolence, ignorance and

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\* One often comes across such claims, but it is a pity that they are never substantiated or that names and/or amounts are never supplied.

illicit living.\* For those on top, Nation, State and Government all merge with their own social class."

## **DIFFICULTIES CAUSED BY THE CRISIS**

This section is basically a proof that the ecumenical world is deeply aware of Ritchie's assertion that the ED problem "contaminates economic life everywhere." I am going to concentrate on the difficulties the ED crisis has caused and continues to cause in the debtor nations as described in the ecumenical literature.

I am not suggesting that there are no difficulties for the people of the West. It may well be that the main difficulty for the West lies in the risk of debt repudiation, a possibility never far removed from realisation. Another difficulty for the West is loss of exports, consequent unemployment, and the demise of the small farmer, particularly in the US.

Marie Giblin called the attention of US farmers and workers to the relationship between their problems and those of the South. The austerity measures imposed on debtor nations by IMF and their cohorts have reduced their buying power. As a result, they cannot absorb Western products. Thus the West loses in terms of exports and jobs, while their smaller farmers are also squeezed seriously.<sup>74</sup> Statistics have it that Northern industries are losing some \$30 billion or more in annual exports since 1982 because of the ED crisis. According to Ritchie, in 1986, exports to highly indebted middle income countries were one-third lower than in 1981, "a drop of more than \$90 billion as the debtors struggled to conserve foreign exchange. Both the US and Canada have seen substantial trade surpluses with many of these countries turn into deficits. This translates directly into lost jobs at home."

The US is said to have lost two million or more jobs, because Latin America can no longer afford American products.<sup>75</sup> That, as Americans put it, is no mere peanuts.

Without downplaying the suffering the above problems cause the American poor, the suffering the ED crisis causes in South is much more extensive and negatively affects all aspects of Southern societies, because their economies are much more fragile to begin with.

Earlier in this paper it has been said that the ED crisis is the largest obstacle to the

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\* My wife, a teacher in an international school in Jos, Nigeria, finds that this is exactly the attitude of students from Nigerian elite families.

development of the South. In fact, it underdevelops it. It turns the clock back. It undoes whatever progress may have been made earlier. The main problem is that it impoverishes the people of debtor nations. This is a major complaint in the ecumenical literature.

In countries with ED problems, workers' purchasing power is being reduced seriously. In Brazil, e.g., in 1978, the minimum wage was \$142. By June, 1986, it stood at \$66. Often a country lowers the price of its exports in order to raise hard currency for debt servicing, while it may raise the price of imports. In both ways the poor get hit. Then new taxes get imposed once again to raise money to pay the debt. Concluded De Santa Ana, "Once again injustice prevails." This kind of situation, where the poor and oppressed are not taken into account, is intolerable from the Christian point of view.<sup>76</sup>

Further on Brazil, the entire economy was re-organized to create foreign currency for remittance abroad. Wages and salaries were reduced to cut consumption. Public spending was curtailed and thus contributed to a recession from which all suffered. Cash crops, such as soya beans, were subsidized for export at the expense of local staple foods. Results, apart from hunger, included a doubling of unemployment rate. In four years, the purchasing power of the poor slumped to 30%.

Since hunger and sickness are directly linked to low pay, unemployment and insufficient social programmes, absolute poverty and undernourishment increased. Just to cite a single expressive example, the child mortality rate, which had fallen throughout the 1970s, bounced back 25% between 1982 and 1984."<sup>77</sup>

We [Brazil] are the world's fourth biggest exporter of foodstuffs, but...we rank sixth in the malnutrition league...Today seven out of every ten Brazilians lack employment, fair pay and access to land to give them the diet defined as a minimum nutrition.

...half a million children starve to death every year in Brazil. It is as if the whole population of a town like Pittsburgh, Santos or Liverpool were to disappear year in and year out because of natural disaster, amid the silence and indifference of the rest of the world.

That is the result in Brazil of the collusion of Brazilian elites and Western bankers--and their investors.

Turning to the Philippines, Francisca Macli-ing reported that her people are asking, "Why do we have this poverty, even though we work eight hours a day? Why don't we have enough?" <sup>79</sup> The answer is provided in the history of recent Phillipino economic developments too long to summarise here. The story includes all the elements of the disasters that have so far appeared in this paper. Green concluded his story as follows: "All of these factors have combined to create an option against the poor, for giving higher priority to protecting external creditors than Philippino producers...and higher priority to the welfare of transnational and Philippino enterprises than to that of wage earners and peasants...." <sup>80</sup>

It is no wonder that a Philippino group angrily cried out in 1988 that they were "outraged that the administration continues to burden our people with the payment of debts incurred by the previous regime and which did not benefit the people. It is unjust to make the ordinary citizen pay for private and crony borrowing, especially those attended by fraud." <sup>81</sup> The same group reported that Pope Paul II also condemned "this arrangement where poor countries send our money to rich creditor nations. Such funds siphoned off deprive impoverished countries of development."

Moving to Africa, we overhear Masumali reporting how in Zambia income per capita had moved from \$600 in 1980 to \$170 per year. At the same time, "the inflation rate had gone up by about 60%, unemployment rates...had risen from about 14 to about 25%, and there was a kind of devaluation. Within two years..., our currency was devalued by about 700%--700%!" Civil servants work only about one-third of their time in their offices. The rest of their time is spent on trying to make a little extra money to keep body and soul together. The monthly salary of Masumali, a civil servant himself, will buy enough food for the first half of the month.\*

Ghana's situation is much like that of Zambia, according to Annorbah-Sarpei's testimony. Zeroing in on the fluctuation of prices for primary products, he related how cocoa farmers had invested much during a time of high returns, only to find prices almost collapse. In the meantime, production of staple food crops had steeply declined.

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\* The tragic story of diminishing food supplies for the people in Zambia, like so many other stories in these ecumenical documents, deserves to be fully repeated here. Alas, the tyranny of space.

Result: no food, no money, only despair. I cannot describe the situation better than Annorbah-Sarpei himself:

...The emphasis on cash cropping has not only led to...the reduction of food crop production and its consequences on prices, but also the necessity for food imports. We are caught up in a vicious cycle in which we are receiving money from the industrialized countries for producing raw commodities such as coffee, cocoa, tea which we do not consume and then we have to get more money from them as loans to import food. This is really creating problems and it is also affecting local production. For instance, Ghana has requested a lot of food aid from the World Food Programme whilst production of cocoa has been growing. You can imagine the consequences of this on local food production. Local farmers no longer have any incentive to produce food because food aid is coming in cheaply and all the incentives for agriculture have gone to export-oriented crops.

The situation came about because of government encouragement of cash crop production for export to pay for debt servicing.

So far, I have emphasized problems of poverty and food, but, of course, poverty has many other direct effects as well. Some of them have already been mentioned in passing. There are problems in medical care, in education, problems of brain drain and of violence. Repression, oppression and injustice are part of the scene everywhere. The ecological system is undergoing severe stress because of dynamics set in motion by the ED.

Musumali told of cuts in social expenditures by the Zambian government that have left the medical establishment in shambles. There are no drugs for the sick and no equipment for surgery. Operations are foregone for simple lack of rubber gloves. People cannot afford to pay hospital fees, whether government or private. Zambia is only an example, for this pertains to most debtor countries. While during the 60s and 70s health affairs were on the upswing, during the 80s life expectancy once again began to decline, while infant mortality began to rise again. In 1989, UNICEF reported that "at least half a million children have died in the last 12 months as a result of the debt crisis

and recession." It further estimates that "50 million infants will die unnecessarily between now and the end of the next decade." Sociologists have established a direct correlation between ED per capita and decrease in life expectancy. If not for the limitations of space, I could provide some heart-rending statistics about increasing malnutrition, sickness and infant mortality in Brazil that are considered the result of cuts in health budgets because of the ED. In Jamaica, 25% of health workers had to be laid off, while in Mexico and Brazil the health budgets were cut to less than one-quarter of 1972 levels.<sup>82</sup>

Father Tom Burns lived for 17 years in Latin America. He gave the following testimony at the previously-mentioned hearing of the US Congress:

My fellow priests and I began keeping a count of emergency baptisms. We discovered we were baptizing two to three children a day in danger of death. Baptizing those children that summer is what caused me to ask why this was happening, and to discover that it was happening due to the national debt payments. At present, 50% of those who die in Peru are under five years of age; 40% of the children are seriously malnourished. Peru's incidence of tuberculosis (TB) is the highest in the hemisphere. When I arrived in...1974, I rarely heard of a case of TB. Today, hardly a day goes by without a new case being reported. It is an epidemic. To be poor in Peru today is to expect to come down with TB. There is no doubt...that the debt is the cause of their deaths, because money spent by the government to pay interest to foreign banks is money not invested in the health and well-being of the poor.

In a recent document of the Peruvian Bishop's Commission of Social Action, they estimate that the debt has cost about 20,000 victims a year--mostly children.<sup>83</sup>

Violence is becoming a normal part of debt-ridden societies, especially among the youths. Knifing, pick-pocketing and other forms of violence have become common throughout such societies. In many countries, anyone driving a car should consider herself a target.<sup>84</sup>

However, the violence is not only of a criminal nature or between citizens. Violence also

exists between the people and their governments. When food became scarce in Zambia, part of the country became a battlefield. People became brutal; children became hardened to the sight of blood.<sup>85</sup> In Ghana, people also turned to agitation, but they were repressed by government. Leaders of farmers, workers and students were jailed and sometimes killed.<sup>86</sup>

De Santa Ana spoke of a "spiral of violence," a term he borrowed from Helder Camara:

The more the debt situation runs out of control, the more the violence increases in its total lawlessness, especially among young people and adolescents who daily experience a hostile world for which they are not responsible. Looting and theft are on the increase. This is how the poor survive and defend themselves. All of this is unjust; those who drive them to dehumanize themselves to this degree are responsible for that injustice.<sup>87</sup>

In Venezuela the price of basic goods rose 100% due to the need for debt-servicing. This situation led to serious riots in March, 1989, in which the police killed more than 600 people. The country's President commented that these events were "the consequence of the dramatic deterioration of the economy due to a crisis whose name I write in capital letters: `FOREIGN DEBT'." <sup>88</sup>

Father Tom Burns, in his testimony to the US Congressional hearing, "explained how the debt crisis has fuelled political instability throughout Latin America: fostering terrorism in Peru, causing the Bolivian government to increase its violence and oppression towards striking hungry miners and peasants...." <sup>89</sup>

Macli-ing told how, in the context of a debt-ridden economy, her people in the Cordillera region of the Philippines resisted the efforts of the government to construct a very huge dam. The admirable way in which the various ethnic groups co-operated in their resistance would make a good story.\* The army was sent in and many human rights violation were committed. The people joined the guerillas in the mountains, thousands of them. Eventually the people won. The point is: the situation led to so much violence and hatred.

