Religions-Debt-COVID: The Role of Faith Institutions

Seminar Report

Religions for Peace (RfP)

and

The World Faiths Development Dialogue (WFDD)

24 June 2020
Religions-Debt-COVID: The Role of Faith Institutions


CONTENTS

▪ Executive Summary
▪ Background on the Seminar: First Global Webinar - Religions-Debt-COVID: The Role of Faith Institutions
▪ Background on the Issue: Brief Summary of Urgent Issues on National Debt Burdens and Response
▪ Remarks by Dr. Katherine Marshall – A Brief Summary of Urgent Issues on Debt
▪ Remarks by Dr. Valentine Moghadam - Debt, Sanctions, and Military Spending in the Age of COVID-19
▪ Remarks by His Royal Highness Alhaji Aliyu Kelvin Danesi II – Religion, Debt and Covid
▪ Remarks by Mr. Eric LeCompte – Debt and Religion
▪ Remarks by Dr. Elizabeth Prodromou – Debt, Religion and Covid: Beyond Silos
EXECUTIVE SUMMARY

COVID-19 AND DEBT

On 24 June 2020, Religions for Peace (R/P) and the World Faiths Development Dialogue (WFDD) convened a group of religious leaders and academics for an interactive webinar, to foster a timely conversation on realities and responses to, especially, debt burdens on poorer nations and communities in the light of the COVID-19 pandemic.

Seizing on this “Kairos moment” - thus termed by Dr. Katherine Marshall, calls for urgent and bold action, the group explored four questions:

- What form of Religions for Peace statement on proposed action for a debt standstill might contribute to global advocacy?
- What emergency relief beyond debt action is most important?
- How might advocacy for a global ceasefire be constructively linked to ensuring adequate funding for immediate humanitarian needs?
- What mechanisms might be designed to hear prophetic voices for post COVID-19 reform?

The COVID-19 emergency is placing huge strains on national public finances and thus capacity to respond to health needs, pursue development programs, and meet humanitarian and peacebuilding requirements. Economic and commercial activities are seriously curtailed, at the same time that demand for health care and social protection spike. Health, economic, and social devastation are closely interlinked as health restrictions lead directly to economic downturn, falling export and tax revenues, closing businesses, grounded planes, and unemployment rates at record highs. Uncertainties complicate solutions and current projections (by, for example, the International Monetary Fund) see recovery some time off, with the prospect that the COVID emergency could continue to destabilise certain sectors of society until 2022. The fear and forecast is that hundreds of millions more people will experience extreme poverty.

Even before the COVID crisis, heavy debt service obligations were already a burden for a large group of poorer countries. While situations vary within and between countries, some common trends include extensive borrowing and poor accountability mechanisms – among them unchecked corruption. Poorer countries especially have limited monetary or fiscal space to cushion fiscal blows. They need urgent international assistance.

Debt relief is a practical and ethical way to provide early relief for many countries, with priority to the poorest. Countries facing payment deadlines are particularly challenged in the midst of the COVID-related dynamics. Urgent calls for action in April 2020 focused on a debt “standstill” for 2020 for these countries, thus postponing or canceling payments of interest and principal, to ease immediate burdens. On April 15, 2020, G20 finance ministers agreed to this action in principle, for 2020. On July 18, G20 finance ministers met again, but postponed broader action on debt and other financial relief until October. Proposals advanced by advocates (including many religious communities), entail following through on debt standstill action, extending the standstill at least through 2021, expanding the group of eligible countries, increasing financial support for humanitarian and relief needs, and ensuring measures to curb corruption. In short, unprecedented levels of support are discussed and new programs are already approved, but they are still insufficient to meet critical needs. Strong ethical and moral pressure for action is needed.
The discussion on June 24 focused initially on debt relief proposals and their links to broader, urgent financial measures. The discussion also recognized the complex intersectionalities linking debt to other pressing issues, exploring the geopolitics of post-colonial realities, global power relations, measures such as economic sanctions, military spending, human trafficking and modern-day slavery, indigenous community rights, and education. Economic sanctions, for example, can exacerbate debt burdens, with dangerous implications. Heavy spending on weaponry and war technology consumes funds that could be better spent on educational programs, health infrastructure, and debt relief. Moreover, environmental and climate change challenges are already affecting the capacity of the poorest countries to cope with the basic needs of their populations.

**RELIGION**

“Religious communities are already doing important work, as seen by the 130 representatives that have already called on the IMF to change their practices” Eric Le Compte.

Religious leadership is urgently needed in this extraordinary time, both to reinforce shared values and to link them to practical decisions that affect, especially, the world’s most vulnerable people. Debt issues have important spiritual and theological dimensions which are critical to understanding what links daily life to global policy. The way that financial resources are managed and the equity dimensions of allocations are a telling reflection of any society’s values and priorities. Religious institutions have exercised bold moral leadership on debt issues in the recent past, notably during the year 2000 Jubilee Debt Campaign of 2000, which transformed technical endless discussions around poor country debt into a central moral issue. Some religious communities have debt and finance at the center of their approach, while others tend to be more skeptical.

Urgent action on debt can reduce financial pressures on governments so they can direct resources for health, education, and job. But specific action on debt relief is complex as debt is held by different types of entities and contracted for different purposes. Longer term consequences of some forms of relief can compromise future development prospects. However, solid, ethical proposals are on the table. Thus in the interreligious context an exploration of both theology and practice is essential. Religions for Peace belongs at that table, as part of the process.

While religious actors and religious institutions can and do influence the way that financial resources are managed and distributed, ambivalence in many religious communities around the world, with regards to the debt issue, remains. This is posited to be a lack of guidance, or knowledge about the specific debt-related issues on the one hand, and a general culture of financial decision making globally – which tends to exclude religious actors, on the other.

“Critical next steps are to examine how to redistribute wealth in a moral and ethical way” Professor Elizabeth Prodomou stressed, noting that “religious teachings can help in this introspective process”. Professor Valentine Moghadam also affirmed that “religious leaders can be very helpful in figuring out how to translate debt-relief into actionable steps for communities …and “helping their communities feel accountable to protecting others”. His Royal Highness Alhaji Aliyu Kevin Danesi, Aidonogbe of South Ibie Kingdom in Nigeria, stressed that “religious Leaders can and should speak to their governments and local communities on why the issue of debt is important and relevant to daily lives… they should be strong advocates at the grassroots and senior government levels”.

Searching for hope on future horizons, the stark exposure of inequalities and their unacceptable consequences in human terms could prompt bold reflections but still more bold actions. Religions for Peace has much wisdom and experience to offer.
**MOVING FORWARD**

In addition to continuing to support religious leaders working together to deliver to the humanitarian needs of all communities through the Multi Religious Humanitarian Fund, Religions for Peace will seek to co-steward, with other partners, efforts to:

**Inform:** Ensure that religious leaders in particular are informed of the intersections and relevance of debt to their respective areas of engagement. The Report of the first global webinar will be co-published by both WFDD and Religions for Peace and made available as a background. Religions for Peace will seek to develop “At A Glance Primers on Debt” for each faith tradition. These will cover the theological arguments relating to debt, and stories around indebtedness and action in different cultural contexts.

**Engage:** Facilitate the engagement of religious leaders in national, regional and global policy fora where debt is on the agenda. To this end, Religions for Peace will work with WFDD to continue the discussion aimed at enhancing the power of multi-religious leadership discussions with think tanks and civil society and government actors, focusing on their own communities and institutions within the African region.

**Communicate:** This will involve collating and communicating the voices of multi-religious leaders at key governmental fora where the issues of debt are informing the agenda. Religions for Peace will work with WFDD to list the major advocacy/asks and commitments by religious leaders, to be shared with the G-20 through the G-20 Interfaith leadership.

Religions for Peace members call for swift action on critical measures that fall squarely within the G20 mandate: debt action, mobilization of extraordinary financial support for countries (reflecting inputs by religious communities), ample financing for humanitarian needs, and action to ensure that resources go to services and are used transparently and efficiently. Religions for Peace leadership stands ready to meet with and support the G20 leaders, as part of the Interfaith community, offering the wisdom and experience of the world's religious communities.
BACKGROUND ON THE FIRST GLOBAL WEBINAR

Religions-Debt-COVID: The Role of Faith Institutions

Date: 24 June 2020 | Time: 9:00 am EDT

INTRODUCTION

On 24 June 2020, Religions for Peace (RfP) and the World Faiths Development Dialogue (WFDD) partnered to convene leaders of thought and of faith for an interactive webinar. The webinar sought to foster a timely conversation between religious leaders, scholars, and experts on realities and responses to individual and national debt in a time of the COVID-19 pandemic.

