

THEOLOGICAL REFLECTION ON INTERNATIONAL DEBT:  
A CRITIQUE OF THE JUBILEE 2000 DEBT CANCELLATION CAMPAIGN

by

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## **ABSTRACT**

The theologically-inspired Jubilee 2000 campaign was highly successful but much theological reflection on the sovereign debt owed by the poorest nations has been overly polemical. Our study indicates that nonetheless a post-liberal, dialogical approach to the issue of international debt can be realised, and traces some of its key observations and themes. The origins and development of Jubilee 2000 are traced both in Britain and internationally, with particular reference to the campaign in Zambia. Key arguments and factors critical to the success of Jubilee 2000 are discussed and analysed. In performing this analysis we draw on the work of Atherton, whose approach offers criteria for establishing the adequacy of theological engagement in a plural and globalised context. Analysis of the themes of jubilee, grace and forgiveness, and usury reveal that despite their limitations, they offer valuable and distinctive contributions on issues of power and money, in their insights into the human condition, and into obligations across generations. Future theological engagement on debt will also require greater attention to the role that money performs, and a new synthesis of visionary and realistic elements.

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## Chapter 1

### Introduction

For centuries Christian theological reflection was dominated by considerations of debt. Regulations concerning the practice of usury in Medieval times were complex and weighty. In the closing years of the twentieth century this issue rose to prominence again, albeit in a different guise. Here the deliberations concerned not the interactions between private individuals but entire nations, and the sums were astronomical. The Jubilee 2000 campaign gave renewed expression to a strand of theological reflection hitherto overlooked for centuries, and galvanised millions of people worldwide to campaign for debts to be cancelled. The 'credit crunch' of 2008 also gave rise to a new awareness of the dangers of poorly regulated credit divorced from actual capital, and it may well be that the themes of credit and debt become, once again, pivotal aspects of the Church's social engagement.

The Jubilee 2000 campaign was remarkable in several ways. It was the 'one of the biggest global campaigns ever' (Bunting, 2000), holding the record for the greatest number of signatories to a petition. It was also a truly global campaign, beginning in the UK, but soon inspiring national campaigns in most countries of the world. It was hugely influential and successful in achieving its stated objectives - the cancellation of debts to the poorest nations - and led directly to the formation of the Make Poverty History campaign. Furthermore, the campaign

was rooted in Christian reflection and practice from the outset, choosing an overtly biblical symbol, and relying heavily on the contribution of Christian churches and Christian-based development agencies as the campaign gathered momentum. Indeed, its success can be attributed unequivocally to the churches, particularly those in Britain (Bunting, 2008). Not since the campaigns for the abolition of the slave trade and the ending of apartheid has the Church enjoyed such a prominent role in a mass political action.

This study is concerned with the Jubilee 2000 campaign and the lessons that can be drawn from it for continued theological reflection on the subject of international debt. Accordingly the thesis is developed in two parts. The first part is concerned with the campaign itself: why did the campaign begin, and what were its origins? How and why did the campaign develop, and what were its objectives, guiding principles and motivations? What were the outcomes, successes and weaknesses of the campaign, and what were the factors contributing to these? What does a study of the campaign suggest about the Churches' involvement in social, political and economic issues? We shall see that moral and theological themes played a significant part in the success of the campaign, and can be measured not only according to the campaign's own objectives, but also more widely in terms of a paradigmatic shift in general attitudes to debt relief.

The second part is devoted to theological issues. In performing an analysis of the way theological judgments are derived, we shall need to establish criteria for

establishing their adequacy or otherwise, for a critical issue at the heart of this thesis is concerned with questions of how theological reflection utilises economic insights, and how they may be correlated. Our discussion will show that a framework based on the work of John Atherton offers a valid and constructive means both of assessing the campaign and of critiquing the themes that emerge from it. This leads us into an investigation as to how ongoing theological reflection on debt might be pursued constructively. We shall be asking: what is the nature and dynamic of these themes, and where do they originate? To what extent can they be used satisfactorily for theological engagement in the future? What are their limitations, and how may they engage with secular disciplines such as economics with authenticity and lead to outcomes that will more closely resemble the character of the kingdom of God? We shall see that this investigation leads to conclusions not only concerning specific theological concepts but also on the processes of theological interaction and ways of navigating the tension between ideals and realities.

The Jubilee 2000 campaign, formally the Jubilee 2000 Coalition, was a large umbrella organisation comprising hundreds of organisations and millions of supporters worldwide. A few definitions are necessary for clarity here: by 'campaign' I mean the Jubilee 2000 campaign in a broad sense. My use of the term 'campaigners' refers not only to those formally part of the campaign's organisation or involved in its publications, but also to those who in a general sense supported the campaign's aims; the term 'Coalition' refers to the

partnership of Jubilee 2000 campaigns internationally. The campaign's origins lay in Britain, where the campaign enjoyed considerable prominence and led to the establishment of campaigns in other countries, some of which still persist to this day. The campaign was notable for the leading role taken by church leaders and Christian activists. It called for the cancellation of the 'unpayable' debt owed by the least developed countries to the West and the international financial institutions such as the IMF and the World Bank. The campaign was highly successful and, although much debt has yet to be written off, many billions of dollars of debt were indeed cancelled, leading to tangible improvements in the quality of life for millions of people, especially in some sub-Saharan countries. The campaign began as awareness about the phenomenon becoming known as globalisation grew. The two are not coincidental but related, for the Jubilee 2000 campaign was both a response to some of the deleterious effects of globalisation, but also dependent on the phenomenon of globalisation itself. The campaign spearheaded novel practices and methods of organisation that used the global media and the internet to portray Jubilee 2000 in effect as a kind of brand.