Montes told of another attempt on the part of the Philippine government to evict

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\* I challenge novelists interested in (in)justice stories to pick it up.

peasants from their land in order to consolidate it for the production of cash crops for exports to obtain foreign currency. As he told it:

The government could not use military force directly and so they formed what was called a "lost command," or a para-military unit that went to the area and terrorized the people, even killed people until the remainder of the people left the area. Then the company was able to consolidate the land in order to carry out its export-oriented activities.<sup>90 \*</sup>

Desperation is getting so great that parents encourage their daughters to practice prostitution. This is true in Zambia, according to Musumali. It is also true of the Philippines, according to Montes, where parents actually organize their children to serve as prostitutes for foreigners.

Brain drain is another problem. When Nigerian professors earn more by washing windows in London than they can in universities at home, or when highly qualified Nigerian surgeons earn a mere \$150 per month, brain drain is inevitable. The problem does not get the coverage in ecumenical literature it deserves, perhaps because of the anti-elite bias. However, Annorbah-Sarpei draws attention to it in the case of Ghana. A "few million Ghanians" left their country due to IMF-related conditions. 80% of these leavers represent trained manpower that Ghana had so meticulously built up over the years. They include numerous medical doctors and other professionals that the country needs so badly during this critical hour.<sup>91</sup>

One problem that is often mentioned is the ecological damage resulting from debt-related factors. Poverty is considered a major reason for the adoption of policies detrimental to the environment. Ecological concerns receive little priority in the face of debt-servicing needs. It was only because of pressure that the government of Guinea-Bissau cancelled a \$600 million agreement with the USA, the United Kingdom and Switzerland to bury their toxic wastes in that country. "The deal would have provided Guinea-Bissau with an amount of money which is twice its foreign debt and 15 times its yearly export."<sup>92</sup>

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\* I have other examples of such incidents in my manuscript to which I have previously referred. I assure you that these reports in ecumenical literature are typical of what happens almost daily in one part of the world or another, including Nigeria. Remember the Bakalori incident.

De Santa Ana charged that "for the sake of exporting products that can be sold on the world market, preference is given to crops which destroy the equilibrium between humanity and nature." <sup>93</sup> Fr. Burns testified similarly that in order to meet debt obligations, Latin American governments either cut back or abandon their ecological standards and conservation projects. They allow agribusinesses "to cut down rain forests, use dangerous pesticides and erode the soil in order to produce quick profits...to make debt payments." <sup>94</sup> Annorbah-Sarpei affirmed this also to be true for Ghana. Where emphasis on export crops leads to agribusiness, which, in turn, leads to accelerated deforestation. <sup>95</sup>

I close this section with the following disturbing and thought-provoking comment by Sam Kobia of the Kenya Council of Churches" "The world financial system is a greater cause of hunger in Africa than drought." <sup>96</sup> What are the implications of this statement for the mission of the church and for its members?

## **PROPOSED SOLUTIONS TO THE CRISIS**

So far, the discussion has not referred much to the Bible, the basic source of Christian wisdom. To those who feel that an activity is Christian only when the Bible is brought in overtly or when the Trinity or one of His members is mentioned, the discussion till now may well seem excessively secular. The opinions recorded did not seem particularly "churchy", Biblical or Christian. Now that I am about to summarise the various solutions proposed in the ecumenical community, the time has come to explain first of all the underpinnings of the Bible and Christian theology to what had gone before and on which the forthcoming proposed solutions are based. It will be seen that the Bible and theology do serve a very prominent role in these discussions.

In view of the Nigerian church 's recent history of theological indifference to economic problems, <sup>97</sup> some of you may well be surprised at the serious involvement of the ecumenical movement in these economic affairs. The involvement itself needs explanation. Okinnuga suggested that to the average person in Nigeria, "the Church has nothing to offer on this issue." And, indeed, many are those, both pastors and other Christians, who have queried me about the very idea of this conference. If the Nigerian churches have not bothered much with these questions, others certainly have. We are told, for example, that in Canada "most of the major churches have moved to adopt official policy positions on this issue." <sup>98</sup> Now if this can be true for churches in creditor

countries, what of us in debtor nations?

## **A. Theological and Biblical Foundations.**

In a different context it might be desirable to expound on the theological and Biblical underpinnings of the ecumenical involvement in these economic issues at great and exhaustive lengths. Here we must be content with summary treatment.

### **1. A Wholistic Approach**

The first element to which, in the context of this conference, I need to draw attention is the insistence that in His revelation God has shown deep interest in economic affairs. The ecumenical community has long ago rejected the dualism with accompanying secularity and the spiritualising kind of hermeneutics that has long plagued us and to which I refer above. There is an emphatic and insistent assumption that the word of God is for all of life, not for merely ecclesiastical and "religions" interests narrowly conceived. That means, among other things, that the Christian religion has resources for public as well as private affairs. This, I say, is no longer argued in these circles. That battle has been won.\* For this reason, the document I am using hardly refers to that struggle anymore. In the Report of the Hearing Group one comes upon a sole reminder of the need "to overcome the modern spiritualized and privatized understanding of justification by faith."<sup>99</sup>

Unspoken though it is, it is a powerful working assumption of which you must be aware if you are to understand the basic position. I should add that, unless we accept that assumption for ourselves, we are wasting our time in this conference, for then the church has no business involving itself in the problems at hand.\*\* Once you or your church have accepted that assumption, you will soon find that both you and your church will vastly broaden your range of concerns. That is, I take it, the reason you are here today.

### **2. Economic Idolatry**

Another basic underpinning and one frequently expressed in these documents is that

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\* The church in Nigeria is still struggling to overcome the limitations imposed upon it by the traditional missionary message. CAN's Leadership in Nigeria, pp. vii-viii, expresses that struggle well.

\*\* Most missionary bodies in Nigeria have not operated with that assumption in the past. Hence their failure to equip Christians for service in areas such as business and politics. Today we recognize the near disastrous consequences of such lack of preparedness and are struggling hard to overcome the disadvantage this aspect of the heritage has placed upon us.

when economic doctrines and the economic order are regarded as objective realities that have a sort of independent existence in the same way as the natural world, we are facing a modern type of idolatry. I have already referred to this idolatry earlier. De Santa Ana describes the economic doctrines that underlie the current debt crisis as inflexible. "Some people have a dogmatic approach to economics, which is characterized by their lack of flexibility. It is astonishing that this should be so." Criticism of some aspects of these theories is strongly resisted, especially those relating to the debt. Though the problems we are facing have been mounting for some decades,

it seems as though we cannot interfere with the formulae which govern the debt as a whole.

The most realistic proposals are...set aside without being discussed. Everything has to be sacrificed for the sake of maintaining the prevailing ideas. Now this kind of resistance and rigidity and irrationality (which I would...compare with the dogmas championed in authoritarian theologies) leads me to suspect that there is a sacred and therefore unassailable center from which taboos that cannot be infringed are promulgated. Those daring to suggest alternatives aimed at changes in the established laws are regarded as dangerous or discounted as unrealistic. So the possibility of something new in the way of change and necessary transformations is eliminated.

The problem is to know who this "god" is--this center of that sacred something. ...We may conclude that the location of the Sacred has been changed. It is no longer in sanctuaries or traditional temples.

Then De Santa Anna goes on to compare the demands of Old Testament kings for sacrifices on their behalf, sacrifices of economic products as well as of life itself, to the way "the peoples of the debtor countries are sacrificing themselves to the gods of the world market. It is considered to be genuinely sacrilegious to change this situation." He concluded,

It is essential...to turn against this false god. There is a pressing need to break the spell by which it dominates the life of...our

societies. Only so will there be an opportunity to consider the alternatives, the need for new rules and new types of behavior subject to new principles, aimed at affirming new values like justice and life...<sup>100</sup>

In their "Message to the Churches," a conference organised by various ecumenical bodies in Brazil had this to say about the relationship of the debt crisis to idolatry:

All the data demonstrate that the external debt of Brazil and of other countries is today one of the most efficient means of shortening life and causing death. It is an instrument of collective sin and usurps the sovereignty of God. It is an idol which modern faith in economic power and domination places on the altar of temples where money is worshiped and death is pervasive. We cannot bow down before this idol and its instruments; on the contrary, we have to continue denouncing all idolatry, with its powers of seduction and distortion of truth and goodness. The wealth of the banks, multinationals, governments, people and privileged classes transforms the relative value of material goods into absolute values, against which are sacrificed our liberty, love and dignity. We must liberate ourselves from this power which impedes the coming of the Kingdom of God among us, and proclaim that only Jesus Christ is Lord, before whom all powers, including economic, political and military, will bow down so that his will be done on earth as it is in heaven, thus assuring our daily bread...<sup>101</sup>

The concrete, practical suggestions emerging from the ecumenical community that I summarise below are all attempts to unseat this idol, this entrenched way of theorising about and doing economics. Lives of individuals and social groups are sacrificed on the altars of rigid economic patterns and theories that are considered sacred, infallible and unchangeable. To challenge them is considered by many to be sacrilege. Well, we will soon see how the churches see nothing sacred or holy about these arrangements and are determined to wipe them off the face of the earth. Though many think of religious institutions and their members as conservative, we will soon see who are the conservatives, who are afraid of change, the churches or the banks and their

governmental allies.

### **3. Preferential Option for the Poor**

The ecumenical community, including the Roman Catholic Church, has for some decades now affirmed God's preferential option for the poor. The poor are to be the centerpiece of any economic theory or development. The following statement is typical: "The ecumenical vision has become increasingly clear that all economic systems need to be tested in terms of whether and to what extent they put people at the center of the development process and do so as subjects, not merely as objects." <sup>102</sup>

While the above was merely a report to WCC, the following states the official policy of the Central Committee of the WCC. All WCC publications and all her programmes dealing with these issues have pushed this vision and explored its ramifications.