ABOUT THE CO-ORGANIZERS

Religions for Peace advances common action among the world’s religious communities for a comprehensive, holistic and sustainable peace. The RfP movement, through its 90 national and 6 regional Interreligious Councils (IRCs) and their Women of Faith Networks and Interreligious Youth Networks, engages in key issues of critical concern, within its six Strategic Goals: Promote peaceful, just & inclusive societies; Advance gender equality; Nurture a sustainable environment; Champion freedom of thought, conscience & religion; Strengthen interreligious education; and Foster multireligious collaboration & global partnerships.

The World Faiths Development Dialogue (WFDD) is a not-for-profit organization working at the intersection of religion and global development. It also refers to a process of exchange involving leaders of the major world religions, and international development organizations. WFDD bridges between the worlds of faith and secular development, supporting dialogue and conferences, fostering communities of practice, collecting case-studies on faith-based organizations, and promoting understanding on religion and development. WFDD is inspired by an ambitious objective: bettering the quality of development work both through enhanced mutual understanding and specific insights into poverty and equity challenges.

speakers

The webinar convened key religious leaders from RfP’s inter-religious leadership, including interfaith women and youth networks, academics and sister UN system entities involved in the COVID-19 response.

- Prof. Dr. Azza Karam, Secretary General of Religions for Peace
- Prof. Katherine Marshall, Executive Director of the World Faiths Development Dialogue
- Dr. Valentine Moghadam, Professor of Sociology and International Affairs, Northeastern University
- His Royal Highness Alhaji Aliyu Kevin Danesi, Aidonogie of South Ibie Kingdom
- Mr. Eric LeCompte, Executive Director, Jubilee USA Network
- Dr. Elizabeth Prodromou, Director of the Initiative on Religion, Law, and Diplomacy, Tufts University, The Fletcher School of Law and Diplomacy
The 90 minute webinar was introduced by Dr. Azza Karam who focused on the importance of the event and her wish to listen to the views of both experts steeped in the topic and RfP representatives who saw the issue from the perspective of their communities. Katherine Marshall presented some background (to supplement a background note, attached here), highlighting the importance of this moment – a Kairos moment of urgency, grace, and opportunity.

The four following speakers highlighted the vital importance of religious engagement on debt issues (Eric LeCompte): “Religious communities are already doing important work, as seen by the 130 representatives that have already called on the IMF to change their practices”. They also highlighted the remarkable intersections of the issue with other pressing global issues. Critical next steps are to examine how to redistribute wealth in a moral and ethical way” Professor Elizabeth Promodrou stressed, noting that “religious teachings can help in this introspective process”. Professor Valentine Moghadam also affirmed that “religious leaders can be very helpful in figuring out how to translate debt-relief into actionable steps for communities …and “helping their communities feel accountable to protecting others”. His Royal Highness Alhaji Aliyu Kevin Danesi, Aidonogie of South Ibie Kingdom in Nigeria, stressed that “religious Leaders can and should speak to their governments and local communities on why the issue of debt is important and relevant to daily lives… they should be strong advocates at the grassroots and senior government levels”.

A lively discussion ensured, reflected in the video of the event and the transcript below.

**COLLECTIVE NEXT STEPS**

The leadership teams of the Religions for Peace, the World Faiths Development Dialogue, and contributing scholars and religious leaders at the “Religions-Debt-COVID” webinar have compiled resources and perspectives in order to discern critical, immediate next steps to respond to the moral urgency recognized by all parties.

These steps are as follows:

- Prepare a statement from prominent religious representatives and high-level scholars to be delivered to the G20 summit, articulating the moral urgency of the many societal issues connected to the debt crisis and proposing concrete recommendations on policy and practice.
- Convene a regional-level webinar to examine the particularities of the debt crisis as it has arisen in different regional contexts. In consultation with the webinar participants, as well as the leadership of African Council of Religious Leaders (ARCL-RfP), the first regional webinar on “Religion-Debt-COVID” will focus on the Africa region, to address the prevalence of debt throughout the continent, foreign policies and political incentives behind debt practices, and tangible steps toward confronting and overcoming this regional challenge.
BACKGROUND ON THE ISSUES:

Brief Summary of Urgent Issues on National Debt Burdens and Response¹

Questions: Should Religions for Peace, as a whole and through individual members and interreligious councils, take part in advocacy for action on poor country debt? If so on what basis? Which aspects of the matter? How? In what alliance? Should the stance be just for the COVID-19 crisis or looking wider and beyond?

Some facts about the situation:

- The COVID-19 emergency places huge strains on national public finance. Revenues fall and demands increase, notably for health care and social protection.
- Heavy debt service obligations were a burden especially for poorer countries before the crisis; they loom larger now with crunch points for several countries that face payments due.
- An urgent call for action in April 2020 focused on a debt standstill for 2020, postponing or canceling payments of interest and principal, to ease immediate burdens.
- On April 15, 2020, G20 finance ministers agreed in principle to a debt “standstill” for 2020. This frees liquidity requirements (US$25 billion estimated for 2020 – not all guaranteed, small but significant temporary relief).
- The standstill so far applies to the poorest countries but there are calls both to extend the standstill into 2021 and for action to restructure debt over a longer term.
- Substantial but not complete action has taken place to deal with multilateral and OECD bilateral debt as agreed to during the April meetings.
- Ongoing discussions focus on bilateral debt (especially with China) and that held by private entities.
- Massive new grants and loans following the COVID-19 crisis, both actual and planned, are helpful but still insufficient to plug the gaps.
- Country-by-country action will be needed both for the immediate and longer term as situations differ widely.

Why is there a problem?

- Too much borrowing in many countries.
- Poor accountability mechanisms that include unchecked corruption.
- Worsening problems resulting from the COVID-19 crisis.
- Several countries face the most acute problems – there is variation in situations.
- Most poorer countries have limited monetary or fiscal space to cushion fiscal blows, with falling export and tax revenues and little access to external finance.

Some numbers:

- About US$22 billion is due in 2020 by sub-Saharan African governments either to official bilateral creditors or the private sector.
- The International Monetary Fund (IMF) is making available about US$100 billion (emergency lending instruments).

¹ Prepared by Katherine Marshall, WFDD, for Religions for Peace Seminar
The World Bank pledged US$14 billion in emergency financing and aims to increase operations to US$160 billion to react to COVID-19. Regional development banks and some bilateral donors are acting

The estimates of financial needs linked to the COVID crisis are in the trillions

Why, after debt relief following the Jubilee 2000 campaign and HIPC program for debt relief, is there now a problem?

- Increase in debt levels due to higher deficits, financed by domestic and external borrowing, often due to weak debt management practices and loose fiscal policy
- Diversification of external creditors, in particular Non-Paris Club official lenders and private creditors; and
- A shift towards less concessional terms.

What are the parameters of the problem?

- The degree of problems varies by country
- Out of 69 countries applying a specific analysis in 2019, half were either already in “debt distress” or at high risk of debt distress, against 23% in 2013.
- Commodity exporters have high fiscal deficits leading to increasing debt (thus more immediate and serious problems).
- The implementation of the standstill from China remains uncertain. If China were to distinguish between loans extended by development banks (China Ex-Im Bank and China Development Bank) and official government loans, this would exclude at least two thirds of the debt stock from the standstill. There are uncertainties on the magnitude of Chinese lending; it is likely to be larger than what is indicated in borrower’s statistics recorded by the World Bank (possibly US$150 billion).

The debt standstill – debates and issues

- Debates continue as to which countries it applies to (how poor? Mainly Africa?).
- There is no decision on what might happen in 2021
- Questions center on how to move forward on bilateral and private debt
- What countries are eligible? The 77 countries on which the G20 Finance Ministers converged are LDCs and those eligible for International Development Association (IDA) credits (the concessional lending window of the World Bank), including “blend” countries.
- Other multilateral banks are involved.
- 38 sub-Saharan African countries are now eligible for the debt service suspension, including large economies such as Nigeria and Kenya. Most of the moratorium accrues to those economies.
- The debt standstill provides temporary respite, not relief.

Risks

- Countries may wish to avoid being considered in default
- Future support may be curtailed
- “Moral hazard”: well managed countries benefit less than poorly managed ones

The reality

- While significant, support to date is not at the scale required by the current crisis.
## Estimated remaining debt service for 2020 by region

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<th>Private</th>
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<td>8.8</td>
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The 30 low-income countries with the most debt to China. Figure by CARI.
REMARKS BY DR. KATHERINE MARSHALL – Executive Director, World Faiths Development Dialogue, Senior fellow at the Berkley Center for Religion, Peace, and World Affairs and Professor of practice on Development, Conflict, and Religion in the School of Foreign Service, Georgetown University

Urgent Issues on Debt

This discussion began some months ago, when intensive debates were taking place around G20 ministerial meetings and World Bank/IMF April Spring meetings about urgent action on debt burdens in the light of the COVID-19 pandemic. A question was whether and how Religions for Peace might be part of the emerging global coalition calling for action and specifically its stance on debt. The initial discussion turned on relatively narrow issues around debt. I say narrow because there are so many other dimensions to the crisis at the moment we are living now. However, the relatively narrow issue has special significance for diverse reasons. Dr. Karam and I agreed that the best way to consider whether and how Religions for Peace might be involved was through a dialogue on the topic.