We begin our investigation into the campaign by looking at how the debt cancellation issue arose: a developing sense of crisis grew during the 1980s as an increasing number of developing nations became unable to honour their loan commitments. International financial institutions, alarmed both at the effects this would have on the banking industry and at the plight of the poorest economies,

rescheduled many loans but on condition that governments pursued a more monetarist policy. These in turn gave rise to popular protest as commodity prices rose and welfare provision, education and health care were reduced. The consequent impoverishment of many in the poorest parts of the world prompted growing awareness of how the matter of international debt was a significant factor. One can perceive a process in which international debt moves from being considered a temporary, though urgent problem, to being viewed as a humanitarian and economic crisis that was endemic and systemic. Chapter 2 therefore looks at this history over recent decades, and the ways in which the emerging debt crisis was understood, before turning to consider the genesis of the Jubilee 2000 campaign. Although much has been written about the campaign's development from a sociological standpoint, relatively little has been devoted to the theological issues and insights that prompted it. Jubilee 2000 was a campaigning organisation rather than a theological or political thinktank. It was deliberately short-lived and extremely fast-paced; not surprisingly for a campaign that grew exponentially, the formal written records are incomplete. The campaign generally favoured the publication of succinct reports rather than lengthy documents, and a major feature of the campaign's success was its pioneering use of media, and the internet in particular, where image and headlines were as important as content. In addition, Jubilee 2000 was a diverse movement embracing many groups and interests that would rarely be seen together in the same platform (for example, the Mothers' Union and radical political groups). As an umbrella campaign, therefore, internal differences of opinion are not always

highlighted because the focus was on the common, broad cause of debt relief. Nevertheless, it is possible to discern a clear difference in perspective between campaigns in the North and South, and to come to a clear view as to the salient perspectives and key decisions that defined the movement as a whole.

Having investigated the development of the campaign, and the reasons for its success, in chapter 3 our study examines more closely the arguments deployed by the campaign. Some of the arguments appeal to a sense of natural justice, others draw interesting parallels with other instances of bondage and coercion, such as the campaign to abolish slavery in the colonies. We see that the campaign was pursued not only through rational argument but also, though no less consistently, through a more emotional appeal: the image of the chains of slavery bringing home to people the limiting, oppressive nature of debt bondage.

My investigation concentrates mainly on British theology, though with some American content. This reflects the fact that the Jubilee campaign originated in the UK, even though other organisations across the developing world had been campaigning on the debt issue. One significant feature of Jubilee 2000 was its global dimension, embracing campaigns in nearly 70 countries across every continent. In some countries such work had already been taking place before the campaign's inception; in others it was new. It was important to undertake a case study of one severely indebted nation, in which there was a strong campaign, to understand better the dimensions of the debt situation and the impact it has. In

addition, it was necessary to understand a national campaign from the perspective of those in a very different place from the campaigners in the rich North.

Zambia was chosen for several reasons: it represents a relatively straightforward case, uncomplicated by natural disasters or war; the campaign there has been, and continues to be, highly influential; Zambia has received total debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative and the effects of this ought to be in evidence; some of the structural issues that were factors in Zambia's original indebtedness remain and continue to be cause for concern. In effect, a study of Zambia presents a microcosm of the essential factors in the crisis of poor country indebtedness, and presents indications of both the success and the limitations of debt relief. Chapter 4 is therefore devoted to a study of the debt crisis in Zambia, which was visited in April 2008, long enough after the HIPC completion point for debt relief to have made an impact. This chapter will look at the background to Zambia's debt crisis and the factors involved in it, the effects that structural adjustment policies made on living conditions and the wider economy. As will be seen, the effects were severe on welfare and quality of life, and crippling economically: Zambia experienced a sharp plunge through the index of human development to become one of the lowest ranked countries in the world. The Jubilee-Zambia campaign is then investigated, and the theological understanding of debt which has emerged. We shall see that the dimensions of the debt problem reach critically beyond the confines of economics into the

realms of politics and law. Theologically the issues go beyond those of natural justice and embrace questions of power relations in exchange, and of temptation.

In some ways the Jubilee campaign can be considered to be quite exceptional, the like of which we may not see for another century. If so, one may question the validity of gleaned insights from it for other contemporary reflections upon political economy. Linden (2000, pp.22-23) suggests that the chief significance of the campaign was its ability to have common appeal to both evangelical Protestants through the jubilee references in Scripture, and to Catholics through Papal pronouncements on the same theme. The actual theological interpretations of Jubilee were relatively unimportant compared to this campaigning advantage. If this is the case, what does this have to say about the dimensions of theological engagement on social and political issues? Linden argues that there is a danger in seeing the Jubilee 2000 campaign as indicative of the wider Church's engagement with the forces of globalisation, precisely because the campaign represented a fairly clear-cut moral argument; a similar point is made by Brown and Ballard (2006, p.429), who state that campaigns such as Jubilee 2000 can distort theological involvement away from areas of greater complexity or ambiguity. There is a tension between the campaign imperative to present simplified arguments, with the need for theological and moral integrity to avoid misconception. Not unrelated to this, we see a conflict between rights-based approaches and those which stress the complexity and ambiguity of such matters. By contrast, Atherton, whose own approach

deliberately embraces the contradictions and ambiguities of capitalism, argues that the Jubilee 2000 campaign is sacramental. He sees the campaign as a sign of the Church's decisive option alongside the poor, and which provides evidence that a dialogical approach, rather than a confessional one, is capable of urging prophetic action:

'Jubilee 2000 is a symbol of the wider task of addressing global poverty... [it is a] true sacrament of Christian understanding of this global economy and world, and of an effective discipleship in it. It is a sacrament of true partnership and reconciliation.' (Atherton, 1997, p.12)

Is the Jubilee 2000 campaign incidental to the broad sweep of the Church's engagement in social issues, or does it indeed suggest a profound development?

Our investigation will answer the claims of both Linden and Atherton, and consider the way in which the different emphases and processes of a political campaign, and those of theological reflection, can pull in opposite directions.

The development of the Jubilee 2000 campaign has presented a fascinating study to students of sociology, media and social anthropology, but this thesis is concerned with none of these; it is concerned with the Church's response to the phenomenon of international debt in the late twentieth century, and encapsulated in the campaign which became the Jubilee 2000 Coalition. Of particular interest are the processes by which theological opinions were formed and expressed, for the 1980s and 1990s witnessed an upheaval in theological reflection on, and involvement in, politics and economics. Until the 1970s the dominant model in

the West for theological understanding of economics was that of classic social liberalism, as evinced by Ronald Preston in Britain and Philip Wogaman in the US. These stressed the autonomy of secular disciplines such as economics and the consequent role of theological ethics as a kind of mediation between different cultures. The rise of liberation theologies presented a serious challenge to this but did not overthrow its hegemony. Nonetheless among liberals and conservatives on both sides of the Atlantic there emerged a new emphasis on the experiences of the poor, and the gospel prioritisation in their favour. Yet such approaches were often held in tension with principles of consensus and the common good. However, emerging in the 1980s two new challenges suggested the demise of the classic liberal approach. One was pluralism, the widespread acknowledgment that many contrasting values and beliefs pertained in society; the other was globalisation, the phenomenon describing the processes of economic and commercial homogenisation across national and cultural boundaries. From these challenges a growing diversity of responses appeared, for example the neo-orthodoxy of Michael Banner, or the Radical Orthodoxy movement championed by John Milbank and others. The subordinate relation of secular disciplines to theology is a key aspect of these schools of thought, which has led to a growing confidence outside their confines and, among some, to call for a return to more Christian economics; the work of the conservative evangelical Jubilee Centre in Cambridge would be a good illustration. Another response to the demise of liberalism has been attempts to reformulate it, or to seek a post-liberal theology.