The basic test of economic justice is what happens to the most vulnerable groups in society. The prophets warn us that God's judgement is based on our treatment of the widow, the orphan, the foreigner, the person without land. Amos condemned those who drink the wine extorted from their debtors. In Leviticus a jubilee was announced, a jubilee which would wipe out all debts, which would liberate the poor and would give them a chance for a new start in life. And throughout his ministry Jesus clearly identified justice for the poor as a central condition of the Kingdom, as evident in Jesus' response to John's disciples that the kingdom is manifest where the blind receive sight, the lame walk, the lepers are cleansed, the deaf hear, the dead return to life, the Good News is announced to the poor. Therefore, churches are concerned with economic issues especially as they affect the poor. <sup>103</sup>

The above statement could have been strengthened considerably by including references to Luke 1:51-53, Luke 4:18-19 and James 5:1-10, but its Biblical moorings cannot be doubted. All economic policies and theories must be tested by their effect on the poor, the most vulnerable in any society. Anything that makes life more difficult for them is by definition unacceptable. The problem with the present system is not just a problem: it is a "scandal," according to American Catholic Bishops. The scandal is this:

It is the poorest people who suffer most from the austerity measures...It is these same people who suffer most when commodity prices fall, when food cannot be imported or they cannot buy it...Our commitment to the preferential option for the poor does not permit us to remain silent in these circumstances. Ways must be found to meet the immediate emergency... <sup>104</sup>

By publishing the following statement from an African government conference, TCCR has appropriated it for the ecumenical world:

...a basic test for all stabilisation, adjustment and development programs is whether they will improve the human condition from their inception, or, on the contrary, worsen it. We will not tolerate economic formula, we will not apply economic indices...which fail to assert the primacy of the human condition.... Nutrition imbalances are as crucial as trade imbalance. High infant mortality requires just as immediate and as serious attention as high rates of inflation or huge deficits... <sup>105</sup>

With that kind of concern and compassion up front, it is realised that, though the solutions may require complex negotiations, the determination "to carry it through must grow from a *passion* for justice and fair dealing." <sup>106</sup> Objective, cool analysis will not do the job by itself.

#### **4. Jubilee**

In these discussions, the Jubilee principle features prominently. Its essence is recorded in Leviticus 25:1-13. <sup>107</sup> The basic idea is to undo economic inequalities that tend to build up over the years at the expense of the weaker citizen by breaking through the vicious cycles that the inequalities produce. In the case of Israel, it meant that all the land would be restored to the original owners every 50 years, the Jubilee year. As part of the same systemic package, there was the year of release from debts every seven years as in Deut. 15:1-11. We read, "At the end of every seven years you must cancel debts. This is how it is to be done: Every creditor shall cancel the loan he has made to his fellow Israelite. He shall not require payment from his fellow Israelite or brother, because the Lord's time for canceling debts has been proclaimed." <sup>108</sup>

No one argues that this arrangement should simply be copied literally in our present situation, but the spirit of it needs to be embodied in our economic setup.

The poor have a right before God and they can gain their right only if the rich and powerful give up their title, forgo their right to demand repayment: Liberation of the indebted poor by interrupting the laws of economic life, by placing a limit on the exercises of economic power. All of this is to take place every seven years.

The sharp challenge of the Jubilee-principle is that there is no liberation..., unless the vicious circles of power, greed, violence...are being interrupted.

The Jubilee-principle is about a necessary redistribution of power, of wealth, not as an act of charity, but in recognition of the right of the poor, the powerless.

For the sake of justice we should find ways to re-appropriate the Jubilee-principle again for our time, not as a blueprint for an ideal order of social and economic life but as a means to open up and liberate our lives for the order of the kingdom. <sup>109</sup>

There is a general doubt among Old Testament scholars that the Jubilee principle was ever operative as a regular feature of the Israeli economy. However, Na'aman's refusal to sell his land to King Ahab can hardly be understood without reference to the Jubilee principle. Nehemiah 5 indicates that the prophet could challenge the elite for their acts of gross injustice towards the poor by calling upon this principle and they recognized its authority. The vicious cycle of increasing poverty was overcome by simply interrupting it. The idea "was aimed at preventing structural poverty from spreading and becoming ingrained. Today, too, an order has to be created which guarantees that the right to live of the poor is not threatened by the debt burden..." <sup>110</sup>

## **5. The Lord's Prayer**

The Jubilee principle is an institutionalised form of forgiveness, but the subject of forgiveness as found in the Bible merits some mention on its own. The category of forgiveness is being bandied about in the ED discussions in various ways. Asuzu, for

example, suggested that government officials who have caused these problems in Nigeria do not know what they were doing. Provided they show remorse for their misdeeds, Christians should forgive them in the style of Jesus' prayer, "Father, forgive them, for they do not know what they are doing" (Luke 23:34). As gentle as this approach may seem at first glance, we should not fail to read the charge of treachery between these lines. Jesus' prayer was for traitors, for people, who because of class interest, had betrayed the One on whom the people set their hopes.

It is argued that the Lord's Prayer petition, "Forgive us our debts, as we also have forgiven our debtors" (Matthew 6:12), ought not to be spiritualised. It refers to actual debts that people owe each other. R.A. Horsley in his *Jesus and the Spiral of Violence*, asserts,

However much "forgiveness" of figurative "debts or other obligations" may be included, the petition is about release of debts. The Lord's Prayer, far from listing a number of possible concerns, focuses on those most fundamental for life. In the context of prayer for the coming of the Kingdom and as a principal aspect of that Kingdom, this petition asks for a release from debts along with the provision of subsistence bread--in many ways the two most serious problems for ongoing life faced by peasants in a traditional agrarian society.<sup>111</sup>

Assman suggested that the petition in question has the Jubilee and Sabbath provisions of the Old Testament as its background. For this reason, it should not be spiritualised. He quotes at length from Franz Hinkelammert, who has made a big issue of defective spiritualised translations of the petition that turn the debt issue into a more general "offence." Both the spiritualised and the literal translations are deeply political. The former supports the status quo, while the latter is radical--and correct.<sup>112</sup>

The Lord's Prayer is recited by Christians the world over, but few think of it in terms of the ED question. Bankers, government officials, shareholders, and debt negotiators can glibly pray this powerful petition without giving a second thought as to its relevance to one of the world's most acute crises. They pray for forgiveness to the extent they forgive. The next moment they participate in demanding repayment of debts from people who cannot repay. They pray and the following day they participate in extorting

oppressive, if not fraudulent, interest rates.

## **6. Christian Solidarity**

Christians ought to practice solidarity both with each other and with the poor. There is a unity in the Body of Christ that transcends all borders, whether social, economic or political. Hence, Southern and Northern Christians ought to support each other in their difficulties. Furthermore, they ought to support the poor in their struggles, to break their chains as Christ came to do. Annorbah-Sarpei, for example, related how his people have engaged in dialogue with some Western churches about the relationship between their wealth and the suffering of the South. They have called on Western churches to study the Bible on issues of justice.<sup>113</sup> The various consultations from which this paper draws are cases in point where Southern Christians increase the awareness of their Western counterparts. The report of the Hearing Group advised that "Christians in the powerful countries be challenged to enter into active solidarity with these movement of the people and to stand at their side in their struggle for human rights."<sup>114</sup> Solidarity with the poor "requires listening to, learning from and working with them."<sup>115</sup> I have noticed that this concept of solidarity is especially strong among Roman Catholics, but that is not surprising, given the Polish origin of the present Pope. A group of Roman Catholic bishops in Latin America called "upon brothers and sisters in faith in those countries which are influential in the world economy to use their moral strength to demand speedy solutions."<sup>116</sup> \*

## **7. Kingdom Representatives**

Christians are to be clear representatives or signs of the kingdom of God. This means that they ought to exemplify or portray all that the Kingdom stands for and oppose what the Kingdom opposes. It means that Christians oppose oppression and injustice at all fronts. "Christians know themselves to be called to live as signs of the Kingdom, intimations of God's purposes, promises, possibilities for life in the whole earth."<sup>117</sup> They are to be the embodiment of Christ's affirmation, "But seek first his kingdom and his righteousness and all these things will be given to you as well" (Matthew 6:33).

## **8. Christian Alternatives**

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\* In the Nigerian context this could mean, for example, that every denomination that has Western partners should contact these partners and dialogue with them on these issues to achieve two purposes: (1) to make them aware of the situation and their own complicity in it; (2) to encourage them to teach and to put pressure on their members who are shareholders and directors of banks or high government officials to practise solidarity with the victims.

The churches are urged to be creative, courageous, prophetic, not afraid of pointing into radically new directions for the economy or to critique the present order. Christian critique should be based on a factual understanding of the present system and be built on Christian values. Not only should Christians point out wrongs, but they should also "seek to identify both the principles which would provide a foundation for transformation...and at least some of the concrete steps which could contribute to reducing...imperfection."

The churches cannot be expected to provide a detailed blueprint of a better order, but they do have "the ability to identify the main directions of change required."<sup>118</sup> The foregoing includes setting up new structures, however small, to serve as examples. WCC's Ecumenical Development Cooperative Society, a small bank organised to encourage economic activities among the poor throughout the world, is one such example. Another is the Ecumenical Church Loan Fund (ECLOF), a revolving fund that provides soft loans to small development projects anywhere in the world. These examples of viable alternatives are small, but they are practical pointers to new directions.<sup>119</sup>

## **9. The Beam and Splinter**

One Biblical norm very appropriate in this context is that of the beam and splinter. If Christians are going to criticize the economic system, they had better first clean up their own house. Globally speaking, churches are powerful economic entities. In some countries, they are major investors. I am glad to be able to report that especially the ecumenical churches in the West are very active in trying to clean up their investment practices so that they are not involved in oppressive investments. Green described Canada's TCCR and its American counterpart, Interfaith Center on Corporate Responsibility, as serious attempts to remove the beams from the churches in these countries.<sup>120</sup> Nevertheless, much of the beam is still there. Montes insisted that the churches are part of the problem in the way they handle their money.\* There is a great need for the church to re-channel its money if it is to tell the rest of the world to re-organize on behalf of the poor.<sup>121</sup>

A basic problem described earlier in this paper is that the poor are not consulted and

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\* It would not be difficult to point to some questionable ways in which the church in Nigeria handles and spends the finances provided by the widows and other poor.

hardly taken into consideration when it comes to loans. The ecumenical advice is that they be consulted, that they have the chance to participate in the decisions. However, what about the Church itself? To what extent has it copied the pattern of economic and political powers? To what extent is it hierarchical and thus excludes the poor from participation in the decision process?\* Phillip Potter put it in no uncertain terms. "And, of course, the question comes back home to us: How far are our own churches democratic. That is the real inner, painful struggle that has to be carried through in our hierarchical, non-participatory churches." <sup>122</sup> It is hardly rational for the church to demand that economic powers change their highhanded ways to a more participatory style, while the church itself continues in its traditional hierarchical path.

## **B. Criteria**

Having summarised the main theological issues in the debate, I now want to move on to the criteria on basis of which solutions must be found. The criteria of which I am thinking are not of a technical economic nature. I have already drawn to your attention the complaint that the technical economic aspect of these questions have been allowed to dominate all other concerns. The criteria are those advocated by non-economists as a framework within which the economists and others must bring about reform. They take into consideration both the problems the present system is causing especially for the poor as well as the theological foundations.

TCCR has presented us with a clear set of questions as criteria.

1. Will the proposal help or hinder the provision of the basic needs of the majority?
2. Will the proposal enhance the ability of peoples to provide their basic needs through a narrowing of the gulf in power and possessions between rich and poor, or will it reinforce social inequalities?
3. Will the proposal enhance the ability of governments to pursue independent self-reliant development?