Let me highlight three points to put the issue into a broader context.

First, we are living in extraordinary times. Some call for and define it as a Kairos moment. This vitally important concept draws on the recognition that time, which we all live with constantly, takes different forms, and from time to time special moments arise, moments of grace and moments of opportunity. This time that we are living thus seems one of those points in human history that call for special action. Kairos is both a practical and a spiritual challenge and it confronts us all right now, demanding different kinds of thought, action, and collaboration.

A second point is that we are focusing this morning on money and finance. We all know well that money is not what is most important. That is one of the reasons why people sometimes ask why religious institutions would want to focus on such nasty issues as international finance. But then again, we also know well that the way that people's priorities and their values are all to often best reflected is how they treat the allocation of financial resources. Thus we should never ignore or forget decisions and mechanisms that involve raising and spending resources. Priorities and values matter deeply at this moment and finance is a fundamental element in living those values and priorities.

Third, the debt issue highlights fundamental ethical issues affecting international financial relationships and their implications for people, including religious communities, far behind the sterile offices of central banks and ministries of finance. The Jubilee debt campaign focused on the year 2000, a year that took on special importance in many ways including the reminder of the theological teachings around forgiveness and compassion. I was with the World Bank at that time, and saw how the arguments made and the mobilization involved were instrumental in changing the discourse on international finance. Above all they challenged the technocratic thinking that then dominated two vital global economic matters, inequality and debt burdens (similar mobilizations later began to change discussions on corruption). The Jubilee debt campaign took a very complicated technical issue and reframed it in terms that people could grasp and relate to. They could understand national debt burdens in terms of their own lives: their car loans, their mortgages, their student loans, all of those. The campaign for action on debt translated an issue that generally people didn't reflect on much into something much more specific, where importance and urgency came through.
Even more, even if debt was not always the central and most important issue for a country’s development strategies, the campaign gave issues around national finance and relationships among countries linked to debt a moral, ethical framing that was informed by theology and colored by lived religion. It was clear that debts were an enormous and tangible burden for many countries.

Those three issues of context are vital for our discussion: (1) that this is a Kairos moment that demands urgency, new approaches, and a focus on change; (2) that we do need to focus on finance- to “follow the money”, a piece of advice that is always good to heed; and (3) these issues around finance and debt have profound ethical dimensions, even at their most technical level.

The immediate issue is the debt burden of many of the world’s poorest countries. It is vitally important because the massive financial and economic implications of the current crisis are unprecedented. We are talking, at a global level, not about millions of dollars, not billions of dollars. We're talking trillions, and we may well be heading into the next category before very long. The COVID-19 crisis (health, economic, and social) has devastated the budgets and therefore the capacity to serve people in countries all over the world. Therefore packages are being considered and mobilized that we want, as a community, to watch very carefully. We want to make sure that those packages achieve what is promised and what is most needed. Most critical is that promises are delivered and that the packages serve the people who are most in need.

One piece of the financial picture is debt obligations. Sadly, despite important actions since the year 2000, debt burdens of a number of countries- many countries- have risen to a point that they interfere with the capacity of those countries to serve their people, even to buy medical equipment, protective equipment, etc. An important aspect is that debt burdens come due in an unrelenting fashion. As all of us know from our personal lives that when a debt payment is overdue, there are serious consequences. Debt payments are thus among the most are immediate and urgent burdens facing countries shaken by the COVID-19 crisis. Relieving debt burdens can help to free funds for purposes that will serve people’s urgent needs.

The proposal that was the focus in April was for a debt standstill for 2020, meaning that principal and interest payments would be suspended. An underlying idea was that longer term restructuring would follow. The G20 finance ministers in April supported this debt standstill, involving some US$ 25 billion equivalent, applying to a specific group of countries, mostly the poorer countries and mostly in Africa, for 2020. There are continuing questions as to how to translate that into practice, because a large part of the debt is held by China and some other countries that are not formally part of collaborative arrangement for handling debt. They have yet to act fully. A large part is held by private banks and other entities that are not subject to binding rules and established mechanisms. Further, the standstill is not full and not adequate for the needs of the day. There are discussions about extending it to 2021 and expanding coverage to a broader group of countries.

Those are some issues on which advocacy can make a difference. And that's where Religions for Peace might come in.

I cannot judge whether this is a priority for Religions for Peace, among so many. That's something for us to discuss. How far should this to go? How much energy should RfP put into what is a complicated issue?

There is an important history of religious leadership on poor country debt issues, not to speak of financial management and relying on debt more broadly. The topic is very important right now because of the urgent imperatives of meeting health care and social protection needs. The discussions around debt relief are as a reminder of the obligation to care about the people at the end of the road, to care about those who are most vulnerable. For religious leaders, a focus on specific countries, where issues play out differently, can lead to meaningful understanding and interventions.
We also know that this issue is linked to how the broader financial packages linked to the COVID-19 emergency are used. That involves priorities and efficiency. It also highlights issues of accountability. Accountability means making sure that the money freed by debt relief and by new financial aid does not go to corruption and that it does not go to inefficient infrastructure and other poor funding options. It means ensuring that the main focus is on jobs, food, schools, and health.

That, I suggest, is the framing for today’s discussion. Details that we will send afterwards will give you more information on which countries are most involved and how big the burden is. We also should consider some moral hazard issues that echo ancient theological debates: for example, is it fair that countries that have not managed well benefit more than those that have been careful and prudent.

We need, though, to return to our “bottom line”, which is action in this Kairos moment that focuses on the marginalized and those at the end of the road. For this, we need the voices and the mobilization and the moral pressure of religious institutions on this and many other issues.
RELIGIONS FOR PEACE

REMARKS BY HIS ROYAL HIGHNESS ALHAJI ALIYU KELVIN DANESI II

[Summary of Transcript]

Religion, COVID and Debt

The Religious Dimension of Debt

The religious perspective of capital is important to keep in mind – debt is a religious and spiritual issue. Therefore, religious leaders must speak out to governments, especially the governments of the developed nations that sanction developing countries. Moreover, religious leaders must remind people in a position of authority that they are in a position which God has put them in. They are first accountable to God, and therefore accountable to the people.

Debt in the Nigerian Context

The problem of debt is significantly weighing down on Nigeria which spends a sizable portion of its GDP on debt every year. In the time of COVID-19, too much fund is being spent on security problems that could have been easily resolved with the commitment of developed nations. This would lessen the portion of Nigeria’s budget spent on security. Various sectors, such as economy, education, are hurting because of debt. Developing countries, such as Nigeria, are unable to put money into education partly because they are dependent on countries like China to take care of security or agriculture. The present government in Nigeria is doing a lot to ensure food security and self-sufficiency and recently reduced food imports. Without such policies, when the country shutdown, there would have been a serious problem of import dependency for food. The debt Nigeria has incurred is to finance infrastructure. With the advent of COVID-19, the government is finding it difficult to salvage these debts.

Accountability and Restructuring/ Reconsidering Debt

One must look at debt from a macro perspective; debt is an issue between nations and institutions. The only way the developed world can support less developed countries is by considering forgiving some of their debt. This is not saying they should forgive everything, but debt should be restructured and reconsidered. It is one thing for a country to incur debt - it is another to use this debt to finance projects that are productive and add value to the economy. Additionally, because of corruption, money is being borrowed and finding its way back to the lender without being accounted for. The western world has a responsibility to help developing countries with this accountability. We cannot turn a blind eye to the fact that money was borrowed, and therefore it should be paid. However, it must always be remembered that the common man is suffering, not the government. The same principles apply with sanctions – Iran, for example, has never before gone to the World Bank or IMF to borrow money. However, now they are doing so today because of the sanctions imposed on them, which is pitiable.
Debt, Sanctions, and Military Spending in the Age of COVID-19

Abstract

The COVID-19 pandemic has been a major disrupter, but it has not so much created new problems as laid bare the old ones: social and income inequalities within countries, questionable government priorities, and the capitalist world-system’s hierarchies, rivalries, and conflicts. The pandemic has devastated communities and economies across the globe, some far more so than others, and raised urgent political and ethical issues. This paper focuses on three such issues: debt (student debt and developing-country debt), economic sanctions, and military spending. Examples will highlight conditions in countries of the Middle East and North Africa region.

