

DEBT BOOMERANG

BOOMERANG

DEBT

DEBT and POOR COUNTRIES
During the 1960s and 70s, international lenders encouraged developing country governments, including many brutal dictatorships, to take on large debts that have since snowballed to unmanageable levels. Today, low-income countries are burdened with half a trillion dollars in debts to rich governments and institutions, such as the World Bank and International Monetary Fund. On average, they spend about \$100 million per day just on the interest on these loans. Debt cancellation would give hundreds of millions of people a better chance of escaping poverty and leading more fulfilling lives.

Canceling these debts is not only the right thing to do. It is in our interest. Undermining our health and security, and contributing to global warming, debts are dragging down many of the world's poorest. They also boomerang back to the United States, costing us jobs, who put the money in his own pocket? What if the dictator even the one who dragged down you were even born? These types of bills. But imagine how you might feel if it was a doctor every year--half because they can't pay their medical in debt. About 1.5 million file for personal bankruptcy each year. Many Americans can relate to the feeling of drowning in debt. About 1.5 million file for personal bankruptcy each year. Many Americans can relate to the feeling of drowning in debt. About 1.5 million file for personal bankruptcy each year.

IMPACTS on the UNITED STATES

Global Warming
The US needs to change its own energy practices to reduce climate change, which is causing more intense storms like Katrina. But our response should also include debt cancellation to allow poor countries more flexibility in handling their resources.

Global Insecurity
Debt-linked poverty doesn't always lead to violence. But, combined with other factors, it can create more fertile recruiting grounds for terrorists and other criminals who often operate across borders.

Immigration
The US government response to immigration pressures from poor countries has created a negative boomarang effect. As much as \$3 billion has been spent annually on anti-immigrant measures -- 3 times what was spent on U.S. vocational education and workplace health and safety.

Health

U.S. taxpayers contribute several billion dollars per year to help heavily indebted governments fight diseases. Some of these health problems boomerang back. There were 14,000 new tuberculosis cases in the US in 2004, and more than 1,000 Americans per year contract malaria in developing countries.

Jobs

Declining wages in heavily indebted countries boomerang back to Americans through increased competition with cheap imports and job loss to lower wage countries. The burden of debt also means less money to buy U.S.-made products. Heavily indebted countries' share of U.S. exports dropped from 11.0% in 1980 to 7.7% in 2003.

Jobs

Manufacturing wages dropped in 67% of heavily indebted countries in the 1990s, compared to only 35% of other low- and middle-income countries. The World Bank and IMF routinely require debtor countries to limit pay for government employees and to "privatize" state enterprises, which results in mass layoffs.

Health

Nearly 70% of heavily indebted countries spent more on debt interest payments than on public health in 2002. This has undermined their capacity to respond to the AIDS epidemic that killed 2.2 million sub-Saharan Africans in 2003 and to fight diseases like tuberculosis and malaria.

IMPACTS on POOR COUNTRIES

Global Warming
Extreme debt burdens pressure governments to exploit resources for export. Heavily indebted countries make up 15 of the top 20 deforesters. Climate change is already damaging agriculture and contributing to the spread of disease.

Global Insecurity
Heavy debts make it more difficult for governments to prevent and recover from war and conflict. They also make it harder to afford a social safety net, leaving the poorest more vulnerable to criminals, from traffickers to terrorists.

Immigration
Millions of people in heavily indebted countries lack the rights to adequate housing and income that would allow them to stay in their home country. Those who wind up as undocumented workers in the US are vulnerable to employer abuse and painful separation from family.

WHAT YOU CAN DO

Add your voice to the global calls for debt cancellation for countries that are heavily indebted or burdened by dictator debt.

It's in our interest. And it's the right thing to do.

For more information on what you can do at the local, national, and global level:
Jubilee USA Network, www.jubileeusa.org
Cities for Progress, a project of the Institute for Policy Studies, www.citiesforprogress.org

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FOR MORE ON THE
The Institute for Policy Studies will release a detailed report on how of Poor Country Debts on October 27, 2005.
Americans Would Benefit from Cancellation of Poor Country Debts
For this and other materials, go to:
www.ips-dc.org/boomerang
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Washington, DC 20005, tel: 202.234.9382, email: saraha@ipc.org

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