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\* A case in point is the publication of The Fellowship of the Churches of Christ in Nigeria (TEKAN), [Towards the Right Path for Nigeria](#). This fellowship submitted a document advising the Nigerian government to revise the decision-making process about development so that it begins with the poor themselves and to put a stop to their traditional hierarchical approach. It is a very fine document--but none of the member churches apply it to themselves!

4. Will the proposal strengthen political structure through which the will of the majority can be expressed, and through which the people can participate in shaping decisions which will affect their lives, giving them a sense of their own worth and capacity?
5. Is the proposal environmentally and ecologically sustainable over generations?
6. Does the proposal consider the needs of the global community, beyond national or regional political boundaries?
7. Does the proposal promote the prospects for peace built upon the foundation of justice? <sup>123</sup>

A WCC advisory group offered the following criteria as those increasingly accepted within the ecumenical movement for testing economic systems:

1. "Meeting basic human needs"--This assumes the inherent human right to their elemental needs.
2. "Justice and participation"--This assumes the human right to participate in decisions that affect all the people.
3. "Sustainability"--This one is concerned that the proposals will not create ecological and socio-economic problems for future generations.
4. "Self-reliance"--This one is closely linked to no. 2. Will the proposal encourage dignity and "authentic interdependence?"
5. "Universality"--Does the proposal go beyond class, national and regional interest to incorporate global interest?
6. "Peace"--Will the proposal lead to peace based on justice, not on "peace" based on militarism?

The affinity between the two sets of criteria is clear. It is on the basis of these that the ecumenical community offers the world its proposals. Those that do not meet these criteria will not receive the approval of this movement.\*

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\* See also Oliveira, pp. 43-44 for a similar set of criteria proposed at the US Congressional.

### C. Specific Proposals

There is no dearth of proposals ranging from status quo tinkering with the system to radical demands for a new system. Below, I reproduce the 16 recommendations offered by TCCR as an example of the approach of a national ecumenical community. These recommendations will be recognized as broad-ranging and squarely based on both the ecumenical criteria and the theological foundation. This is the most complete set of ecumenical recommendations I have seen anywhere in the sense that they cover all the basic issues in considerable detail in so far as government and banks are concerned. Though the document as a whole does have advice for the churches, that is not covered in these recommendations. These recommendations should also be recognised as not representing narrow national interest, but they have at their core a deep compassion for the victims of the present setup. Quite a number of the member churches of TCCR are shareholders in the creditor banks, but they do not cling convulsively to their short-term economic interests in these banks. In my manuscript to which I have referred earlier, I show how these churches are engaged in a running battle with "their" banks to get out of the oppression business.

These recommendations follow in line with the appeal of the WCC for churches everywhere to take action. They are in line with the EKD statement that attempted the same in Germany by challenging those in influential government and societal positions to take some concrete steps towards alleviating the problems.<sup>124</sup> Rote has advised that churches should not be afraid to make radical proposals.<sup>125</sup> They are also representative of the spirit of the international ecumenical community, but then applied to a specific national setting.

When you take the TCCR recommendations one at a time, they do not seem so radical. However, if you look at them in their totality, you will find that they represent a radicality that, even though none of them call for a dismantling of the present system, the range of changes proposed would, if accepted, change the soul of the system to such an extent that, in fact, the result would be a new international economic order (NIEO). Once the spirit or soul is changed, the structures will surely follow.

Finally, it must be understood that the TCCR community has a tradition of following up its statements. It is not content with merely publishing a communique that addresses governments or banks. The issues will be pursued with the appropriate agencies by

correspondence, visits, lobbying and pressure. The constituency will be encouraged to join the bandwagon so that the government will hear the issue from different sides and experience greater pressure. These recommendations, then, are the beginning for TCCR, not the end as they often are in Nigeria.

Because of the exhaustive range of the issues covered in these recommendations, my procedure will be to follow up each one with relevant comments from and/or about other efforts where this is appropriate. In some cases no comments are offered.

## 1. Governments and Banks

**Recommendation 1**--*The churches recommend that the Canadian government, as a member of the IMF, urge that the policy conditions which the Fund attaches to the credits which it extends to debtor countries...should be changed. New conditions should ensure that basic human rights are respected, that the already poor in these countries are not further deprived, and that their governments are not so constrained as to be unable to promote further development along lines which they deem appropriate; further, the churches recommend that the Canadian government also promote adherence to these policy prescriptions at the World Bank and the international regional development banks, of which Canada is a member.\**

The conditionalities are almost universally recognised as rigid, harsh, unrealistic and failing to take into account variations of cultures and economies.<sup>126</sup> It is the conditionalities that have caused so much of the suffering described earlier. The Central Committee of the WCC has called for broad changes in these conditions.<sup>127</sup> Throughout the ecumenical world one hears the cry again and again that the economic aspect of the problem, the idol, must be dethroned from its current position of priority. There are other aspects that require greater priority. "Why," demanded Okoro, "if we are hungry...must we send out the little we have to feed those who already have?" Archbishop Weakland argued that "the primary objective of any approach must be to improve the quality of life of the poorest people..., not to preserve the profitability of banks."<sup>128</sup> It is immoral, according to the Methodist Bishops of Brazil, to pay debts so "as to endanger the lives of...citizens and the stability of democratic governments." Cardinal

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\* Italics are original.

Arms of Brazil declared that "we must stop giving the blood and misery of our people to repay the First World." Julius Nyerere prefers that if the debt can be paid, it should be paid. But "if you cannot afford, it is a sin to pay. It is immoral to repay loans and leave children starving."<sup>129</sup> None of these call for cancellation of debts, but they insist that the welfare of the weak is more important than the payment of the debt and should therefore have priority.

**Recommendation 2**--*The churches commend the recommendations found in the UNICEF study, and urge the Canadian government to use its influence to have them widely applied to all IMF debt negotiations.\**

UNICEF recommendations are meant to reduce the negative impact of conditionalities by exempting those parts of "public spending which directly affect the health and well-being of the poor" and their children from the reductions that are part of the structural adjustment programmes. TCCR recognises that this is a half measure and would actually prefer a completely different set of conditionalities.<sup>130</sup> Such a policy would constitute a concrete application of recommendation 1.

**Recommendation 3**--*The churches urge the Canadian government to take a stronger lead, in cooperation with other concerned countries, both creditors and debtors, and the commercial lenders, in finding ways of resolving the debt crisis.*

This recommendation, gentle as it seems, is an expression of impatience. The government is to take a STRONGER lead; it has not done enough; it has dragged its feet. The crisis demands a more aggressive and determined approach. In an earlier part of this paper I have already highlighted the critical nature of the situation. There is an urgency that cannot be dealt with by the normal bureaucratic channels with their snail's pace. Government, get the lead out!

**Recommendation 4**--*The churches urge the government of Canada to advocate and actively promote the calling of a new round of multilateral negotiations on the creation of a new framework for international trade and finance which would provide greater stability and a more equitable basis for economic relationships. Such a*

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\* Green offered a number of suggestions too technical for this paper, but that are worthwhile examining. See pp. 69-70.

*framework should respect the rights and advance the development efforts of Third World countries, enhance their ability to pursue self-reliant development, make provision for an increased flow of development assistance (as well as for adequate bridging assistance for countries facing serious foreign exchange crises) and promote more responsible stewardship of the earth's resources and environment.*

I doubt that this recommendation takes into sufficient account the strength of self-interest on the part of those who benefit the most from present arrangements and the consequent resistance to any changes damaging to that interest. These beneficiaries, remember, are powerful and they are found on both sides of the divide. They are the ones that have created present problems. Such talks have been held for decades and structures such as GATT has been created to facilitate such talks. Yet the situation has not improved. This recommendation makes sense only if it is carried out in the context of the previous one, that it is inspired by a strong sense of emergency that **MUST** be taken care of without further delay.

The spirit of this recommendation is squarely in tune with that of ecumenical world, where we constantly meet up with demands for a New International Economic Order (NIEO). Here issues like tariff barriers, importation of primary products and all the other problems listed earlier would be placed once again on the agenda, but this time with a sense of urgency. A new order **has** to emerge from it.

Secondly, in distinction from present arrangements that have seriously inhibited development efforts in the South, these negotiations **MUST** lead to a reversal. The new arrangements must enhance, rather than inhibit, development efforts and self-reliance. The tiredness that the West is experiencing with respect to aid provisions must be overcome and aid resumed.

The condition is, however, that any new aid must promote "more responsible stewardship of the earth's resources and environment." This provision must be understood in the context of the ecological disasters that debt-servicing is presently encouraging by the emphasis on cash crops for export. The call here is not for doing away with conditions, but for a new set of conditions that are constructive. Recipient governments that have been callous ecologically would be confronted with conditions

for ecological stewardship. No more agribusiness for export without ecological constraints. No more wholesale destruction of forests.

**Recommendation 5**--*The churches request the Canadian government to consider sympathetically the call of many of the debtor countries for an international conference on the debt crisis and other outstanding economic issues. This conference would be concerned with establishing criteria for the progressive reduction of insupportable debt, and with determining ways of moving towards more equitable terms of trade. It should be preceded by preparatory negotiations in which Canada and other middle powers from both North and South could play a creative role.*

Since Recommendation 7 deals more expansively with the debt question, I will go into the subject in that context.

**Recommendation 6**--*The churches recommend that Canada propose that the Group of Seven be expanded to include Brazil, one other major developing country, and the Soviet Union.*

The Group of Seven comprises the major Western nations that constitute "the self-appointed management committee of the international economic system." The recommendation is an expression of the need for wider participation in discussions that affect the entire world. Franciscans have similarly proposed that the representation of debtor countries be increased in the fora where major economic decisions are made.<sup>131</sup> The West European Ecumenical Consultation likewise recommended that European governments, constituting the largest voting block in the World Bank and in the IMF, should "promote greater representation of Third World countries in the decision-making bodies of these institutions."<sup>132</sup>

**Recommendation 7**--*The churches support the principle of reducing the debt of the heavily indebted countries...through whatever mechanisms can be mutually agreed upon with the lending institutions; in addition, the churches support the principle of eliminating the debt owed by the poorest countries, specifically those in sub-Saharan Africa, to the governments of the industrialised countries. These initiatives should be combined with the requirement*

*that governments give greater attention to the maintenance of basic human rights.*

Here we arrive at the heart of the issue with which this conference is concerned. This and succeeding recommendations dealing with the debt question stand squarely in the Biblical and ecumenical tradition of the "preferential option for the poor" and in the spirit of the Jubilee and Sabbath Year principle. We have seen that many debtor nations, try as they may, cannot meet their debt "obligations." Assman referred to the calls in various documents of Christian origin for either "remission or partial cancellation."<sup>133</sup> The Brazilian document, "Message to the Churches," classified the notion that Brazil has the obligation to pay as a "myth which our creditors would like us to believe." After the debt has already been paid several times over?<sup>134</sup>

Recommendation 7 does not reject the obligation to pay, but suggests a reduction of the debt by mutual agreement, not simply by unilateral declaration. However, for the poorest countries, it proposes the elimination of debts owed to Western governments. These poorest countries include Sub-Saharan African countries.