Introduction

As the COVID-19 pandemic gained momentum in the early months of 2020, Pope Francis delivered his annual Easter message, touching on several issues, including the effects of the novel coronavirus. During his prayer at the Easter mass offered in the Basilica of St. Peter without parishioners, he began by acknowledging the valuable and difficult work of health providers and prayed for them. He then called for the lifting of international sanctions, noting that they “prevent the countries that suffer from them from providing adequate support to their citizens.” Pointing out that the cancellation of debt would allow poor countries to better attend to the crisis caused by the coronavirus outbreak, Pope Francis also called for “debt reduction, if not forgiveness.” Addressing war and the arms trade, the Pope called for an end to the current array of wars and the continued sale of weapons, saying: “This is not the time to manufacture and smuggle weapons, which costs a lot of money that would rather have been used to treat patients and save their lives.” Regarding refugees and migrants, he pleaded for “the hearts of so many refugees and displaced people due to wars, droughts and famines to be comforted” and for the protection of “the many migrants and refugees – many of them children – living in unbearable conditions, especially in Libya and the border between Greece and Turkey.”

In this paper, I elaborate on three of the issues mentioned in the Pope’s Easter message: (1) debt (student debt and developing-country debt), (2) sanctions, especially the harsh U.S. economic sanctions against Iran, Syria, and Venezuela, and (3) the arms trade, notably the continued sale of arms to Saudi Arabia and the UAE for use in their assault against Yemen, along with high military spending in general. All three issues long predate the pandemic outbreak, but they also have greatly exacerbated the effects of the pandemic.

The 2007-08 financial crisis and subsequent Great Recession could have been the wake-up call for a re-ordering of national-level and global priorities, but this did not occur. Rather than being held to account, banks and corporations were bailed out by government largesse while millions of citizens lost homes or jobs; in many countries, citizens endured years of austerity measures. For political and economic elites, it was “business as usual”, while for ordinary citizens the costs of housing and education continued to soar. Nor was attention paid to climate change or global health. The novel coronavirus has precedents; Ebola, SARS, Zika, MERS and others had been experienced and studied in some quarters. According to a recent article in The Economist, a panel of experts at the World Health Organization in February 2018 compiled a list of diseases that posed big

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2 This paper is based on Dr Moghadam’s presentation at the 24 June 2020 webinar, “Religions - Debt - COVID-19: The Role of Faith Institutions”, organized by Religions for Peace.

3 For the full English-language translation, see https://www.catholicworldreport.com/2020/04/12/full-text-pope-francis-easter-urbi-et-orbi-message-2020/
public-health risks but for which there were few or no countermeasures; one of those included “Disease X.” And yet, countries found themselves utterly unprepared for COVID-19. An argument can be made that – apart from the unforeseen health risks of globalized travel and commerce – poor governance and warped economic priorities worsened the effects of the pandemic. For some countries, years of austerity measures had reduced public spending and services. In other cases, governments maintained high levels of military spending, or conflicts with other governments, or the imposition of economic sanctions. Sanctions, military spending, and conflicts diverted human and financial resources that could have made governments better prepared for the pandemic.

It is in this context that the present paper makes a case for debt cancellation, an end to economic sanctions, and a halt to arms exports to countries engaged in wars of aggression. I will cite examples from across the globe, though with a focus on countries from the Middle East and North Africa region (MENA).

Debt

In many parts of the developed world, university education is free or highly subsidized. The price of a university degree in the U.S., however, has been steadily increasing. Private universities always charged tuition, but public universities, located in specific states, once offered free tuition to the children of tax-paying citizens of those states. Gradually, state legislatures reduced funding for public universities, leading to tuition increases. At the same time, an array of for-profit educational institutions emerged, with highly paid CEOs touting the benefits of degrees from their institutes and enrolling largely low-income students who took out loans to pay the tuition. Student debt in the U.S. – currently estimated at $1.6 trillion – results therefore from very high tuition and fees, and from the trap into which for-profit educational institutes lured low-income people. It is also a function of the difficulties that graduates have faced in finding good jobs or affordable housing. Many activists and some politicians have called for the alleviation of student loan debt. Student debt was to be forgiven under some circumstances, but those were deemed too broad for the current U.S. administration, and thus President Trump recently vetoed a major Congressional student loan forgiveness bill – and that in the midst of the COVID-19 pandemic, when so many Americans have lost jobs. In early April 2020, student debt forgiveness was among the actions that presidential nominee Joe Biden endorsed and promised during his presidency. Biden’s loan forgiveness plan called for a minimum cancellation of $10,000 of student debt, payments scaled relative to income, and complete forgiveness of federal student loans after 20 years.

In the U.K., similar concerns have been raised about student debt. University tuition was introduced in 1998, requiring students to pay up to £1,000 per year, and fees gradually increased, reaching £9,250 pounds in 2017 and leading to substantial student debt. According to an official parliamentary report, more than £17 billion is loaned to students each year. At the end of March 2019, the value of outstanding student loans had reached £121 billion. “The Government forecasts the value of outstanding loans to be around £450 billion (2018-19 prices) by the middle of the current century. The expansion of loans has raised questions about graduate repayments and ultimately the cost of the system to the taxpayer.” Critics have called the high fees and

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4 See “Pandemic-proofing the planet”, The Economist, June 27th, 2020, pp. 64-67. See also Robin Marantz Henig, “Why Weren’t We Ready for This Virus?”, National Geographic, vol. 238, no. 1 (July 2020): 15-18. As early as 2005, and in the wake of the avian flu, public health journalist Laurie Garrett wrote “The Next Pandemic?” Foreign Affairs, 84, no. 4 [July/Aug. 2005]: 3-23. She mentioned global disparities that would exacerbate the next pandemic’s reach and the need to support WHO efforts, in part because “since little vaccine is actually made in the United States, this could prove a problem for Americans in particular.” She also provided a remarkably prescient and accurate account of the economic consequences of a pandemic.

5 See https://www.forbes.com/sites/christopherrim/2020/05/12/stimulus-proposal-10000-student-debt-forgiveness/#1745286c10f2

6 See https://commonslibrary.parliament.uk/research-briefings/sn01079/; accessed 1 July 2020.
student debt obstacles to social mobility. The Labour Party under former leader Jeremy Corbyn endorsed debt cancellation and a return to tuition-free university. In June 2020, the National Union of Students demanded immediate student debt relief, given the disruptions caused by the COVID-19 pandemic. In both the U.K. and U.S., student debt should be cancelled, and state universities should be free.

The Third World debt has long been of interest to policymakers and activists – but also to “vulture funds” in the world of financial speculation and profit-making.\footnote{See https://www.timeshighereducation.com/news/nus-mass-action-demands-covid-19-student-debt-relief; accessed 1 July 2020.} The heroes in this story include Jubilee 2000, founded in the early 1990s as part of an international coalition movement in over 40 countries that called for cancellation of the third world debt by the year 2000. This movement coincided with the Great Jubilee, the Catholic Church’s celebration of the year 2000.\footnote{See Moghadam (2020: 34). There is a vast literature on the subject, with many valuable contributions by Filipino sociologist Walden Bello and Egyptian economist Samir Amin, among others. The 1989 UNICEF study Adjustment with a Human Face criticized the social effects of structural adjustment policies. See Moghadam (2020) for full references.} The campaign aimed to wipe out $90bn of debt owed by the world’s poorest nations – itself the result of irresponsible lending in the 1970s and the onerous conditions of debt servicing in the 1980s, including the introduction of “structural adjustment policies” and their monitoring by the World Bank and the International Monetary Fund (IMF).\footnote{https://www.attac.org/en/overview} Jubilee 2000 was part of the Global Justice Movement of the 1990s, which drew attention to the downside of what was now called neoliberal capitalist globalization; the movement included the Coalition to End the Third World Debt, Women’s International Coalition for Economic Justice, The 50 years is Enough Campaign, ATTAC,\footnote{Created in 1998 to advocate for the “Tobin tax” as well as cancellation of Third World debts, ATTAC continues to call for a tax on foreign exchange transactions, financial transactions, and other forms of financial speculation. It seeks “regulation of financial markets, the closure of tax havens, the introduction of global taxes to finance global public goods, the cancellation of the debt of developing countries, fair trade, and the implementation of limits to free trade and capital flows. See https://www.attac.org/en/overview.} the Women and Trade Network, Women’s Eyes on the Bank, United for Peace and Justice.\footnote{Following Mexico’s announcement in 1982 that it could not pay its foreign debt, 57 countries in the global south had difficulties paying debts to private lenders through the 1980s. The group included four MENA countries: Egypt, Iraq, Jordan, and Turkey.} Jubilee 2000 and other campaigns had an impact. In 1996, the G7 group of rich countries created the Heavily Indebted Poor Countries initiative to cancel some of the debts of some of the most impoverished countries, if those countries implemented more IMF and World Bank free market economic policies. The Jubilee 2000 Coalition staged demonstrations at the 1998 G8 meetings in Birmingham, England to protest such conditionalities and to call for more debt relief.