Many claim the success of Jubilee 2000 endorses their particular theological approach. Radical-orthodox and other confessional theologians view the campaign as evidence that it is possible to advance a distinctively Christian theme within wider public discourse; radicals will be convinced that it represents a qualified victory for causes espoused on behalf of the poor and oppressed.

Those rooted in the liberal and post-liberal traditions see it as a sign that a dialogical approach is more fruitful, and that the campaign bears witness to the tension of practical measures rather than ultimately fanciful alternative economics. I will demonstrate that analysis of the Jubilee 2000 campaign, using an Athertonian framework, exposes the shortcomings of confessional-based approaches and offers validity to emerging post-liberal ones.

My thesis therefore moves at this point to a discussion on the interaction of theology and secular disciplines, and the way in which satisfactory criteria may be discerned in order to analyse adequately the Jubilee 2000 campaign.

Our next chapter traces the key features of the significant, but differing, developments in theological reflections upon political economy. This latter term is important here, for the study of the campaign reveals that it becomes impossible to separate economics from the wider context in which it rests, and indeed depends: issues of social context, of power relations, of nationhood and the legitimacy of authority. Chapter five introduces the classic theologically liberal approach to economic issues in the work of Ronald Preston, and a critique of this, not least in the light of globalisation and postmodernity's emphasis on moral

pluralism. The attempts of Raymond Plant and Hans Küng to remodel the liberal approach are then analysed, before turning to more vocal critics of this approach. The more confessional approaches of Douglas Meeks and Timothy Gorrige, in addition to those of John Milbank and Stephen Long, are discussed, and particular attention is given to the way in which they assert that the needs of the poorest have primacy. Atherton has sought to develop Preston's approach in the light of a changed, global context. In his work we see a gradual progression that reflects some of the changes in British social theology during the 1980s and 1990s, from an antagonistic position vis à vis market capitalism to one which is now more sophisticated but no less radical. Throughout his work, Atherton has sought to understand, following Preston, the nature of economic forces and processes, and increasingly to reject confessional approaches. His more recent works attempt to embrace both the autonomy of market capitalism and offer means of leading to distinctive, authentic Christian responses through dialogue. The theme of dialogue is in turn developed further by Malcolm Brown, who believes that the only way in which theology can be seen to have anything to offer in a plural world is to look at its own self-identity, as one player among many others, but that through this more limited perspective new possibilities for genuine dialogue, and distinctive forms of Christian thought and action, emerge. From this discussion an Athertonian framework will be determined, which will satisfy the challenges posed by pluralism and globalisation, and will indicate the criteria for a dialogical approach consistent with biblical principles and able to offer suggestions for practical action. Such a framework helps us to determine

the strengths and weaknesses of the Jubilee campaign, and the validity and appropriateness of the arguments deployed and the themes that emerge. We need to ask whether it is possible, for instance, to identify key theological themes and principles which transcend the boundaries of context and culture and thus have a universal and authoritative claim, or is it rather the case that their outlines are more contingent?

Having researched and analysed the campaign, and devised criteria for assessing its adequacy as a form of theological engagement, our attention turns in the second part of this study to the implications one can draw from the campaign and from associated theological works, for future theological reflection. Three themes are identified for further investigation in subsequent chapters: jubilee, grace, and usury. These in turn give rise to other themes for discussion, such as the role of utopian motifs, forgiveness, a revised conception of the nature and role of money, and the bonds of ethical responsibility that connect different generations.

The theme of Jubilee was pivotal to the campaign from its inception, and it is no understatement to say that its use was instrumental in the campaign's success, in particular its ability to act as a overarching banner, under which many diverse groups and interests, faith and unions could join together. Although much of our attention will be on its validity as a tool for theological reflection on debt, we need to bear in mind its high value at an emotional and imaginative level for political

ends. We therefore turn to an investigation of the jubilaic legislation in scripture: its content and the socio-economic context in which it is likely to have emerged. As we shall see, it is closely related to the legislation concerning the sabbatical year. Unlike this, however, there are grave doubts as to whether the jubilee was ever implemented, and thus we need to debate the issues this raises: was this due to the legislation being impractical, or was its main intention more prophetic than purposeful? The Athertonian perspective will then be employed in order to determine the advantages and limitations of jubilee as a theological resource, and our discussion thus concludes with a critique of the jubilee legislation for theological engagement with political economy.

The jubilee may be the most prominent theological feature of the campaign's advocacy on international debt, but there are other significant ones that are less easy to present in such a simple, imaginative way yet nonetheless offer rich food for thought. Although much material linked with the campaign is brief and highly topical, several theologians have given careful consideration to the matter. This is particularly significant given the ephemeral nature of much of the theological reflection issued during the campaign. One prominent development among theologians reflecting upon debt has been the introduction of the themes of grace and forgiveness. Chapter 7 examines the ways in which this has been attempted, and subjects them to a critique, again using Atherton's framework, to discern the suitability of the methods employed in attempting this. We consider the theme of grace in the works of Michael Northcott, Peter Selby, and Kathryn Tanner.

Northcott offers an intriguing approach to the matter of debt cancellation through an imaginative combination of political theology and radical orthodoxy. He calls for a return for the explicit link between money and actual goods (gold), processes of exchange and human relationships, rather than its abstract commodification in recent decades. His bold, lucid counter to globalisation focuses particularly on the political issues, especially sovereignty and the state, that arise from discussions on debt and poverty.