This question is the hot potato (or yam) in the pan. The literature contains far-ranging opinions on this score. Nyerere felt that "If you can pay debt, pay: It is honorable to pay debt."<sup>135</sup>

My friend, Odeyoye, never hesitant to air independent opinions, suggested that

it is an empty myth to say that any attempt to pay off foreign loans will kill a debtor country. It is sweet, to hear such soap box statements, but they all prevent the necessary coming to our senses. The pains of paying off debts is one of the best lessons in making one afraid of offers of loans.\*

Brazil's Methodist Bishops declared that the repayment of "all legitimate debts" is "morally imperative."<sup>136</sup> Even though Montes supports the stand of a radical Philippino group calling for partial repudiation of the debt, he also agrees with the same group's

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\* Though I agree with Odeyoye to some degree, the problem is the effect on the poor who neither contracted the loans nor benefitted from them, but who are expected to pay the burden of repayment. The sentiment does not hold quite so neatly when those receiving the loan are different from those responsible for carrying the burden of repayment.

conviction that all **just** debts of the Philippines **should** be paid. <sup>137</sup> \*

People argue for repayment for a number of additional reasons. Defaulting on the part of the major debtors could lead to worldwide economic chaos or a crisis in confidence, it is argued. \*\* Another argument is that default or repudiation would reduce a nation's credit worthiness in the eyes of commercial banks and thus make it difficult for future borrowing. Bankers see this as the central issue. A Royal Bank of Canada official is to have said "the key is the ability to service the debt." A counterpart of his in Citibank explained that "the issue is the borrower's remaining creditworthiness and ability to service and carry the debt, but not to repay it. <sup>138</sup> Nigeria, if it were to go that route, would surely lose its creditability for a time, but greed has a short memory. I predict the banks' avarice would soon draw them back to the country because of its potentials. And though Nigeria's debt is large compared to its servicing capability, its debt is not such that it would threaten the world system. <sup>139</sup> Besides, does Nigeria really need more poison pills? Asuzu suggested that it is high time Nigeria stopped taking loans.

TCCR is not alone in its suggestion that the debt as a whole be reduced. There is the so-called Brady plan that suggests a 20% reduction. However, the plan would continue to operate with IMF-type conditionalities. Critics counter that it does not suffice and that a reduction of 50% is needed to get the debtor countries back on the road. Jeffrey Sachs, a Harvard professor, argued that the banks have had ample time to recover from the original shock of being overextended and should offer 50% or more by this time. <sup>140</sup> Ritchie suggested that a 50% write-down would cost Canadians huge amounts in taxes. For this reason, he preferred to tackle the problem at the level of interest rates. \*\*\*

There are those who advocate, however hesitatingly, cancellation of all the difficult debts. The American Catholic Bishops suggested that simple cancellation may have to be considered. <sup>141</sup>

At the West European Consultation it was suggested that various kinds of loans should simply be written off by the creditors, without prejudice to future applications. This

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\* The question has become which debts are STILL just, even when they may have been just at contract time.

\*\* From the point of view of the debtors, the chaos is already there! So, what would the debtors stand to lose?

\*\* See my comments on Recommendation 8 for further details of Ritchie's ideas.

provision was said to be in keeping with the Jubilee principle.<sup>142</sup> \*

The recommendation to cancel the debts of the poorest nations, including many African ones, has received much support in the literature. The Central Committee of WCC suggested as much; "the possible outright cancellation of debts for least developed countries."<sup>143</sup> Actually, the Federal Republic of Germany and some other governments have already taken this step to some extent. The EKD statement praised them for this step and asked them to continue doing this without political considerations.<sup>144</sup>

Then there are those who want to cancel all unjust debts. A Philippino group was "outraged that the administration continues to burden our people with the payment of debt incurred by the previous regime and which did not benefit the people. It is unjust to make the ordinary citizens pay for private and crony borrowing, especially those attended by fraud."<sup>145</sup>

The Methodist Bishop of Brazil felt it would be legitimate to refuse to pay debts "on which ... extortionate rates of interest are charged."<sup>146</sup> It is a real question, of course, whether, given the fluctuations and increases of interest rates, any of the debts under discussion are still just, even if they may have been at the time of contract.

The most radical demand is made by Rote:

We should start with a maximum position to cancel all that is owed by the Third World. Of course, if the churches explore this possibility they will soon be categorised as lunatics. That is not so bad...because only after that, after first taking sides with those who are oppressed day to day by the debt burden, **then** one can discuss with those who have power about concrete steps to get us from now to the future. The point is to take sides.<sup>147</sup>

Still others want to simply reduce the amount remitted abroad for debt-servicing. One Brazilian Finance Minister talked of limiting the amount to 2% of the gross domestic product.<sup>148</sup> The Hearing in West Berlin considered restricting the payments to 20% of a country's export earnings,<sup>149</sup> considerably less generous than the Brazilian suggestion.

There is the question of cancellation or repudiation on the one hand and of forgiveness on the other. In the light of earlier colonial history, Giblin rejected the idea of forgiveness

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\* It would take us too far afield to discuss the type of loans involved in this suggestion.

and wanted to speak only of cancellation.<sup>150</sup> Giblin is not the only one to react in this manner. At the West European Consultation the warning was also raised that the idea of forgiving Southern nations their debts is a dubious one, since many of their problems are the result of Western politicians. "Careful analysis suggests that it should be creditor nations which should seek forgiveness for policies which led to impoverishment and indebtedness."<sup>151</sup> The WCC staff explained,

We need to be aware that the term "forgiving" suggests the culpability of the party whose debt is to be forgiven. We do not want to suggest that the sole culpability for the present debt crisis lies in the North, but we should ask ourselves the question who is really in need of forgiveness. The present debt crisis in the South is greatly aggravated by the one-sided economies (of the West).

Cancellation of Southern debt by the North could therefore be regarded as reparation payments made by the North as a recognition of responsibility, and repentance over colonial policies in the past. Moreover, very few countries in the North have kept their promise to transfer 0.7% of their Gross Domestic Product as Official Development Assistance to the South. Again, who should forgive whom? There is a case to be made to make debt servicing and partial repayment of loans conditional on structural adjustment in the North and on keeping the promise of 0.7%.<sup>152</sup> \*

A few years ago, the American Roman Catholic Bishops called for "debt forgiveness." Their Filipino colleagues objected to the term "because it implied that the responsibility rests only with the debtor. They do not want their country *forgiven* for debts which were illegal from the start; they want these... debts *cancelled*. It is a question of justice, not philanthropy."<sup>153</sup>

One Philippino group demanded from its government that it declare a moratorium on debt-servicing until terms were negotiated with the creditors that would be within their people's capacity to meet.<sup>154</sup>

At the moment, the most common method of relieving the problem on a short-term

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\* Remember the earlier note regarding the conference on reparation. Ecumenical calls for such reparations are often equally one-sided in ignoring the issue of Muslim participation in slavery and debt questions.

basis is that of "refinancing." that is, to give fresh loans that would enable debtors to meet their obligations. Like the Brady plan, it is a device to protect the status quo. Please remember Assmann's contribution to the section on idolatry as you read the harsh words he reserved for this approach:

There is continued talk of "fresh money" and "fresh loans," etc. But all the measures and countermeasures in this difficult renegotiation with the banks are nothing more than devotional acts in an idolatrous ritual. What purpose can it possibly have, if now not even a cent is entering our countries, if it is only a totally mythical accounting game by the banks as they pay one another? It does have a purpose, without a shadow of doubt. The purpose is the sacrifice of its victims. It is a ritual sacrifice resulting in the death of our people in an idolatrous act of worship exacted by the Moloch of Capital. And the requirement that more and more lives be sacrificed is ratified by increasing the debt.

As Franz Hinkelammert says, "it is a perfectly automatic process. In appearance the debt increases as a result of fresh loans being granted by the banks. But the exact opposite is the case. The banks grant fresh loans because the debt has increased, since arrears of interest have to be financed. What would happen if there were no fresh loans? The debt would still increase by the same amount, but it would not be subject to fictitious accounting. They serve simply as a formal act of good manners so as not to break with the... system".<sup>155</sup>

After all is said and done, the purpose of all these various approaches to the problem must be to " lift the burden of the crisis from the poor to those most responsible and most able to bear it." According to the Report of the Hearing Group, Archbishop Weakland similarly argued that "the primary objective of any approach must be to improve the quality of life of the poor-est people..., not to preserve the profitability of banks."<sup>156</sup> That, surely, is also the intention of Recommendation 7. That is the test by which they stand or fall.

I end the discussion of this Recommendation with the hard-hitting words of Cardinal

Arns, "An immense debt, we cannot pay. An unjust debt, we ought not to pay. A death-dealing debt, we will not pay."<sup>157</sup>

**Recommendation 8**--*The churches strongly urge the Canadian government together with Canadian banks to take the lead with other governments and banks in advocating negotiations with countries experiencing difficulty in meeting the interest and debt-repayment obligations of their international debt.*

The goal of such negotiations would be to eliminate, or reverse, the net outflow of capital from the country concerned, and to reduce the debt to a level which is humanly possible for these countries to carry, and which will leave within the countries sufficient capital to promote their own development.

This should be achieved through an agreement which would normally include significant debt reduction, a rescheduling of the balance on manageable terms, and a renewed flow of development assistance and foreign investment.

Canada should take the lead in the Group of Seven in advocating that the level of Third World debt be recalculated using real interest rates of 1.0-1.5% retroactively applied, the resulting calculation to be used as the basis for debt reduction in negotiated settlements.

I am not sure whether the rescheduling advocated here is not that which Assmann so scornfully rejected as merely good manners and useless.

Please note the idea of interest reduction. Remember that one of the causes of the ED problem is the fluctuations and increases of interest rates. If cancellation is not in the offing, the desire of the ecumenical community is to return to lower, more stable, and, perhaps, original interest rates. Since American policies have a great influence on international interest rates, WCC staff suggested that there should be a ceiling placed on interest rates, until non-Americans also receive the chance to vote for those who make these decisions!<sup>158</sup> The Franciscans demanded a lowering of interest rates.<sup>159</sup> Ritchie proposed an 8% rate. This would amount to the same reduction for debtors as a \$100 million cancellation or a cut in interest bill for the year by \$8 million. Either way it would

help debtors by \$8 million, while it would not cost the Canadian government or its people.\* It has been estimated that if interest rates had remained at their 1973 level, Brazil would have paid \$33.8 billion less between 1973 and 1985.<sup>160</sup> Though the statements attributed to the vice presidents of both the Royal Bank of Canada and Citibank that debtors should not worry about paying off the loan but only the interest may sound hopeful at first hearing, without drastic interest reductions that arrangement would spell perpetual indebtedness or, as some put it more graphically, perpetual slavery or bondage.<sup>161</sup>

One of the aims of Recommendation 8 is to reverse the outflow. It is one of the basic requirements if the South is to get back on its feet.