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Hedge funds or private equity funds might buy or invest in debt considered to be weak or in default (“distressed securities”); such debt may consist of real estate or other asset-related debt but also has included national-level debt (“sovereign debt collection”) – as in the case of Argentina, mentioned later in this paper. By purchasing such debt that has become available in a secondary market, the hedge fund intends to make as much profit as possible. The term “vulture fund” was coined to refer to those predatory hedge funds that “preyed” on debtors, although proponents argue that it enables the continuing of credit.

The concept derived from the biblical idea of the year of \textit{Jubilee}, or the 50th year. In the Jubilee Year as quoted in \textit{Leviticus}, those enslaved because of debts are freed, lands lost because of debt are returned, and community torn by inequality is restored. For details, see https://www.jubileeusa.org/the_jubilee_story.

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I discuss the Third World debt and the Global Justice movement in all three editions of my book, \textit{Globalization and Social Movements}, and I mention Cheryl Payer’s prescient 1975 book warning of “the debt trap” (see Moghadam 2020: 34). There is a vast literature on the subject, with many valuable contributions by Filipino sociologist Walden Bello and Egyptian economist Samir Amin, among others. The 1989 UNICEF study Adjustment with a Human Face criticized the social effects of structural adjustment policies. See Moghadam (2020) for full references.
The Jubilee 2000 Coalition dissolved at the end of the millennium year, as had been planned, but it left a legacy of organizations around the world, including Jubilee USA and Jubilee UK. Anglican Archbishop Justin Welby of the U.K. described the campaign as "perhaps the churches' finest hour in dethroning Mammon ... Sustained support from Christians & others across the world led to the cancellation of more than $100bn of debt owed by 35 of the poorest countries."13

The borrowing and lending spree, however, went on in the new century. Vulture funds swooped in to buy up more debt cheaply. In 2005, Argentina reached an agreement with over 90 percent of its creditors to pay 33 cents on every dollar owed, but some vulture funds refused to take part in the debt restructuring. Other vulture funds bought up debt from poor countries (e.g., Zambia and Liberia in 2007 and 2009) and demanded repayment with interest – and then they went to their country’s courts to demand repayment. Risky “sub-prime mortgages” and other exotic financial instruments intended to increase profit-making led directly to the financial meltdown of 2007-2008 and the subsequent Great Recession. In 2010 it became clear that the Greek government could not pay its debt. This was a re-enactment of what had occurred in the 1980s, only worse. Economic crises are inherent in capitalism, as are cycles of boom and bust, but since the 1980s, governments had relinquished their role as stewards of citizen wellbeing and had enabled banks and corporations to behave irresponsibly, focused almost exclusively on shareholder profits. Small wonder that income and wealth inequalities widened considerably (especially in the U.S. and U.K.), leading to criticisms of the “1%” and of the governments that had enabled such wealth for the few while so many were unable to move forward or retain assets such as their homes.

Today’s list of heavily-indebted poor countries (HIPC) are largely located in Sub-Saharan Africa but also include Afghanistan, Bolivia, Guyana, Haiti, Honduras, and Nicaragua. Given the pandemic, HIPC countries should see immediate debt relief, if not cancellation. Medium-income countries also are suffering due to the declining price of oil and other natural resources compounded by the legacy of the Great Recession and the pandemic. There is some consensus that developing countries whose external debt consumes less than 60 percent of their GDP have a manageable level of debt. Several countries in the Middle East and North Africa region, however, have debt that exceeds that threshold.14

For example, Morocco’s external debt of $35 billion consumes 65 percent of its GDP; at the end of 2019 it had a heavy external debt of nearly $35 billion, representing a 0.15% increase from 2017. Morocco received numerous loans from several international institutions in 2019. In November 2019, the World Bank announced that it had approved a new $300 million loan to support the strengthening of “Morocco’s municipalities” as part of Morocco’s reforms to upgrade public administrations. The bank also loaned Morocco $500 million to promote Morocco’s education sector. In December 2019, Morocco received several other loans, including $150 million from France, €100 million from the African Development Bank, and €401.5 million from the EU Investment Bank.15 In May 2020, the Arab Monetary Fund (AMF) provided a loan worth $127 million to Morocco. In a press release, the AMF said that the fund was to provide financial resources to meet the Morocco’s needs amid the global pandemic. There has been much discussion in Morocco regarding the increasing external debt, including a warning from the governor of Morocco’s central bank, Bank al-Maghrib.16

14 See www.theglobaleconomy.com/Iran/External_debt
15 https://www.moroccoworldnews.com/2020/01/290350/morocco-heavy-external-debt/
Similarly, Tunisia’s external debt has grown. Its 2011 political revolution launched the country on a democratic transition, the only country involved in or affected by the Arab Spring that became a fully-fledged parliamentary democracy. However, the lingering effects of the Great Recession, along with security concerns following several terrorist attacks in Tunisia, led to declines in foreign direct assistance; revenues from phosphate mining also have declined. Since 2013, Tunisian governments have requested one loan after another. In 2016 Tunisia’s public debt was €23,526 million (USD 26,041 million), or 62.28% of GDP, a 6.85 percentage point rise from 2015, when it was 55.43% of GDP. It is estimated that in 2018 its debt consumed 87 percent of GDP. Like other countries, Tunisia has had to face COVID-19, although its well-functioning public health infrastructure and well-trained medical doctors, many of them women, have tackled the pandemic admirably. However, Tunisia remains a country with high unemployment and a high level of external debt. In June 2020, Prime Minister Elyes Fakhfakh declared a halt to external borrowing and said he would freeze salaries instead – which is likely to antagonize the country’s powerful trade union. Tunisia is a country highly deserving of debt relief if not cancellation, as it has been an exemplary international actor, peaceful and democratic.

The UN in 2015 voted for new principles for debt restructuring. Some 136 votes were cast in favor of debt restructuring. Six countries voted against the measure, including the key countries that decide how global debt is regulated, such as the U.S., U.K., Germany and Japan. Today, as more countries are mired in debt due to irresponsible lenders and borrowers alike, it is past time to reconsider the terms of loans and loan repayment, along with the nature of financial markets, and move toward a new regime of global taxes that would fund people’s welfare, peacebuilding, and planetary sustainability.

2. U.S. Economic Sanctions

Proponents claim that sanctions substitute for outright war; sanctions are said to target and weaken repressive or recalcitrant regimes, and presumably prevent harm to civilian population. Sanctions have been in existence for some time, and a famous international example, widely agreed to have been successful, were the sanctions imposed against the South African apartheid regime. U.S. sanctions against South Africa, however, were weak, first due to opposition by the Republican Party and then because of President Reagan, who vetoed a compromise bill in September 1986 (it was overridden). What is noteworthy is that Reagan called sanctions "economic warfare", stating that sanctions would mostly hurt the impoverished black majority in South Africa and lead to more civil strife. In more recent years, U.S. sanctions indeed have been a form of economic warfare that hit civilians hardest.

The record of the sanctions against Iraq, Iran, Syria, and Venezuela shows that they can cause extreme harm. The 1990s UN sanctions against Iraq ("Oil for Food program") led to increases in child and infant mortality, declines in school enrollments, and hunger and stunting. Several UN officials resigned in disgust over those

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17 See https://www.focus-economics.com/country-indicator/tunisia/external-debt. The World Bank’s World Development Indicators database reports Tunisia’s external debt only for the year 2012, when it was 44.7% of GDP. For a summary of loans from the World Bank to Tunisia, see https://financesapp.worldbank.org/en/countries/Tunisia/ (accessed 1 July 2020).

18 See https://www.nasdaq.com/articles/tunisias-pm-decides-against-relying-on-more-external-debt-will-freeze-salaries-2020-06-14 (accessed 1 July 2020). For comparison with Morocco and Tunisia, Algeria’s total debt was 38% of GDP in 2018. Iran’s is even less, because of its exclusion from financial markets; it external debt in 2018 was about $6.2 billion – compared to Morocco’s $35 billion and Tunisia’s $26 billion.

19 See https://jubileedebt.org.uk/history-of-debt

social costs as well as the extensive corruption that accompanied them. Anger at the UN may have been behind the 2004 attack on UN headquarters the year after the U.S.-U.K. invasion.