By contrast with Northcott's acerbic, confrontational approach, we see how Selby offers a more thorough analysis of debt through both its domestic and international dimensions. Selby, the Bishop of Worcester, was a key figure in promoting the campaign within the Church of England, and its General Synod of 1998 in particular. He stands in the classic liberal tradition of Christian social involvement yet, like Northcott, acknowledges the need to move from a position of mediation exemplified by that tradition, to one that pays greater attention to those most vulnerable and in solidarity identifies with them. Selby highlights the nature of the relations that debt produces, or exploits, and thus sees the issue of power as central for any approach to debt. Furthermore, like Northcott he advocates emphasis on the theology of gift rather than exchange, but unlike him, Selby develops this in a less confrontational way. Selby's method is to identify points of intersection rather than the imposition of one discipline onto another. The result is powerful critique of capitalism through the introduction of a theology of grace. Tanner was not involved in the campaign yet her approach is innovative

in the way she seeks to develop a theological ethic within the world of economics. The chapter ends with a discussion on the theme of forgiveness and in particular the contributions of Simon Taylor and Daniel Bell who both, in very contrasting ways, suggest that forgiveness represents the most helpful means of introducing theological material into the matter of debt.

One of the campaign's criticisms of the interest payments required by heavily indebted poor countries, was that they were usurious. Our discussion reviews the development of usury theory, its dominance in the Middle Ages and subsequent demise, until very recently. The resurgence of interest in usury as a resource for advocating a greater mutuality of risk, power and gain through shared-interest schemes is particularly significant. This in turn leads into a critical discussion on the changing nature and role of money in the global economy today, considering the work of Catherine Cowley, who emphasises the wider role of money as a product of social networks and systems, rather than merely a token of commercial exchange. One further consideration the usury theory produces is the linkage between the present and the future, and issues of inter-generational responsibility will therefore be addressed.

We conclude our study by reviewing our analysis of the Jubilee 2000 campaign and of the key issues for theological reflection upon debt - methodological and thematic - that emerge. These take us inevitably beyond the confines of economics into wider discussion of our understanding of the human being in

relation to others, both in the present and for the future. One key theological insight is derived from the concepts of freedom and constraint. We realise that perfect freedom is not found in complete autonomy and independence, but through adherence to some regulation (for example: the Torah, financial regulation, prohibitions on drugs). That is to say, we do not always know what is good for us, and even were this not the case, human beings are sometimes incapable of pursuing this without some forms of prohibition or sanction.

A current refrain through this thesis is the question as to how a particular argument might lead to constructive steps toward the eradication of poverty and debt. An effective ethic of Christian engagement in any sphere of human activity needs not only to be consonant with the prophetic witness to truth, and the vision of that new order which God in Christ has initiated, but moreover must provide guidance as to how that new order might be realised. The best moralities are those which hold together in tension the ultimate and the contingent (Elford, 2000, p.112), assuming the situation is not apocalyptic, but even in this situation a theological ethic needs to pay attention to means as well as ends. This balanced ethic does not so much imply a consideration of what might simplistically be termed 'realistic', a heavily loaded concept: clearly arguments about the practicality of various theories can be highly subjective and laden with vested interests. The Jubilee campaign itself is a profound illustration of a cause initially derided as utterly fanciful yet within a very short period had achieved an almost widespread acceptability. Yet at the same time, some problems, such as

moral hazard and corruption, remain significant features. An emphasis on means as well as ends does however suggest that Christian ethics should be able to suggest particular avenues to pursue in order that the ultimate ends might be more closely visualised. Hence our discussion also involves the usefulness and limitations of visions that portray the ideal, redeemed society. Much theological reflection on debt is overly optimistic about human nature and society. This thesis therefore concludes with reflection on the theological understanding of human nature, in relation to our interaction with a world that is both life-enhancing and life-denying.

## Chapter 2

### The History of the Debt Campaign

In this chapter I intend to sketch the recent history of the debt crisis and the emergence of Jubilee 2000 as a global movement. I will investigate the perceived causes of the debt crisis for, as we shall see, these have undergone considerable and frequent revision as new theories and data emerged. In particular, I wish to draw out the essentially provisional nature of the economic models available at the time, and thus how tentative is the nature of the discipline of international debt economics. As we outline the development of the movement that became Jubilee 2000, we shall explore the intentions and expectations of the early activists. Again, we shall see how their horizons changed rapidly as the movement gathered momentum and the goals of the campaign expanded; essentially it is a story of paradigm shift among both campaigners and the wider economic community. Finally, the international dimension of the campaign is analysed, with particular focus on the contrasting perspectives and demands made by national campaigns in the North and South. These differences exposed the tension between, broadly speaking, reformist and revolutionary approaches to the political and economic architecture of debt, differences which might well have caused the coalition to fragment had it continued much longer.

## Debt Crises in Antiquity

The prevalence and remission of collective debt is nothing new: Solon the Greek ruler is recorded as having declared a cancellation for all debts in the year 594 BCE (Dent and Peters, 1999: 21); there are also numerous incidents recorded in ancient Mesopotamia (Logan, 1999: 9; Ferguson, 2008b). There, declarations of debt-release or partial amnesties from debt were typically announced at the beginning of reigns as a device to attract popular support or legitimise the authority of the new ruler. This phenomenon is not confined to ancient history: it is interesting to note that in the 2004 campaign for Mayor of London the defeated Conservative candidate, Stephen Norris, pledged in his manifesto not only to abolish the London congestion charge but also to annul any outstanding fines (Congestion Charge London, 2009). We can see, therefore, that debt cancellations may be enacted as a means of maintaining the existing pattern of social and economic arrangements, rather than necessarily instigating a new socio-economic order.

King Edward II of England defaulted on Edward I's debt in 1329.<sup>1</sup> This was money borrowed to finance military expenditure, loaned from the Peruzzi and Bardi banking families in Florence. The refusal to honour this debt led to the collapse of Italian banking at large, followed by a not dissimilar event by caused Edward IV's default a century later (Kote-Nikoi, 1996:xx). Notwithstanding these instances, sovereign debt first arose as a consequence of borrowing by national banks rather than by the sovereign; one of the

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<sup>1</sup> A good summary of this and other sovereign debts is found in Congdon (1988) chapter 4.

first was the Baring Bank in London, which in 1817 lent 100 million francs to France in the aftermath of the Napoleonic Wars (Körner et al, 1986: 13).

