

Forgiven and accountable

From the Editors in the [December 9, 1998](#) issue

While millions of dollars in aid pour into Nicaragua and Honduras in response to the devastation caused by Hurricane Mitch, millions of dollars are also pouring out--to service debts to foreign creditors. Nicaragua, for example, pays \$300 million a year on a debt of \$6 billion. According to Francisco Aguirre-Sacasa, the Nicaraguan ambassador to the U.S., the debt service was slated to absorb over 40 percent of his country's annual export earnings in 1998 and 1999. The situation in Honduras is almost as bad. Given that these countries' economies have been dealt a severe blow and that their exports are likely to be meager for years to come, their indebtedness threatens to squash hopes of economic recovery and political stability. They need to have their debts canceled or--as France and the U.S. have already decided--suspended.

It shouldn't take a disaster like Mitch to highlight the importance of debt relief. In places like Mozambique, Uganda, Zambia and Tanzania, severe indebtedness is an enormous drag on economic growth. The money these nations spend on external debt far exceeds the amount they spend on education, health care or other basic needs that are crucial to foster and sustain development.

Jubilee 2000, a worldwide coalition backed by many church groups, has been urging Western governments and banks to write off Third World debts. The world's Anglican bishops, meeting at the Lambeth Conference in August, embraced this idea, pointing out that developing nations pay up to ten times as much each year in debt repayment as they receive in aid. Debt relief has also been emphasized by the Vatican and the World Council of Churches. A statement on debt relief is expected to emerge from the WCC assembly this month in Zimbabwe.

But forgiving debts won't do much good if it leads only to another round of loans that leave poor countries in the same situation they are in now. The original loans were often spent unwisely or inefficiently by inept or corrupt governments. For that reason, debt relief must be accompanied by specific conditions and applied on a case-by-case basis.

Countries receiving debt relief must demonstrate fiscal accountability and bureaucratic responsibility, and they must be committed to investing in health and education--spending that really helps the poor. In enforcing these conditions, however, lenders should not end up making debt relief a hoop-jumping charade that does nothing to improve conditions of poor countries.

The jubilee theme, taken from the Leviticus account of land being returned to its original owners, reminds us of the biblical vision of a new beginning. The jubilee vision is of life reordered according to God's economy of justice and right relationship, with resources used for the good of all. We need that vision. We also need lots of practical wisdom to be able to apply it effectively.