Economic sanctions can be especially harmful of economies and societies. They encompass blockading of the central bank, assets freezes, trade sanctions, and financial sanctions. The U.S. is especially fond of sanctions because its dominance of financial markets and institutions gives it much leverage and it can issue unilateral economic sanctions – including sanctions against third parties that continue to trade with the target country. As a result, critics liken sanctions to carpet bombs, economic warfare, economic terrorism, and even weapons of mass destruction. As of 2019, the U.S. had imposed sanctions on six countries – Iran, North Korea, Syria, Sudan, Cuba, Venezuela – and on persons in 23 countries. Between 2009 and 2019, the U.S. fined 19 international banks for violations of U.S. sanctions. In early January 2020, after the U.S. assassination of Iranian General Qassem Soleimani and Iraqi commander Abu-Mahdi Muhandis (near Baghdad airport in early January 2020), an Iraqi parliamentary vote called for the immediate withdrawal of U.S. troops. In response, President Trump threatened economic sanctions if U.S. troops were compelled to withdraw; he threatened to end waivers that allow Iraq to buy Iranian gas to fuel generators that supply a large portion of the country’s power; and he warned that Iraq could lose access to its central bank account at the Federal Reserve Bank of New York.21

Sanctions against Iran have been in place since 1980 and were ramped up under the Obama administration, which promised to ease them in the aftermath of the 2015 Joint Comprehensive Plan of Action (JCPOA, or Iran Nuclear Deal). Trump violated the spirit of the JCPOA – a major achievement of the Obama administration – by abrogating it and then ramping up sanctions against Iran. The effects have been devastating for the economy and society:

- Growth collapsed to -6% in 2019
- Inflation estimated at about 37%
- Collapse of the currency
- Private sector failures
- Difficulties with exports of oil and payment for essential imports, including highly specialized medicines

In the context of COVID-19, Iran’s health crisis was made worse by lack of access to financial markets and shortage of foreign exchange. U.S. sanctions prevent Iran from accessing its foreign exchange reserves held in foreign banks to buy medical supplies or import other essential goods – and they threaten any third party that seeks to trade with Iran. Many healthcare workers lost their lives to the pandemic. What is more, Iran’s request of $5 billion from the IMF – its first since the 1960s – is opposed by the U.S.

Despite unilateral U.S. trade sanctions on both countries, Iran in May 2020 was determined to send oil to struggling Venezuela. As usual, the U.S. warned governments, seaports, shippers, and insurers that they could face American retaliation if they were to aid the Iranian tankers, and the U.S. reinforced its naval presence in the Caribbean. Venezuela is the target of both U.S. and U.K. sanctions; it has launched legal proceedings against the Bank of England for the release of $1 billion worth of Venezuelan gold held by Britain as part of the economic sanctions. Both Iran and Venezuela face economic decline and shortage of certain medicines due to economic sanctions, oil price collapse, and the pandemic. This is beyond unfair and unjust – but it reflects the hierarchies of the capitalist world-system.

Just as appalling is the Trump administration’s “Caesar Act”, a new set of harsh economic sanctions. Syria’s currency had plunged by 70% since April 2020. As late as June 2020, more than half its people faced food scarcity, and hopes of rebuilding a country shattered by war continued to ebb. Syria seemed barely able to absorb new shocks, but the new U.S. sanctions could devastate what is left of its flatlining economy and amplify the gravest regional decline in decades. In addition to targeting Syrian officials, the Caesar Act would enact sanctions on foreign persons or companies that do business with the government, specifically in the construction, engineering, energy, or aviation sectors. Targets also include anyone who provides support for the government’s military operations or those of its main backers, Russia and Iran. Critics argue that the new sanctions, like the ones imposed on Iran, punish civilians more than the governments, and would adversely affect Lebanese business with Syria. Additional U.S. punitive measures were proposed in early June 2020 to target cash-strapped Lebanon, which was desperately seeking a loan from the International Monetary Fund.

One is left almost speechless by the cruelty of such measures. On the Socialist Left there always has been talk and action around internationalism, or international solidarity; in Christian terms, it is “love thy neighbor” and “do unto others as you would have them do unto you.” For an administration that proclaims itself supportive of Christian values, it is worth noting that the U.S. economic sanctions on Iran, Venezuela and Syria are profoundly un-Christian.

3. The Arms Trade, Military Spending, and Conflicts

The militarization of the U.S. on a planetary scale is unprecedented – high levels of military spending as a proportion of GDP (4%) and of government budget (54%); and it consumes about 40% of the world’s military expenses per year. The U.S. is the only country to have used the atomic bomb on another country, and it has engaged in chemical warfare (Vietnam, Serbia, Iraq) while criticizing other countries for allegedly doing so. It has about 1,000 military bases around the world, including some 17 bases that surround Iran. Most recently, it created a Space Force, deeming Space the new battlefield for its global hegemony. Apart from trillions spent on wars in Afghanistan and Iraq since 2001, the U.S. currently has a military budget that is close to $800 billion, at a time of extreme hardship experienced by American citizens and small businesses due to the COVID-19 pandemic.

The U.S. exports weapons to its allies in the MENA region, encouraging extraordinarily high levels of military spending in the Gulf sheikhdoms that can defy logic or rationality (see Figure 1). Data from the Stockholm International Peace Research Institute (SIPRI) and the World Bank reveal exceptionally high levels of military spending in Saudi Arabia and Oman, as well as in Kuwait, Bahrain, and the UAE. The UAE has not reported military spending figures in recent years, but data from the World Bank and the United Nations Development Programme (UNDP) show that military spending in 2010 in oil-rich UAE consumed fully six percent of GDP, two to three times more than the UAE spent on health or education. The MENA region is beset by conflicts, many of them longstanding, such as the Israeli-Palestinian conflict, and some new, such as the Libyan conflict since the 2011 NATO military intervention. The U.S. has turned a blind eye (if not encouraged) aggressive military action by allies Saudi Arabia and the United Arab Emirates (attacks on Yemen since 2015), Israel

22 See https://www.al-monitor.com/pulse/originals/2020/06/syria-economy-sanctions-caesar-assad.html?ixzz6PT3avNYq. See also Alexander Main, "The Case Against Sanctions."

(attacks on Syria for years), and Turkey (attacks on Kurds in northern Syria since October 2019 and in June 2020 on Kurdish units in northern Iraq).

In June 2020, a congressionally appointed watchdog body accused Turkey and its proxies of curtailing the rights of religious minorities in northern Syria, and said that Turkey would continue to do so unless the U.S. intervened to stop them. The U.S. Commission on International Religious Freedom pointed out that the Turkish invasion of the Kurdish-led Syrian region “directly endangers precious ethnic and religious diversity that has long marked the northeast, and it threatens the viability and stability of the autonomous administration.” 25 But instead of calling for the lifting of sanctions on Syria as it suffers economic decline and the pandemic, the group called only for the Caesar Act to be implemented in a way that spares the autonomous administration in the northeast – as though Christians, Yazidis and other religious minorities resided only in Syria’s formerly Kurdish-led region, and as though Syrian Muslims did not deserve sanctions relief in the midst of COVID-19.

The massive flow of weapons out of the U.S. to countries that are terrorizing other countries, and the high levels of MENA military spending encouraged by the U.S. bring to mind Pope Francis’s admonition to the U.S. Congress during his visit in 2015:

*Here we have to ask ourselves: Why are deadly weapons being sold to those who plan to inflict untold suffering on individuals and society? Sadly, the answer, as we all know, is simply for money: money that is drenched in blood, often innocent blood. In the face of this shameful and culpable silence, it is our duty to confront the problem and to stop the arms trade.* 26

**Conclusions**

The COVID-19 pandemic has been a major disrupter, but it has not so much created new problems as laid bare the old ones: social and income inequalities within countries, questionable government priorities, and the capitalist world-system’s hierarchies, rivalries, and conflicts. Because of these problems and inequalities, the pandemic has devastated communities and economies across the globe, some far more so than others, and raised urgent political and ethical issues. This paper has focused on three such issues: debt (student debt and developing-country debt), economic sanctions, and military spending, the arms trade, and conflict. Debt, sanctions, and militarism have greatly exacerbated the societal effects of the pandemic while also distressing whole economies. Priorities at both national and global levels need extensive re-ordering: debt relief or cancellation for students and for countries that were encouraged to borrow irresponsibly or that simply cannot service the debt in a way that does not harm their populations; the lifting of sanctions during the pandemic and an eventual end to unilateral U.S. economic sanctions; less military spending and more social spending; an end to arms sales to countries that engage in aggressive military action against other countries. More rather than less diplomacy and international cooperation – including increased development assistance to Global South countries and more funding to UN agencies – could improve socio-economic conditions in those countries and prevent the outflow of migrants and refugees to the awful conditions that Pope Francis decried in his Easter 2020 message.

Peoples of all faiths across the globe have a stake in another world that is predicated on robust public health and welfare systems, which in turn require public provisioning of essential goods, services, adequate food and


shelter, safe working and living environments, and social protection, also codified by the fundamental rights of citizenship -- civil, political, economic, social, and cultural. National and global agendas alike should be predicated on the principles of peace, planetary sustainability, and people’s wellbeing.
Figure 1. Military Spending, MENA countries, 2010-2018

Source: World Bank Indicators.
REMARKS BY: MR ERIC LE COMPT - Executive Director of Jubilee USA [Edited Transcript]

It is such a gift to be with all of you today for this very important and critical conversation in terms of reflection that I would like to offer. I would like to first speak about what has been the history of looking at these debt issues and the role of religion in working on these debt issues. And then second, to bring us to today to this current moment, this time of the pandemic, the coronavirus, where, again, we say what is the issues today and what is the role of religious institutions today in working on these debt, financial and economic issues.