Debt crises have emerged periodically since the nineteenth century. In 1839 Mississippi and Louisiana defaulted on their debts, which were then owed mainly to Britain; in the 1840s the USA defaulted to its European creditors. Egypt and the ailing Ottoman Empire were loaned money by British and French interests, with huge political repercussions for the former, an illustration of how outstanding loans sometimes led to foreign occupation. In Egypt itself, loans were taken out to finance modernisations (such as the Suez Canal) and remove foreign imperial influences (Magdoff, 1986). Ironically these resulted in bankruptcy and military intervention. In this instance particular note must be made of the part British financiers played in bribing corrupt Egyptian officials, with the result that the Egyptian debt soared twenty-fold between 1862 and 1876 (Körner et al, 1986: 14).

In 1898 Spain surrendered the island of Cuba to the United States, following the end of hostilities between them. The United States refused to accept Cuba's debt, describing it as 'odious', and stating that the debts had been 'imposed upon the people of Cuba without their consent and by force of arms' (Jubilee 2000 Coalition, 1999: 31) and was contracted 'for the precise purpose of crushing their attempts to revolt against Spanish domination' (Hoeflich, 1982: 53). The creditors, the argument went, had known the risk of such default when the loan was issued. At about the same time the British government broke with its previous policy of automatically honouring the debts of conquered nations. It did, however, make a payment to Boer bondholders, but only at a

tenth of their value (Hoeflich, 1982: 55). Another default occurred following the Bolshevik revolution in Russia, overturning the Provisional Government's original intention to repay the debts incurred by the Tsarist regime. The debt is still owed and until a few years ago was traded on the secondary debt market until court action forced its suspension (Adams, 1991: 166; Hoeflich, 1982: 61). Much of the outstanding debts and reparations from the First World War were annulled in 1931 (Ferguson, 2008b; Enlace 2, June 2000).

The Marshall Plan is often cited as an example of loans granted on favourable terms by contemporary standards; a not dissimilar loan arrangement was made with Indonesia in the 1970s, for instance (Greenhill, Pettifor, Northover et al, 2003: 6). The Plan was a programme for the financial rebuilding of Western Europe following the devastation of the Second World War, using money from the US government. Under this plan, for five years the US effectively gave away roughly 5% of its GNP: a substantial amount (Lombardi, 1985: 39-40). Among the terms of the loan to Britain was a cap on the level of future interest payments at 2%; at the time such terms were viewed as unfavourable in Britain. Much of the German debt was cancelled in order to keep German repayments below 5% of its export earnings to debt-service ratio (Moulds, 1989). Sovereign debt default and cancellation are therefore far from uncommon:

'Historically, debt, including that of the US, has often gone unpaid. The precedent of twentieth century forgiveness under certain conditions was in any case set long ago, by the US itself'. (George, 1989: 245)

It has also been argued that foreign debt has been a contributory factor in the Malvinas / Falklands conflict and a possible cause of the first Gulf War (Körner et al, 1986: 2; Corbridge, 1993: 40; George, 1992: 40).<sup>2</sup> Politics have clearly been a factor in debt cancellation agreements: Egyptian support for the United States during the first Gulf War, when it joined the international coalition against Iraq was rewarded. In 1990 it received massive debt cancellation, though the actual sum is the subject of considerable argument.<sup>3</sup>

The history of sovereign debt and its consequences is a very lengthy, complex matter, open to much argument over causes and effects. This is particularly so in the case of arguments over the consequences of default. For instance, Russia's default in 1998 did not prevent fresh loans being taken out in 2001 (Rowbotham, 1998: 202), yet Peru's default of ten years earlier led to the international financial community avoiding it as a poor credit risk (George, 1992: 88). The interpretation of debt statistics presents significant problems,<sup>4</sup> the variance arising from the different ways in which data is obtained, adjusted for inflation or exchange rates, and not the product of poor analysis. It is therefore clear that one cannot draw conclusions from selected instances of default; one needs the perspective that appreciates the different kinds of debt and the contexts in which they occur. What can be stated incontrovertibly is that debt default and debt cancellation are not uncommon, though circumstances vary widely.

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<sup>2</sup> Sachs' scepticism is referred to in Corbridge (1993) p.142

<sup>3</sup> Dent & Peters (1999) quoted \$11 billion (1000 million). George (1989: 156) has \$7bn, Hanlon (2000: 880) states \$10 billion, Oxfam International (1999) cites \$7 billion. Northcott (1999a: 81) puts it at nearly \$10 billion.

<sup>4</sup> Corbridge (1993: 11) provides an example of two quite contrasting opinions of Latin American debt repayments.

## **The Origins of the Debt Crisis and Creditor Responses**

There are inevitably differing perspectives on the debt crisis, let alone on measures that might remedy the situation. One can perceive, nonetheless, a gradual pattern of change of view among the international financial institutions, national governments and the development agencies as to both the severity of the problem and the merits of large scale debt cancellation programmes. A major factor in the debt crisis has been the internationalisation of commercial financial operations, such as the enormous increase in US banking operations abroad during the late 1970s and the increasing readiness to lend to poor countries that were not members of OPEC (Reisner, 1982: 1). During the 1980s much of Latin America and Sub-Saharan Africa entered a severe debt crisis. Due to a combination of mainly external factors, such as high interest rates and low commodity prices, these countries faced a steep rise in unemployment, high inflation (sometimes over 1000%), net reductions in GDP and dwindling reserves. The deleterious effects have been well documented, for example in Susan George's *A Fate Worse than Debt* (1988). As the debt problem showed no signs of abating, increasing sums were spent by poor countries on debt service repayments, leading to reductions in spending on health services, education, infrastructure and technology. Far from relieving poverty, the loans taken out were now being seen by many NGOs as leading to it, and the cause of misery for millions of people for which no natural solution seemed likely. Increasing awareness of the depth of the problem, and moreover its inescapable nature, prompted calls by church and aid agencies in North and South to seek new ways of

reducing the debt burden of the poorest, and thereby present a new future for them. Jubilee 2000 was the culmination of this emerging movement.