**Recommendation 9**--*The churches urge the government to instruct the Export Development Corporation (EDC) to write down the debt of sub-Saharan African countries, or at the very least reschedule it for long periods of time at minimal interest rates; other developing countries should be offered the most concessionary possible terms.*

**Recommendation 10**--*The churches recommend that negotiations with debtor countries include the elimination of some debts as being illegitimate and therefore not morally binding within the context of a negotiated settlement.*

The question of legitimacy of some debts features prominently in ecumenical discussions and evokes strong emotion. The issue has several aspects. One is whether or not the governments that contracted these loans were legitimate. The other, whether the very idea of these loans with their high interests and conditionalities are legitimate. Thirdly, whether or not the loans were used for the benefit of the people. The discussion introducing Recommendation 10 includes the assertion that some debts were contracted by dictators who used them for illegitimate purposes such as grandiosity, personal gain, military aggression or repression of the opposition. Such debts, it was said, do not need to be repaid.<sup>162</sup>

A group in the Philippines is considering the following criteria to determine illegitimate debts:

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\* One may well ask: what is a mere \$8 million in the context of ED?

1. Loans stolen by corrupt members of a former dictatorship (deposited overseas or diverted to personal use.)
2. Loans spent on over-priced equipment (as part of a "kick-back" scheme with foreign businesses by which...government leaders and officials profited.)
3. Loans for "white elephant" projects.
4. Loans used for purchase of arms with which to repress the population.

In Brazil, Roman Catholic Bishops have proposed a "public audit of Brazil's external debts to determine responsibility for their origin, their use and their legitimacy. They are looking at designing criteria similar to those above. People are now working on legal mechanisms to declare such illegitimate debts as not legally binding, while others are studying "historical precedents for invalidating or writing off loans."<sup>163</sup> In the light of all these activities and concerns, we should not be surprised that EKD has suggested a re-evaluation of ED from the perspective of legitimacy.<sup>164</sup> What is very encouraging is that the German government was prepared to engage in a discussion on this issue and thus gave official recognition to the problem.<sup>165</sup> In Argentina, the Young Men's Christian Association said that they had "doubts about the legitimacy of the total debt, whose origins are not clear enough, and which was also undertaken by an illegitimate...government."<sup>166</sup>

**Recommendation 11**--*The churches urge the Canadian government to study the implications of requiring the full disclosure of large-scale foreign assets held in Canada and Canadian assets abroad, and to investigate ways and means by which flight capital could be encouraged to return to developing countries.*

When flight money in some cases almost equals a country's debt, as in the case of Venezuela, or almost 50% of it as in the Philippines, then it must be treated as a serious problem. Rimmer de Vries, a vice president of Morgan Guaranty Trust Company in New York, claims that Latin America's flight money of \$400 billion equals the continent's ED. In 1988, Argentina received \$1 billion credit, "all of this has long been sent to Swiss banks." Hence Mexico's Roman Catholic Bishops "protest the bribery and profiteering

rampant in society, and the damage done by the wealthy elites who have transferred huge sums out of their countries to private bank accounts in Europe and North America." De Vries commented that critics of creditors and defenders of Southern governments "have not yet faced up to the serious problem of capital flight."

In view of this situation, we could have expected a strong statement from TCCR. Instead, Recommendation 11 is very hesitantly put: "to study the implications of requiring the full disclosure..." TCCR recognises the tendencies of banks to defend jealously the principle of confidentiality, but in its introductory comments to this recommendation it charged that it is often "a cloak for much illegal activity, and has resulted in considerable injustice." To be sure, developing countries have a responsibility to discourage flight money by improving the economic climate at home, but the recipient countries must help in the task of repatriating it. <sup>167</sup>

The West European Ecumenical Consultation recommended that European states "should explore the possibility of creating an international authority to monitor and regulate the activities of the banking industry in order to...reduce opportunities for corruption and capital flight." <sup>168</sup>

**Recommendation 12**--*The churches urge the Canadian government to facilitate the investment of Canadian business in so-called "problem debt countries", provided that its effect on the country will be positive in social as well as economic terms, that it will not hinder the ability of the government concerned to pursue independent, self-reliant development, and that its operations will be ecologically sustainable.*

TCCR felt that the "problem countries" require a new injection of capital and that foreign investment is one vehicle for such. However, it also recognised that corporations are hesitant to return there, since the economic climate is not attractive for them. Hence this recommendation, but with the insistence that this time around such investment have positive effects socially, economically and ecologically. In other words, foreign investment with a difference. No more of the swashbuckling arrangements with corrupt local officials or the single-minded devotion to profit. The key word is "responsibility."

**Recommendation 13**--*The churches urge the government of Canada*

*to provide increased aid to developing countries struggling with a debt burden, and increased access to Canadian markets.*

Whereas Recommendation 12 encourages private investments in debtor nations, this one speaks of government aid. To some degree, this recommendation repeats Recommendation 4. Of course, it must be remembered that recommendations regarding flight capital, illegitimate debts, etc. precede this one. Thus, this encouragement of government aid must be seen in the light of the previous one. This is not still another recipe for irresponsible aid that does not help the people of the recipient nations.

I find it interesting and significant that this is not a recommendation of aid to governments. Is it consciously meant as a recommendation to the Canadian government to give more directly to the people of debtor nations via voluntary agencies and to bypass government? It could be and such a recommendation would have merit.\* Of course, various Western governments already do channel a certain percentage of their aid via non-governmental agencies.

This recommendation has received renewed urgency since the restoration of peaceful relationships between the West and East blocks. Increasing Western resources are redirected to that part of the world at the expense of Southern nations. Though there may be good strategic and political reasons for this development, morally, the West owes more to the South than to the former East block.

In view of the many negative factors I have pointed out in earlier sections of this paper and the resulting aid weariness on the part of the West, there is indeed a need for renewed encouragement to give aid.<sup>169</sup> However, it should be different from previous aid that has too often been tied to IMF conditionalities and has therefore been dubbed AIDS by Zambian youths.<sup>170</sup>

The second part of this Recommendation, namely to give Southern countries greater access to Canadian markets, is in direct response to the problem of protectionism discussed earlier. And, like all the other recommendations, this one, too, is supported by other ecumenical statements. "Non-tariff barriers...to semi-processed commodities of

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\* The Institute of Church and Society has direct relations with various donor agencies abroad and these are effective. The one time she had to channel such a relationship with Ford Foundation through the Federal Government, the attempt was aborted in government files.

the [Southern] countries should be dismantled. Tariffs which restrict access of [Southern] exports...should be phased out," suggested the West European Consultation.<sup>171</sup>

The EKD statement pleads for conditions for world trade changed in a way beneficial to the South. It asserts that no solution to ED "will be found unless a stop can be put to the increasing protectionism..."<sup>172</sup> WCC staff proposed a removal of "the discrimination against tropical products and other exports of particular importance to developing countries" as well as "action to halt the advance and to reverse the new protectionism."<sup>173</sup> In the same vein, a Vatican document demanded that the West "should do away with protectionist measures."<sup>174</sup>

**Recommendation 14**--*The churches recommend that all potential buyers of Third World debt, whether commercial buyers, non-profit organisations, or church development agencies, should examine proposals to exchange debt for equity on a case by case basis, assessing each carefully for its potential impact on the country concerned, and examining them in the light of the criteria outlined in section 2 of this paper.\**

This recommendation is accompanied by a comparatively long discussion of the advantages and disadvantages of "debt equity swap." Some object to this arrangement because it seems to "buy into" the debt system and thus legitimatise it. It could dampen the prophetic fervour with which the churches who participate in such a swap, have struggled against the debt syndrome. They become part of the system. Other objections include its potential for inflation and sale of local assets to foreign corporations. Furthermore, most of the advantages are said to accrue to the banks and the purchasers, though it does reduce the debt a country is said to owe.<sup>175</sup>

**Recommendation 15**--*The churches urge the banks not to withdraw from lending to the less developed countries, but to maintain their banking relationship with them, offering as generous and flexible terms as possible, and continuing to make a constructive contribution to their economies.*

While the preceding recommendations were addressed to the government, the next ones are aimed at the banks. While Recommendation 13 advocates that the government

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\* Reproduced in section on Criteria in *this* paper.

not relent its aid efforts, number 15 encourages the banks not to develop cold feet, but to continue banking relations with debtor countries--but not on the basis of business as usual. All the previous recommendations and their criteria are assumed in this recommendation. It is on this new basis that they are encouraged to continue. This should not be understood as a status quo initiation. For one, banks must cease regarding the ED issue as merely a financial one and begin to treat it in all its various dimensions, human, social, economical and ecological. New rules are required.<sup>176</sup> No new wine in old bags--or even old wine in new bags. Both the Franciscans and the Vatican have produced their own versions of their recommendation.<sup>177</sup>

It has been found that bankers often resist ecumenical approaches. This has long been true for ecumenical overtures to banks on both the apartheid issue and the ethical investment debates. It is also true in some cases in the ED context. Those who identify with the poor will be treated as one of them, it has been said.<sup>178</sup> Rote told of his unsuccessful efforts to get a banker to attend the Ecumenical Hearing in West Berlin. He also described the plans of his Forum on Debt and Development:

At the moment we are undertaking a study in order to identify the action potential on European banks--the dos and don'ts, the legal possibilities, etc. We will discuss this report at the end of the year with all groups interested, church groups and others and co-ordinate further tasks. Within Europe, we will approach banks, and even some transnationals, and present them with our arguments. We plan this campaign for say 5 to 10 years. It is a long and tedious process...

Then Rote gives a brief description of the British Debt Crisis Network, one model that is "relatively successful." It

is trying to approach the bankers and those who hold accounts with the banks on these issues and generating a lot of publicity affecting the image of the banks. They produce studies on the banks' operations in the Third World and they raise issues. They write letters and make TV programmes, etc. The British banks are really getting nervous.<sup>179</sup>

In view of this information, it should not be expected that banks will lend a ready ear to

ecumenical sounds, including that of TCCR. At the same time, this does not mean that banks will not discuss under any circumstances. In the process of preparing the TCCR reports, it's representatives met with senior executives of major Canadian banks.<sup>180</sup> In fact, TCCR representatives meet often with bank executives on various issues.

While the ecumenical community is amenable to continued bank relations with the South, there are also proposals offered that, at first glance at least, seem more radical. One was that alternative types of banking should be considered that are based on either Christian or Muslim criteria.<sup>181</sup> However, it should be realised that if banks were to accept all these recommendations, we would in fact have a new banking system. A new soul would inevitably over time lead to new structures. You are also reminded of WCC alternatives already in place, though small in scale.