So that first point in terms of my reflection, we go back to the mid 1990s when we were looking at a world where developing countries across the world were spending more money on debt service payments than they were on health, education and all social services combined. We're looking at a moment in the mid 1990s where we had countries around the world with governments, with a lack of governance. We had governments who had borrowed money and they borrowed money to build bridges, but instead of building bridges, they bought palaces. We had governments who were supposed to invest in social infrastructure, but instead took that money and bolstered their militaries, which in many parts of the world then repressed and oppressed populations. That was the moment we were looking at. And it was religious institutions and religious leaders who looked at this moment and began to popularize an adage.

Debt means death. Debt means suffering. Religious institutions, which are so important in every corner of the world for building our health clinics, our hospitals, our education for being so close to social services, for being on the front lines of feeding the poor, we're looking at what are the structural issues for why we have poverty and so much of the world? Why do we have famine existing in the world? What are the structural issues that we face now in this current moment? That means people are suffering, that children are not receiving education, and they started to focus on this issue of debt. Well, the analysis, even from the beginning, was much broader in terms of the economic structures that impact poor people, impact financial crisis, impact the world.

They really looked at the issue of debt because it was something you can count. You could look at the numbers and see that a country like Haiti was still paying off debts to free its people from slavery. They were able to look at the debts being paid in much of sub-Saharan Africa and see that these debts that were being paid were at the cost of suffering at the cost of famine. So, religious institutions, religious leaders like Pope John Paul, the second at World Youth Day in 1997, made a very clear linkage to Jubilee 2000, the Jubilee year that many Christian churches around the world were celebrating the two thousand years of Christianity. They said, let us go back to the Hebrew and Christian scriptures and let's look at what a jubilee might mean today.

When we go to the foundational elements of the Hebrew scriptures, the Christian scriptures starting in the Book of Genesis, we read a story. The story is, in many ways, very simple: that God loves the world so much that God gave us a rich and abundant world to share among us. And when we are closest to one another, we are closest to God. We are close to the creator when we are sharing the wealth amongst us. This was so important in the very early elements of the Torah that some scriptural scholars argue that the law books that were created (as many as eighty thousand) lived their lives by these law books,

The idea that God created a rich and abundant world for us to share, in seven days, by actually creating biblical laws that every seven years debts would be forgiven. Every seven years, slaves would be set free. Every seven years, people would go back to their ancestral lands every seven years. We are going to let the land go fallow so that God can directly provide for us and we give a chance for the land to rest. And then every seven years is the great restoration. The forty ninth year, the fiftieth year when all debts are forgiven, and all slaves are set free.

There is a continual process that protects all of us from becoming too rich or too poor. That process was so important to the early believers that these law books became a critical mainstay in terms of the lives that they
lived. Then the prophets come along and remind the people that they have forgotten about the laws of Jubilee. Isaiah Micah Amos. They remind the believers that you've forgotten how to live in harmony with creation, with the world, with one another. You've forgotten about the great Jubilee and then in the Christian scriptures as Jesus Christ begins his ministry in the Gospel of Luke. He begins by reading from the great Jubilee Scripture. He goes to the synagogue, as was the custom. He reads from Isaiah of the great Jubilee year of declaring the year of the Lord's favor, essentially ending all inequality right now. And we know from the readings that the listeners were mystified. They were baffled. They were confused. Isn't this the day laborers sun from Nazareth? And he's telling us inequality is over today in our hearing.

In the US precursor, the predecessor institution of Jubilee 2000, Jubilee USA, the organization that I was a part of, at that time (in the 1990s) was founded by the American Jewish World Service, by the U.S. Conference of Catholic Bishops, to confront these issues in an interfaith way together. And because of the work of these groups that came together, we saw that over one hundred and thirty billion dollars of debts were relieved and that those debts being one of the most accountable forms of aid that was highly monitored by the IMF and by financial institutions, we could actually quantify what that meant through 2005, 2006, 2007. Initiatives called the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, the HIPIC and the MDRI. We know because of relief that it's still going to countries from those initiatives that 54 million kids went to school in sub-Saharan Africa never would have seen the inside of a classroom. We know that hospital fees were canceled in Tanzania. We know that because of these moneys that were won by a global jubilee movement that Jim Kim, the former president of the World Bank, said it was the primary reason that we saw a period of economic growth in the mid 2000s in Africa. So these are very important issues in terms of debt that transitions us to today.

What is happening now and what is the role of religion? I think as institutions from all faiths have continued to be a part of Jubilee and Jubilee USA, it's been very critical to look beyond the issue of debt justice, to look at the Hebrew and Christian scriptures, and Muslim teachings, with the understanding that the role of religion - in terms of ending poverty, and challenging the structures that create poverty - also has to be about building that continual jubilee process, which can not only end debt, but also ensure that the vulnerable are protected from being too poor, and that we are all protected from being too rich.

So that is where we are today. And now the coronavirus comes. I think it's important in terms of context to know that we had a global financial crisis, the North American financial crisis in 2008 and 2009 that essentially was created by high unsustainable debts and risky market behavior. In the three or four years that followed that crisis, religious institutions once again looked to processes with the IMF, the United Nations, the World Bank, the G20, to try and prevent another financial crisis from happening. We saw a lot of excitement and a lot of energy around improving issues, around debt restructuring, around wanting to make sure there were greater market protections, there were greater challenges to corruption and tax evasion within the financial system. But unfortunately, the further we got away from the financial crisis, the less we looked at those solutions and implementing them. And now we have arrived today at a point where the International Monetary Fund says we have a financial crisis as great as – and possibly greater than - the Great Depression. We have unemployment in the United States and in many places of the world that actually rivals the unemployment of the Great Depression.

We have a reality, according to the United Nations, where 265 million more people are being pushed into famine, into extreme hunger in the world right now. The International Labor Organization tells us that we are going to lose 300 million jobs around the world permanently. Let me put that into a comparative perspective: from 2008 to 2009 of the financial crisis, and in the four years that followed, we lost 22 million jobs permanently. That is the particular crisis that we're dealing with. That is why we need to look for greater and better processes to remedy this. To be able to ensure we can prevent future, and further, crises.
It has been religious institutions that have stepped up to move forward real solutions in this current moment. Some of the solutions we looked at - many of the other panelists have referred to today - namely that debt and financial issues became a central issue for the International Monetary Fund and the United Nations. It is a simple matter of mathematics. Of the seventy seven poorest countries in the world - the International Development Association - countries, when we look at how many critical care units they have to confront the coronavirus, we realise that the lucky countries of the G-77 had as many as 50 critical care units as the coronavirus struck. Many countries had zero.

40 percent of low income countries before the coronavirus hit were in debt crisis, according to the IMF and World Bank. More than half of middle income developing countries were facing debt distress or debt crisis. Also not having access to hospitals and medical systems to be able to deal with the crisis, let alone be able to pass the kind of stimulus packages, the bridge financing that we have been in the United States to create some kind of lifeline for populations. So, again, in this moment, is the corona virus hit? We faced a moment where countries, again, had been paying more on their debt service than they were on their health care and their education systems and their social infrastructure combined. So the G20, the IMF, the World Bank came together and created this debt standstill mechanism in order to stop debt payments for countries that apply for it. 73 out of those 77 were applicable to apply at this point, about thirty eight have applied or expressed interest, and right now that process is being extended through the end of this year. It is a very helpful process. It will essentially mean that 12 billion in dollars will be able to be funneled into bolstering health care services.

It will mean that there will be some lifeline to deal with the famines that many of these countries are dealing with. Of those who live in extreme poverty around the world, three quarters of the people that live in extreme poverty live in these seventy seven countries. So it is actually really critical. But I think part of the question we're asking here today and as a part of this important panel is, is it enough? I think as Catherine and others have alluded to, while the process is promising, it certainly is not comprehensive enough just for these poorest countries, that doesn't include private creditors. There are problems with how it's structured. And we are looking at a reality which the World Bank has acknowledged very strongly, that developing middle income countries like Ecuador, like El Salvador, like all of the countries in Latin America, except for two countries in the Latin America, Caribbean, only Haiti and Honduras are able to qualify as low income countries. The rest of all developing countries, again, we're now the United Nations is saying we're going to see twenty two million people move into extreme poverty because of the crisis in Latin America. They do not qualify for any debt standstill, any debt relief process. And then we're also falling short in terms of what will be debt cancellation and extension of a debt standstill. So as Catherine alluded to and others have mentioned, what the G20 is looking at right now, what the IMF is looking at is looking at processes of debt vulnerability and debt sustainability.