The modern debt crisis is widely held to have begun on 13th August 1982 when Mexico announced that it would no longer be able to continue servicing loan repayments on its \$80 billion debts (Congdon, 1988: 130). A historical analysis would however indicate that many developing countries defaulted or needed rescheduling in the late 1970s (Corbridge, 1993: 40; Northcott, 1999a: 10).<sup>5</sup> The Mexico default was therefore symptomatic of a more general malaise – though of a new order of magnitude and seriousness - and led to an avalanche of default warnings. The Mexico crisis became a problem for the international financial community and led to many new approaches to the emerging problem. In this particular instance, intensive negotiations followed and its resolution became the pattern for similar crises in subsequent years. This resolution comprised the rescheduling of the principal loan, which required a reduction in imports and increased efforts to boost exports (and services) from the indebted country concerned.

Corbridge (1993: 41) chronicles how the international financial institutions modified their responses to the emerging debt problem in the light of new information. The first of these responses was a period of ‘containment, austerity and adjustment’ until the mid-1980s, in which the prevailing ethos among the International Financial Institutions (IFIs) might be best typified by great reservation as to debt cancellation programmes. This was accompanied by criticism of regimes whose economic mismanagement had resulted in

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<sup>5</sup> Zaire was the first defaulter during this period, in 1975. Poland defaulted in 1981.

a huge debt overhang. The crisis was seen primarily as a crisis of liquidity rather than solvency, caused by worldwide recession, and was viewed as a localised anomaly in an otherwise smoothly functioning global economic system. By promoting Mexico's debt as essentially a cash-flow problem, the potential for catastrophe was downplayed whereas, in fact, Mexico's default would have pushed some US banks to the edge of bankruptcy.

The next period, from 1985 to 1988, was characterised by attempts to enable indebted countries to make modest debt reductions allied to specific measures to encourage economic growth, rather than austerity alone. A broader range of economic perspectives was engaged, and the need for a more international set of solutions to the crisis was beginning to emerge. The debtor countries' own profligacy became a major factor in this, witnessed in domestic mismanagement of the economy and poor fiscal policy, allied to 'Pharoanism', the construction of grand, expensive prestige projects. According to this view the debt crisis was really a collection of separate national debt crises, not a global dilemma. As such, the responsibility for such debts rested solely with those involved, principally debtors who mismanaged their economies. Any loans to shore up the crisis ought to reward good economic policies, and any debt forgiveness should be conditional upon such behaviour, and should be negotiated individually and not part of some wider process. Debt forgiveness programmes ran the high risk of moral hazard – unfairly rewarding the corrupt and incompetent - and would actually damage the prosperity of those they sought to assist. Economic programmes of structural adjustment are therefore unavoidable, even if their impact on the poor is unfortunate. In the wider context, solutions lie in opening formerly protected domestic markets to the competitive

global economy. A more export-focussed economy will be key to longer-term economic growth.

By 1985 the crisis had become one affecting many countries, particularly in Latin America, that became unable to meet their debt repayments easily. Private banks began to make provision for bad debts and this made it easier for governments to do the same. Several initiatives came from the United States, the first being the Baker Plan, which called for a massive increase in lending from the World Bank, IMF and commercial banks to debtor nations of over \$30 billion, in return for strict austerity measures. In other words, the idea was to encourage firm economic reform which would, with new loans, be a spur to new economic growth. The plan failed to attract support within the donor community – who were reluctant to issue new loans; in any case the indebted governments were hesitant to pursue IMF adjustment policies (Vallely, 1990: 293). The significance of the Plan was that political measures were being employed; there was an emerging recognition that an approach that coordinated commercial and government-controlled finance would be necessary. Indeed, the history of the debt crisis in recent decades reflects an increasing awareness that solutions cannot easily be confined to the technical matters of economics alone, and that political co-operation and pressure are major factors in resolving it. Part of the reluctance among bilateral creditors to countenance debt write-offs may have been due to the ‘preferred status’ of the multi-lateral institutions, meaning that they would be the first to have debts repaid. Hence the worry developed that if bilateral debts were reduced, effective proceeds would go to the IFIs rather than making an impact on the debtor nations’ domestic economies (Van

Drimmelen, 1998: 61). In the mid-late 1980s several more solutions were advocated: by Democratic Senator Bill Bradley, President Mitterand of France, and the British Chancellor, Nigel Lawson. Debt-equity swaps, although criticised as 'back-door colonialism' (Vallely, 1990: 300) proved initially popular, but produced inflationary pressures.

The third period began with the Brady Plan of 1989 (named after US Treasury Secretary, Nicholas Brady), which represented a major breakthrough. Debtor nations would be considered individually, rather than according to a strict formula, though the general principle was that IMF and World Bank finance would be sought to enable a reduction in the debt total owed. Brady bonds were issued to replace high-value but insecure debt with safer, lower-value ones underwritten by the World Bank and IMF in return for compliance with certain austerity measures. The Brady Plan did lead to some significant debt reduction, but it had little impact upon sub-Saharan countries. Whereas the Latin American crisis was one mainly of private banking, in sub-Saharan Africa it represented a 'crisis of development' which involved national governments, banks and multi-lateral agencies. To some extent this was also due to the difference between the problems of liquidity and solvency, referred to earlier. Brady bonds clearly provided a new opportunity for those economies with the resources to seize them, yet for much of Africa this was not the case. Total external debt among sub-Saharan countries rose from \$84 billion in 1980 to \$226 billion in 1995, by which time total Third World debt reached \$2 trillion (Christian Aid, 1997: 13). There, according to the World Bank report

of 1991 (cited in Corbridge, 1993: 82) debt service forgiveness has been relatively small because the original loans were already 'highly concessional'.

During the late 1980s and the 1990s the Paris Club of creditors to low-income countries, which had overseen bilateral debt rescheduling since the 1950s, granted greater concessions under which the 'London' terms of 1991 and the 'Naples' terms of 1994 agreed 'in principle' levels of debt cancellation ('forgiveness') of 50% and 67% respectively (Addison, Hansen and Tarp, 2004: 5; Van Drimmelen, 1998: 60). In addition, some creditors converted their loans into grants. In response to the growing sense that the debt crisis was intractable, the IMF, the World Bank and the Paris Club in 1995/6 launched a new programme for debt cancellation. This was the Heavily Indebted Poor Country Initiative (HIPC), which proposed a significant debt reduction for selected nations, coupled to structural adjustments programmes (SAPs). By the end of September 2003, eight countries had reached the end of the HIPC process, and qualified for debt relief. HIPC was designed for countries whose debts were unsustainable. In practice, this was determined to be those whose debt service repayments exceeded annual exports by 200-250%, or exceeded national income by 280%. Under these criteria, 41 countries were deemed eligible in principle to apply for debt relief under the Initiative. The driving force behind HIPC was the desire to lower debts to levels at which they became sustainable once again. However, it is clear that there has been a shift within the HIPC Initiative from the mere technical details of debt service repayments to the wider questions of development (Addison, Hansen and Tarp, 2004: 8-9).