**Recommendation 16**--*The churches recommend to the Canadian government that tax deferrals on loan loss provisions be discontinued unless the benefits there from are shared in an equitable manner with the debtor countries, or [that] tax credits be provided only when debt is actually written off and deducted in the accounts of the banks.*

The background to this proposal is that the Canadian and other Western governments provide substantial tax relief to banks in their efforts to get themselves out of the pickles of their own making. The point of the proposal is that debtor countries ought also to benefit from any such relief.<sup>182</sup>

Through tax relief and other measures Western governments have become involved in what was basically for them a matter of private enterprise. Everyone realizes that the situation demands government involvement,\* but not everyone believes that at the moment such involvement has led to relief for the debtors. Wrote Ritchie, "Although banks have armed themselves with tax deductible provisions, these sacrifices by shareholders and taxpayers have contributed nothing to solve the fundamental economic problems."

It is time the banks **and their shareholders** accept for themselves more of the pain they have caused others. Why, apart from regulating the international mess that banks and their cohorts, Southern elites, have created, should taxpayers and Western governments

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\* See also Recommendation 3.

be involved at all? Why should it cost them scarce resources? The WCC staff suggested that banks need to be taught "that lending to imprudent and unjust governments, encouraging unwise borrowing and insisting on prompt repayment at any cost are bad business in terms of their own interest." <sup>183</sup> There is no better way to learn than to bear the responsibility for your own actions. Archbishop Weakland suggested to the Congressional Hearing that the solution "should entail significant sacrifices on the part of those who benefit materially from this situation." <sup>184</sup>

## **2. Churches**

The proposals so far discussed have been aimed at governments and banks. In this section I want to discuss proposals directed to the churches, what they should or could do about the ED. Of course, all that has been said so far is about what churches have said or done already. The point here will be what the ecumenical community advises the church to say or do internally. Again, some of that has already been recorded as well, especially in the section on the splinter and the beam. Here I will deal with what I have not yet recorded in this arena.

The procedure here is similar to that of the last section. I reproduce portions of a statement from the West European Ecumenical Consultation, each of which will be followed by appropriate comments and discussion.

It is of fundamental importance that the debt issues be placed squarely on the agenda of the churches in both European and Third World countries and that appropriate networks for their joint reflections and actions be established as soon as possible. All action in pursuit of this objective should take place in the context of true partnership and enhanced collaboration between Third World and European churches.

Efforts should be made to enlist the expertise of the academic world to explore internal and external causes of the debt crisis and to assist the churches in conceptualising their activities in the area of debt. In order to be credible on this issue it will be important for churches to promote genuine ecumenical sharing of their own resources.

It makes sense that the debt issue become prominent on the church agenda when it is a crisis that deeply and adversely affects the churches and their members as well as the entire country in every aspect. We have seen something of the prominence some churches have given the issue, both in Southern and Western countries. Conferences, workshops, consultations and hearings are being held on every continent. Church leaders everywhere are speaking up. New publications on the subject regularly see the daylight. Though many of these efforts are denominational, national or continental, the WCC serves them all by disseminating information about them on a world-wide basis. Various departments of the WCC itself find that the issue of ED continually asserts itself in their various ministries and hence they, too, address it at various fronts.<sup>185</sup>

In addition, Assman listed a number of these efforts. For your encouragement, he expressed his opinion that "these statements are usually of a much higher standard than the speeches and attitudes of our finance ministers on the subject of foreign debt."<sup>186</sup> That observation should not surprise us, for even highly educated people, when they have illegal or immoral secrets to keep, clandestine interests to promote, loyalties to adhere to, or political causes to consider, cannot but end up uttering mere balderdash when they address the public. Surely we have noticed that about many of our own politicians and high government officials. The time has come for the churches in Nigeria to place the issue of ED squarely on their agendas. This conference is an effort to put it there.

There is nothing wrong with each denomination beginning to take the bull by the horns to examine the debt issues in the light of their own theology and traditions. However, for this effort to have practical effect, it must lead to joint ecumenical action on a broader scale. Our ecumenical bodies must get involved, the Christian Council of Nigeria (CCN), the Nigeria Evangelical Fellowship (NEF), The Christian Association of Nigeria (CAN). We have our specialist ecumenical organizations like the Christian Health Association of Nigeria (CHAN) in health care, the RURCON in rural development work. We have a host of others, such as the West African Association of Theological Institutions (WAATI) and a large number of Bible schools and theological colleges and seminaries. We have New Life for All (NLFA) in evangelism, and, of course, the Institute of Church and Society (ICS) itself with its three regional branches. Then we have various non-ecclesiastical Christian Organization like the Christian Booksellers Association (CBA), Christian Writers' Group, Christian Graduate Fellowship and the

Nigeria Fellowship of Christian Doctors and Dentists. At all these fronts we can support each other and engage in joint action in terms of the special expertise of each group.

However, we should not restrict ourselves to our own country. We can learn from and support other similar groups throughout Africa through our continental organizations like the All Africa Conference of Churches (AACC) and the Association of Evangelical of Africa and Madagascar (AEAM) and RURCON. Then there are the global organizations like the WCC and World Evangelical Fellowship (WEF) as well as various denominational world bodies like the Lutheran World Federation (LWF), the World Association of Reformed Churches (WARC), the World Baptist Alliance and a host of others.

In addition, most Nigerian churches have partners in the West, the partners who sent the original missionaries. Ties with these partners are often close and strong. These ties can be exploited by sharing information with these partners and by challenging them to support us, this time not by sending money or missionaries, but by political and related action in their own countries and by ministering to their own people. You would be surprised how ignorant most members of those Western churches are with respect to the ED dynamics. No one is in a better position to show them clearly than we, the victims.

The second part of the introduction encourages the church to utilise the expertise of technical questions possessed by academics. The call for utilising experts to enhance our grasp of the facts is repeated time and again, especially in WCC documents. In fact, our own conference is blessed with the cooperation of such academics and we welcome them and their input. These academics include adherents of Islam. We are grateful to them for participating in this conference. Without such academic input we would be floundering. However, these same academics also profit from such participation, for they in turn receive theological and ecumenical input to which they would hardly have access otherwise. So, we are grateful for the opportunity for mutual sharing.

#### Education of Church Constituencies:

Churches should seek to educate their constituencies so that they may actively contribute to a just solution of the debt problem. This should be carried out on the basis of theological reflection,

economic analysis, and the churches' existing involvement in development programmes, and in solidarity with people in the South.

Educational materials should be developed to advance the recommendations listed above in ways appropriate to the various church constituency groups.

Appropriate action models should be developed and supported by sustained educational campaigns designed to build constituency for such action.<sup>187</sup>

The emphasis here is on educating our constituency. That constituency embraces directors of government and private corporations, including bankers and staff members of IMF and related organizations. Gathaka suggested that the church needs to teach such members stewardship, the need to utilise the resources entrusted to them in a responsible and fruitful way. His suggestion could be extended to include Christian state governors, heads of state, civil servants and chiefs as well as business people in the private sector. In the present development of politics in Nigeria, it will also be useful for the church to educate its members with political ambition on the issues and to enlist their support in overcoming the ED crisis. I do not hesitate to say that most of the members of these groups have no clue about the issues, whether technical, political, economic, historical, ethical or theological.\*

It will not be easy to educate these groups within the church, for most of the beneficiaries, the elites who stand to gain from the present ED crisis, are found among this group. Many of these people have vested interests. It will require clear, Biblically based, factual teaching. It will require counseling, prayer, and demonstration of sympathetic support and understanding for the pressures these members experience in their offices to participate in and defend the system from which their peers stand so much to gain.

Eventually, some may require ecclesiastical pressure in the form of church discipline imposed on them. And here ecumenical co-operation will be needed again, for such members, when put under discipline, may simply move to another denomination. We should not accept such transfers from each other without consulting each other, for they

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\* True, the same can be said of us pastors. This conference is an attempt to equip for us the task.

make nonsense of our system of discipline. This approach also requires that the church ceases to give public honour to those powerful and influential members who share in the responsibility for creating the present crisis and in its gains. Why should the church honour thieves and oppressors, those who are dishonoured in the kingdom of God? Our public honouring of such persons befuddles our witness to the gospel and associates the church with oppressors. Such persons, unless they repent, should realize that they will become *persona non grata* in the church of Christ.

In addition to the professionals among church members, there is the need to educate the rest of the members as well. If, as earlier suggested in this paper, there is need for democratic participation in deciding issues associated with ED, then church members as a whole must be equipped for such participation in a Christian way. They must therefore understand the dynamics of this development. This becomes even more crucial in our present return to politics. Perhaps there is need for the development of a workbook on the matter for use in church study groups and other places where the Bible is studied. However, the average church members need more than just information. They also require a better sense of their power and rights in society. Additional knowledge will only frustrate them if it is not accompanied with a sense of being able to influence the situation. The Community Development Programme of the ICS is designed to help create a new awareness of power and rights in the name of Christ and I would recommend it to your church.<sup>188</sup>

The recommendation encourages Western Christians to pursue these matters in solidarity with Southern Christians. I suggest we do not wait for them to take the initiative. Let us take the initiative by contacting our overseas partners. Often their members participate in creating the problem of the ED. Our partner churches can educate them, train them, make them aware of the effects of their work. You may be surprised at how ignorant the members of those partner churches are about the effects of the policies of their governments and banks on their partners abroad, on us here. Their members often support political policies that affect us adversely. They invest in these banks without realising that they have a responsibility to ensure that their investments produce blessing and development, not oppression and poverty. Most do so in pure ignorance, not in malice. That ignorance, however, is no accident. It is the result of dualistic theologies that separate the Gospel from political and economic realities.<sup>189</sup>

We Christians of Nigeria should clearly record the facts as they affect us and share them with our Western counterparts. Challenge them about the contradictions within their own constituencies. Discuss with them what they can do in their countries. We may need to send some of our best speakers and thinkers to address their congregation at grassroots level. I suggest that we have here a most powerful tool that we ignore at our own hurt.

I close this section with the following recommendations of the West European Ecumenical Consultation to the churches.

#### Church Involvement in Advocacy:

Church governing bodies and church leaders should speak out on behalf of those who suffer the pernicious effects of the debt crisis. They should target their message to the creditors and public offices, including national governments, ministers of finance, parliamentarians and political parties. At the European level, appropriate targets might include civil servants, parliamentarians and the commission... Occasions of heightened public policy debate, such as the European election in 1989, could be used to bring the above-mentioned recommendations to the attention of political parties and public opinion. At the same time, this creates the opportunity to educate church constituencies regarding the issues at stake. Other opportunities for lobbying might be afforded by the summit of the seven industrialised countries ....

European churches should start a dialogue with decision makers of (Southern nation) and their ambassador to the European Community concerning their views on the debt problem.

Churches should be as professional as possible in their lobbying. They should argue their positions on the basis of theological, spiritual and ethical criteria, together with a solid analysis of the issue at stake.