So as Pope Francis said in his important Easter message, not only should we be stopping the payments of debts, we should have processes to cancel debts. And that gets us to the role of the religious community in this particular moment. We are very excited that one hundred and thirty religious institutions from the United States Conference of Catholic Bishops, to the American Jewish World Service, to Islamic Relief USA, have called on the IMF, the World Bank, the G20 in the White House to move forward these debt relief processes, to move forward a bankruptcy process not only to deal with the current crisis, but to prevent the next crisis from happening. The Quakers as well as the Mennonites have also signed on. Every single one of the big ten mainline religious institutions in the United States, have signed on.

Synagogues, mosques, churches across the country are a part of this statement asking to do four things: Firstly to move forward processes to extend the debt standstill, and cancel debt so we can actually be honest and truthful to the call of African ministers to be able to stop forty-five billion in debt payments in Africa. Secondly, we have to improve debt restructuring processes. Thirdly, we need to move forward processes to stop corruption like responsible lending and borrowing. Fourthly, we need to look at tax evasion and tax avoidance
issues, because right now the developing world loses a trillion dollars a year through those. These are important steps which all civil society organisations are keen to see happen so we can reduce the back breaking burden of debt.
Thank you very much for the learning and the sharing. In order not to reiterate many of the points already made, I want to just offer two or three reflections on what faith communities have to do with debt. And I want to begin with asking us as faith communities - do we think about debt? Do we talk about debt? Do we consider debt? or is debt one of those words and phenomena that we imagine to be separate from faith communities? I think that all of the previous speakers have made it very clear that there are important connections between a discussion about debt and its features and practices on the one hand, and faith communities on the other. So I would suggest that it is very important, first of all, for faith communities to think about the specific categories, the conceptual and the theological frameworks that individual communities, and then in combination, utilize in order to understand what is debt, how it is manifested and what are its impacts? I think in this regard, it would be very useful for faith communities to have a kind of a primer from economists, financiers, big bankers, those who all of us who are speaking here today to understand the operation of debt, both debt seen as a way to enrich and facilitate growth, individual, communal, societal, national growth, but also debt as an instrument or instruments that ultimately, in many cases produce exactly the opposite outcome.

I think it is particularly important for us to think about debt as a mechanism that shapes social relations, humans to humans, humans to animals (the wonderful squirrel outside on our deck this morning), and also humans to the environment. So in other words, debt shapes the relationships and the power relationships across the created order. And I think that is very important - the way in which debt shapes power relationships. And then finally, in terms of how and why faith communities might be thinking about debt, we need to focus on the question of the ethics of debt for faith communities growing from what I just said, and also drawing on what Dr. Marshall said at the outset, that debt really tells a story about how people choose to allocate resources. And those resources may be financial, they may be material, they may be spiritual, psychological and human. But again, I think placing the issue of debt within an explicitly religious and theological framework that is designed to think about the ethics of power relations where debt is concerned, is very useful.

And then we are having this conversation because of COVID-19 - the public health pandemic. Yet, I would also urge us to consider what has emerged in all that we have discussed now, that debt itself is also now a global pandemic. And it has been for some while. But we have never really acknowledged it as such. And if we go to the Greek etymology of the word pandemic, this is an issue for all. It pertains to all people. And certainly as COVID-19 does, debt does. COVID-19 has thrown into the sharpest relief, the interconnectedness of all persons planetary in scope at the most local and the most global level. I think all of the previous presenters have underscored the fact that debt produces interconnectedness that can produce positive outcomes or negative.

I would like to suggest that for faith communities, it is especially important to think about the moral response, the ethical framework, and then the moral responsibilities. How do we understand this, and then how do we act purposefully, systematically, collectively when it comes to deploying faith communities’ theological resources for addressing the question of debt and its ontological impacts? It is possible that debt can produce freedom and equality. It can facilitate freedom. It can strengthen equality. In fact, we see very frequently that the opposite is the case. Therefore, debt is an ontological question, and I think that is something where faith communities can make a difference in thinking.

The second point I want to make with regard to debt, faith and COVID-19 is that COVID-19 has also unfortunately exacerbated, and has continued, the ugly practice of the phenomenon of modern slavery in all of its diverse forms. Alas, a public health pandemic has not stopped people and institutions and states and para-state groups from participating in the enslavement of other human beings. So, I think I is useful for us, again, to focus on the way in which debt also ties into features of modern slavery. I wanted to emphasize a few points.
for our consideration. First is, of course, the trafficking and smuggling of human beings, and we use those terms interchangeably, trafficking and smuggling. I think the main difference is the scope and the size of those being moved. But where does that fit into the trafficking of people and the smuggling of people? We see it in multiple ways. For example, the use of unlawful debt, forms of debt that individuals incurred debt through their transportation, through their recruitment and even through their willingness, the tragic willingness, to be sold in order to move to what they hope will be conditions of freedom.

So exploiters insist that these individuals who are being trafficked have to pay off their debts before they can be free. Oftentimes the payoff is in financial terms, and oftentimes, as we know, it is in terms of performing sexual acts. And that goes from the oldest to the youngest, because we see trafficking and smuggling occurring from infants to the aged. So debt runs through the trafficking and smuggling industry. Debt also runs through forced labor, through what’s called bonded labor or debt bondage. Many workers actually inherit debt intergenerationally. This is a particular problem in some regions of the world. We see it very frequently, for example in South Asia, where children inherit the debts of their families. And so they are working as bonded laborers, trying to pay off that debt, or oftentimes they may agree to be trafficked and moved as a means of paying off the debt. So the debt also informs that particular expression of modern slavery. Another example that we see all around us and we probably do not know we see it, but in the United States certainly (and I’m sure across Western Europe), there are modern slavery hubs in cities like Los Angeles, New York, and Florida.

We see domestic servitude as another expression of modern slavery that turns on debt, where we see workers brought with families or imported to families to serve as domestic help. And they must pay off their time as a domestic servant in order to be freed of the debt, but also to acquire legal documentation in order to remain in the country. Certainly we see this all over the Gulf and Africa. But I think we also see it in the United States - oftentimes it is invisible because we don't imagine that the intersection of debt and slavery is occurring on a daily basis around us in the United States.

Another example of the intersection of debt and modern slavery is related to forcible child conscription. We see the unlawful recruitment and the forced conscription of child soldiers, both by governments and by private mercenary groups, worldwide. That forced child conscription oftentimes is sold. Recruitment occurs as the recruiters attach a particular time of service equivalent to the debt of service, so that once you’ve served for X number of years, you have then paid off your debt and you are free to leave your military service, and of course, we know that oftentimes most frequently, that does not happen.

[These are all spaces] in which faith communities should be thinking and actively engaged. I want to highlight the fact that debt informs those features of modern slavery to ensure that we do not begin discussing debt in one silo, slavery in another silo, faith in yet another silo, and public health pandemics in another. These are all connected to one another.

Finally, by way of conclusion, going back to what can be done and movement from discussion to action, I would urge that just as faith communities could be well served by having Pointers from experts in the economic and financial space about debt, faith communities could also serve those economic and financial communities of experts by mining their own traditions for theological teachings that help to develop those ethical frameworks that are related to debt, which help us to understand debt and to see debt. Oftentimes, debt has a kind of invisible quality to it. We are used to thinking about debt in terms of money, finance, and material issues. But there are other spaces - as I have just made clear - for faith communities to systematically mine their own theological teachings, and to create their own Primers on the issue of debt.

I would also urge - because we heard from the previous speakers and I am so glad that you brought this up - the issue of accountability that is shared across faith traditions. … There is oftentimes ambiguity and ambivalence when it comes to the question of debt, the person who can provide financial support or material
support and the person receiving that. What is the nature of the power relationship in that interaction? And it is critical to address that ambivalence head on. If within faith communities, it is impossible to get it right when it comes to the power relations that come to exchange and debt, then how can faith communities possibly hope to do more in the public sphere and beyond their communities? This gets to the issue of demanding accountability and rejecting corruption [whether by state or by multilateral institutions], but rejecting corruption that comes from faith based institutions as well as from those authorized [to be] stewards of finance and the dispersal of financial resources, to reject corruption and demand their accountability. This also brings us perhaps to the question of culture, I think worldwide, including in the most developed post-industrial societies to the most traditional, unfortunately, forms of corruption have made their way into our daily practices. Buying buildings and dedicating them at university campuses so that people can be accepted to campuses or to programs. I guess that is an accepted way of life. But in other contexts, we might call that a form of corruption. So I think we need to think about culture, corruption and the debt question far more comparatively.

Finally, in discussing the debt, religion and pandemic connection, again, I would urge us to realize that on the questions that will be planetary in nature, whether it is environmental destruction and climate change, whether it is nuclear proliferation, or whether it’s the next pandemic (which not if it will come, but when it comes) that debt questions will be amplified and exacerbated throughout. So this is a moment of reflection due to COVID-19. But I think it forces us to think about the way in which debt questions cut across these other global planetary forms of interconnection that produce gross economic and material inequalities and also produce horrible disequilibrium in power relations.