The Enhanced HIPC Initiative (HIPC II) of September 1999 lowered some of the criteria of its predecessor. The debt-export and debt-income targets were reduced to 150% and 250% respectively, and the time-scale for eligibility was also cut. Instead of a three-year period between decision and completion points a more flexible system was introduced. Perhaps the most significant development has been the introduction of a requirement for the country to adopt a Poverty Reduction Strategy Paper (PRSP) – effectively a more robust means of ensuring that debt relief would indeed alleviate poverty. In preparing a PRSP each government is obliged to consult with its citizens and civil organisations. Ironically, the introduction of the PRSP may make debt relief less likely, for the stringency of the PRSP conditions may mean that some nations may have greater difficulty in meeting the eligibility criteria (Morrissey, 2004: 279; Jubilee 2000 Coalition: 34). To make matters more complex, the debt relief is not granted until at least one year's PRSP has been implemented – which itself requires capital investment from the outset in order to make it work.

### **The Causes of the Debt Crisis**

We have traced the history of the debt crisis and seen how economic concerns gave way to increasingly political considerations. In this section we examine the causes of the crisis, which is commonly understood to be the product of imprudent loans issued to developing countries during the 1970s and early 1980s, combined with unexpectedly high interest rates in the 1980s and a fall in commodity prices. Beyond this, explanations differ – not so much in the elements involved, but in the weight that is attached to these

aspects. For Sub-Saharan Africa particularly, the debt crisis needs to be seen in the context of nation-states characterised by instability, internal strife between ethnic groups, elitist rulers and poor governance: the legacy, at least in part, of colonialism (Kote-Nokoi, 1996: 67ff.).

The first matter to understand is why so many poor countries ever undertook such financial liabilities. The history of these loan undertakings is linked inextricably to the post-war concern for economic development and stability, encapsulated in the creation of the Bretton Woods Institutions: the World Bank and the International Monetary Fund.<sup>6</sup> The ideology of modernisation theories dominated the 1950s and 1960s, with the belief that poorer nations could replicate the economic advances of their richer counterparts. This would happen only if they could be helped to make technological improvements, principally through capital investment. Allied to this was the belief that political democracy would be enhanced through this process. In other words, the reason for poor development was the lack of resources - financial, cultural, political – all of which could be ameliorated by the influx of capital.

Commentators are widely agreed on the immediate cause of the debt crisis: the steep rise in interest rates during the 1970s and early 1980s. Two such periods of sharp increases occurred, in response to the decision of OPEC to raise oil prices. Soaring inflation resulted, which led to higher interest rates being set by the US Federal Reserve (in particular) and the Bank of England. The steep rise in revenue for oil-exporting

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<sup>6</sup> The official title of the World Bank is the International Bank for Reconstruction and Development. It was established to provide loans for economic development; the IMF was set up to safeguard financial stability by offering loans to deal with problems such as currency crises.

countries produced a large surplus of money on the Eurodollar market, where many OPEC countries invested their newly found wealth. Indeed, so much money was deposited that financiers felt forced to seek new markets in which to invest. As many Western industrialised nations faced economic slowdown due to the rise in oil prices (which trebled during 1973-4), the developing world was viewed as a tremendous opportunity to deposit the spare money. It was a time of unprecedented lending to such nations; stories abound of loans granted for ill-conceived projects, of widespread corruption and inexperienced creditors.<sup>7</sup> Interest rates were comparatively low when the loans were contracted, but the advent of monetarist policies in the late 1970s in the US and UK began to have deleterious effects. Economic monetarism regarded inflation as the principal enemy of economic growth, and whose cause was an excess quantity of money circulating in the economy: monetarist policies sought to reduce the money supply through the control of interest rates. While real interest rates remained low and export growth rates were relatively high, the issue of debt was of little concern, but with the advent of higher interest rates the situation changed drastically, and these difficulties were compounded by a number of other, unrelated matters such as the fall in the price of many primary commodities that indebted countries exported.<sup>8</sup>

It is of great significance that lending did not cease during the second interest rate rise; on the contrary, there was a huge burst of new lending during 1980-81. In the two years following the rate rise, the commercial banks issued roughly the same number of loans to major debtors as they had done during 1973-79, a practice described by one eminent

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<sup>7</sup> Specific examples are given in the following chapter. George (1989) provides many others.

<sup>8</sup> This was partially due to the world-wide recession caused by higher oil prices, leading to less demand for raw materials.

economist as 'hard to justify' (Sachs, 1989: 9). However, one cannot blame the US' economic policies and deregulation alone for the debt crisis, since there were also external factors in the global economy and poor economic decision-making in debtor countries (Corbridge, 1993: 141). The nature of the debt problem changed during the late 1970s in that maturity dates became shorter, and the interest rates and the 'spreads'<sup>9</sup> were higher. In other words, poor, indebted countries now needed fresh capital through loans that were now both short-term and high-interest. In order to keep their economies on track, and with ever higher oil prices, many countries felt themselves to have little option, and hence the boom in such lending during this short period until 1982. Such nations relied increasingly on export-driven strategies to fund debt repayments, yet after 1982 the availability of fresh credit dried up significantly. By the 1980s economists were referring to the problem as one of debt 'overhang', when repayments on the interest become unmanageable, deterring new credit and leading to financial stagnation.

We may therefore conclude that the debt crisis was the product of many factors in combination, but the relative weights attached to these is a point of disagreement. We have seen that the view that the problem lay with liquidity gradually lost credibility as both the scale of the crisis and the need for ever greater debt rescheduling became apparent, as described in the section above. Conditionality had been the *sine qua non*, and even some debt campaigners had been sceptical of the idea of comprehensive but unconditional debt cancellation programmes. For example, Susan George, a campaigner who had expressed grave hesitations about the practicalities of huge debt

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<sup>9</sup> A spread is defined as the difference between the rates at which the bank borrows and lends.

cancellation, became a patron of the Jubilee 2000 Coalition. In the 1980s she had argued that debt cancellation could actually be detrimental – not least by rewarding the profligate and propping up discredited élites (George, 1989: 238-243).