Tools needed for this lobbying work include long-range planning to anticipate the most advantageous moments for action. Church-

related organisations should be provided the resources, human and otherwise, to ensure a professional and affective approach.

Responsibility for follow up on the above recommendations should be assumed by the participant and assigned as appropriate.<sup>190</sup>

## **CONCLUSION**

This paper has at least two aims. First, it is to provide information about what the ecumenical church throughout the world is doing about the ED. We have seen that it is very concerned and, at certain level, at least, very vocal and active in trying to bring about a change. We have also summarised some of the theological foundations for these activities. The second aim has been to stimulate us, church leaders in Nigeria, to consider what attitude we should take with respect to this problem. Should we take a standoffish attitude? That might be easiest from a short-range point of view.

If we continue to ignore this cause of biting poverty, we will be disobedient for not opening our mouth for the poor, for not adequately representing Christ who said He had come to break oppression.<sup>191</sup> Furthermore, we will become irrelevant to the poor, who will turn their backs from the church. Finally, we have unique contacts with Western people that, if exploited properly, could help us to redirect debt-servicing in such a way that it can be used for community development projects in the country.

If nothing else, this paper has clearly shown that the world church is not a mere appendix of capitalist powers or their spokesman. Where it can gather the courage, it has served as a catalyst of the people, equipping them, encouraging them, stimulating them into action. Should the Nigerian church do any less in this critical hour of need? Let her rise to the occasion, for "if you pour yourself out for the hungry and satisfy the desire of the afflicted, then shall your light rise in the darkness."<sup>192</sup>

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## **ENDNOTES**

- (1) Names not further identified in the main text, will be found in the Bibliography.
- (2) Report, p. 3. My method of footnoting is simply to give summary reference to titles listed in the Bibliography and, of course, page numbers.

- (3) *Times of Zambia*, June 23, 1988. Quoted in TCCR. p. 31
- (4) Oliveira.
- (5) P. 3.
- (6) P. 11.
- (7) Hofford.
- (8) Oliveira, p. 1.
- (9) Report, p. 3.
- (10) P. 9.
- (11) *Philippine Daily Enquirer*.
- (12) "World Economy," p. 6.
- (13) TCCR, p. 3.
- (14) *West European*, p. 43.
- (15) P. 15.
- (16) Pp. 13-16.
- (17) Hofford, p. 14.
- (18) "World Economy," p. 7.
- (19) Assmann, p.22.
- (20) TCCR, p. 3.
- (21) Green, p. 24.
- (22) November 2, 1990.
- (23) TCCR, p. 4.
- (24) Green, pp. 60-61.
- (25) Oliveira, p. 17.

- (26) TCCR, p. 7.
- (27) Giblin, p. 11.
- (28) Pp. 1, 3.
- (29) Green, p. 69.
- (30) EKD, p. 51.
- (31) TCCR, p. 24.
- (32) "World Economy," p. 4.
- (33) Gathaka, p. 9.
- (34) "World Economy," p. 4.
- (35) Green, p. 61. TCCR, pp. 4-5.
- (36) Green, p. 25.
- (37) P. 14 and p. 4 respectively. See also Green, pp. 52-53.
- (38) P. 14.
- (39) Green, p. 28.
- (40) P. 3.
- (41) P. 34.
- (42) P. 39.
- (43) *Report*, p. 7.
- (44) P. 26.
- (45) P. 29.
- (46) Green, pp. 61, 26.
- (47) P. 6.
- (48) Oliveira, pp. 41-42.

- (49) *Report*, p. 3.
- (50) P. 21.
- (51) Oliveira, p. 14.
- (52) P. 44.
- (53) P. 30.
- (54) P. 3.
- (55) Pp. 3-4.
- (56) P. 60.
- (57) P. 59.
- (58) P. 15.
- (59) Nov. 13, 1990.
- (60) "Our External Debt...", p. 30.
- (61) P. 40.
- (62) Hofford, p. 14.
- (63) TCCR, pp. 33, 6.
- (64) PP. 26, 76, 30.
- (65) P. 5.
- (66) P. 3.
- (67) "The World Economy," p. 6.
- (68) *Business Week*, 21 April, 1986.
- (69) Pastoral Message of the Catholic Bishops of the South Pacific, 1984.
- (70) Catholic Bishops' Conference of Mexico, 1987.
- (71) Catholic Bishops' Conference of Venezuela, 1986. The above 4 quotes are all

reproduced in TCCR, p. 4.

(72) TCCR, pp. 37-38.

(73) P. 6.

(74) P. 12.

(75) "The World Economy," p. 8.

(76) P. 4.

(77) Oliveira, p. 20.

(78) Oliveira, p. 5.

(79) P. 20.

(80) Pp. 29-32.

(81) *Philippine Daily*.

(82) "The World Economy," pp. 3, 7.

(83) Oliveiria, pp. 42-43.

(84) See Musumali and Annorbah-Sarpei for reports from Zambia and Ghana respectively.

(85) Musumali, p. 14.

(86) Annorhab-Sarpei, p. 15.

(87) P. 5.

(88) "The World Economy," p. 8.

(89) Oliveira, p. 43.

(90) P. 21.

(91) P. 15.

(92) "The World Economy," pp. 8-9.

(93) P. 5.

(94) Oliveira, p. 43.

(95) P. 17.

(96) TCCR, p. 6.

(97) Please refer to the pages of my publications in the note on this page for an explanation of that indifference.

(98) TCCR, "Foreword."

(99) P. 7.

(100) Pp. 7-8.

(101) P. 40.

(102) Green, p. 1.

(103) *The Debt Crisis And....* p. 5. For Biblical quotations supporting this vision see Boer, *Living in God's World*, ch. 4.

(104) Oliveira, p. 36.

(105) TCCR, p. 1. From the Khartoum Declaration, a statement of a conference of African governments in Khartoum, Sudan, March, 1988.

(106) TCCR, p. 2. Capitalisation my own.

(107) For a complete compilation of other Biblical passages on the subject see Boer, *Living in God's World*, pp. 34-36.

(108) Deut. 15:1-12.

(109) *The Debt Crisis and...*, p. 1.

(110) EKD Statement, p. 49.

(111) Quoted by Giblin, p. 9.

(112) Pp. 18-19.

- (113) P. 18.
- (114) P. 8.
- (115) Green, p. 81.
- (116) TCCR, p. 8.
- (117) Green, p. 1.
- (118) Green, pp. 79-80,
- (119) Green, pp. 84-86. Various pamphlets and documents from EDCS. See Bibliography.
- (120) Pp. 81-82. A significant part of my manuscript, to which I referred earlier, describes their courageous attempts.
- (121) Pp. 26-27.
- (122) P. 44.
- (123) P. 13.
- (124) EKD, P. 52.
- (125) P. 29.
- (126) Green, p. 54.
- (127) *The Debt Crisis and...*, p. 6.
- (128) Oliveira, p. 42.
- (129) TCCR, p. 7.
- (130) P. 16.
- (131) Oliveira, p. 40.
- (132) Pp. 46-47.
- (133) P. 17.

- (134) P. 39.
- (135) TCCR, p. 7.
- (136) TCCR, p. 7.
- (137) Montes, pp. 24-25.
- (138) Green, pp. 33, 56, 59-60. Giblin, p. 11. Quoted from Africa Events. March 1987, p. 56.
- (139) Green, pp. 26, 56.
- (140) *Justice. Peace....* p. 9. Public Justice Report, p. 6.
- (141) Oliveira, p. 36.
- (142) P. 46.
- (143) *The Debt Crisis and...*, p. 6.
- (144) P. 51.
- (145) *Philippine Daily Enquirer*.
- (146) TCCR, p. 7.
- (147) P. 29.
- (148) Oliveira, p. 28.
- (149) Report, p. 6.
- (150) P. 11.
- (151) P. 44.
- (152) *Justice, Peace...*, p. 9.
- (153) TCCR, P. 37.
- (154) *Philippine Daily Enquirer*.
- (155) P. 23.

- (156) Oliveira, p. 42.
- (157) Assmann, p. 15.
- (158) Green, p. 61.
- (159) Oliveira, p.41.
- (160) TCCR, p. 30.
- (161) Giblin, p. 11.
- (162) TCCR, p. 22.
- (163) TCCR, p. 37.
- (164) EKD, p. 51.
- (165) Hearing, p. 6.
- (166) Oliveira, p.35.
- (167) TCCR, pp. 4, 23. *Public Justice Report.*
- (168) P. 47.
- (169) Green, pp. 59-60.
- (170) Musumali, pp. 16-17.
- (171) P. 46.
- (172) P. 52.
- (173) Green, p. 69.
- (174) Oliveira, p. 39.
- (175) TCCR, pp. 24-25.
- (176) TCCR, p. 26.
- (177) Oliveira, pp. 40-41.
- (178) Ecumenical Hearing, p. 7.

- (179) P. 32.
- (180) TCCR, p. 26.
- (181) Ecumenical Hearing, p. 7.
- (182) Pp. 27-28.
- (183) Green, p. 17.
- (184) Oliveira, p. 42.
- (185) See Oliveira, pp. 32-44 for reports on WCC and other efforts.
- (186) P. 13.
- (187) P. 47.
- (188) See the following publications for the full picture of this programme. ICS, 1987. Boer, 1980, 1989.
- (189) There is no time for further explanation of this dualism. I refer you to my publication of 1989, pp. 11-12 and to the entry "Dualism" in the Indices of those of 1979 and 1984.
- (190) Pp. 47-48.
- (191) Proverbs 31:8-9; 24:11-12; Luke 4:18.
- (192) Isaiah 58:10.

## **BIBLIOGRAPHY**

### **NOTES:**

1. For the benefit of those who wish to follow up matters discussed in this paper, I have included a few addresses, even though the Bibliography does not call for such.
2. Many documents in this bibliography have independent origins, but they are published by the WCC. See "Note" under "World Council of Churches" below. The address of WCC is

150 route de Ferney, P.O. Box 2100, 1211 Geneva 2, Switzerland.

3. All documents in dossier "Highlights of the Ecumenical Hearing," Debt Resource Material No. 2 of the WCC are records of The Ecumenical Hearing on the International Monetary System and the Churches' Responsibility, which took place August 21-24, 1988, in West Berlin. In this Bibliography they will be referred to simply as "Dossier 2. "

4. WCC has published another dossier, "Debt Resource Material No 1," (1988). All documents in it are listed under their appropriate headings and include the notation "Dossier 1."

5. I gratefully salute the staff of WCC/CCPD for vigorously collecting information and reports about events that concern the ED throughout the world and for disseminating them to the rest of us. I know of no other ecclesiastical organ that is so effective at keeping one abreast of development in the area of the external debt. This salute is sincere in spite of the writer's bibliographical nightmares they create, especially because of their vagueness as to authors or editors.

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