A more reformist view emphasised that the overriding cause of the debt crisis was better understood as one of solvency, and hence a developmental, global problem in which a 'common crisis demands a common set of solutions' (Corbridge, 1993: 126); that is, a shared responsibility among the whole global financial community. The work of Sachs was an example of such a perspective, but as early as 1983 the Brandt Commission had viewed the debt crisis as being common to the entire global economy. In this understanding, many factors and players were held to be responsible for the crisis, including the imprudence of Western creditors. Partial debt forgiveness was seen as a pragmatic solution, and the spectre of 'moral hazard'<sup>10</sup> dismissed as irrelevant. The safeguarding of future debt service payments was best guaranteed by encouraging investment and growth, rather than a specifically export-led economy. A feature of this perspective was a moral concern for those who bore the burden of the crisis. An argument therefore emerged that some consequences of the debt crisis were sufficiently deleterious to the poorest to be deemed morally unacceptable.

A more catastrophic view was that promulgated by many, but not all, NGOs and aid agencies. The writings of George (1989, 1992), Lombardi (1985) and the more apocalyptic opinion of Rowbotham (1998, 2000) typify this. They also bear the influence of economic dependency theory, in which developing countries are actually becoming

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<sup>10</sup> The problem of moral hazard is described in more detail in chapter 3.

'underdeveloped' and increasingly dependent upon richer nations as capital flows gravitate inexorably from the poor South back to the rich North. According to this approach, the debt crisis is symptomatic of chronic instabilities within global capitalism, and reveals the weakness of the prevailing model of economic development (Corbridge, 1993: 187; Warburton, 2000; Lombardi, 1985). The debt problem is thus viewed as principally a political one, for which solutions need to be characterised by a broad political-economy approach rather than by matters of economic detail. The prevailing development orthodoxy tends to view national economies in isolation from one another, and in particular from regional and international economic considerations that today are part of the phenomenon of globalisation. In addition, the focus of such standard theory is often reductionist in nature, narrowly concerned with economics and social engineering, but not the wider aspects that contribute to the conditions under which genuine development may flourish, such as culture and social relations (Woolcock, 2004).

According to this perspective the origins of the debt crisis lie more in the 1960s than 1970s, and with decisions made by the United States to finance its deficit due to the Vietnam war, such as the abandonment of the Gold Standard and measures to lift controls restricting access to foreign capital (Pettifor, 2004).<sup>11</sup> The notion that the crisis was caused by the effects of the oil price rises of the 1970s alone is therefore rejected; greater emphasis is laid upon the measures that were taken to deregulate the international trading system and allow the proceeds from oil revenues to be deposited outside the control of national governments (Corbridge, 1993: 29). On this basis, the

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<sup>11</sup> This view has been given added credence by the events of the global economic crisis that began in 2008.

debt crisis can be resolved only by radical measures such as mass default or write-downs under the auspices of a new governing process. The norm is that debt write-downs are controlled by creditors, whose economic and legal power easily surpasses that of the debtor; here the emphasis is on processes that involve the participation of the relatively powerless.

Clearly any categorisation can reduce complex matters to a simplicity that does not do justice to the arguments involved. The debt crisis would be one example, for one can see in this historical account significant changes of understanding as the crisis unfolded. In particular, it is possible to hold together aspects of the reformist and catastrophic positions, and advocate reformist action while nonetheless believing that the problems are more fundamental. In some respects, as we shall see, the Jubilee 2000 campaign epitomises this. It is worthy of note that Jubilee 2000 publications always portrayed the oil crisis as the major cause of the debt crisis, although Pettifor (2004; 2003 chapter 1) has argued strongly since that the deregulation of capital was the fundamental factor.<sup>12</sup>

### **The Emergence of the Jubilee 2000 Debt Cancellation Campaign**

The genesis of the Jubilee 2000 campaign lies with earlier, fragmented campaigns of the 1980s and 1990s. Several development agencies, including the World Development Movement had been drawing attention to the growing problem and its consequences for the poorest. Popular books by authors such as Susan George alerted the wider public to

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<sup>12</sup> Jubilee Debt Campaign (2008: 5) refers to the geopolitics of the cold war as the first 'strike' toward the debt crisis.

both the nature and consequences of the debt crisis. In particular, her book *The Debt Boomerang* (1992) showed how environmental damage, unemployment, war and the international drugs trade were fuelled by circumstances in which the debt crisis was a major factor. The title itself was intended to alert Western audiences to the repercussions of financial policies in their own countries.

During the 1980s many influential politicians and clergy drew attention to the plight of the poor in the face of the debt crisis, and advocated measures for debt cancellation. The Methodist Bishops of Latin America issued a statement in 1985 declaring that 'foreign debt is the result of unjust economic relationships' and challenged the legitimacy of the outstanding debts (Van Drimmelen, 1998: 70). This was one of many statements from the churches and Christian organisations across the globe: the Vatican in 1987 (Pontifical Commission on Justice and Peace, cited in Van Drimmelen, 1998: 71), the YMCA, bishops in Norway, the United Church of Christ in the US, and the WCC being among them (Van Drimmelen, 1998: 70-71). The CAFOD Education Campaign 1986-88 'Proclaim Jubilee – Debt and Poverty', focussed on the effects of debt repayments in the poorest nations, and called for serious consideration for debt remission and a restructuring of the international financial institutions. The US Catholic Bishops in their 1986 pastoral letter 'Economic Justice for All' stated:

'just as it is morally imperative to repay all illegitimate debts, it is also ethically legitimate and a proper exercise of national sovereignty for nations affected to revise, condemn and even refuse to pay, in whole or in part, any illegitimate debts, or debts in which such extortionate rates of interest are charged as to endanger the lives of their citizens and the stability of democratic governments. (Exodus 22:25, Ezekiel 22:12)' (Cited in Van Drimmelen, 1998: 70)

In 1988 Christian Aid published 'Banking on the Poor', a booklet on the ethics of Third World debt. Citing Jesus' preferential option for the poor, it declared that it was wrong to expect the poorest people of the world to bear the burden of debt service repayments and IMF adjustment policies for the benefit of the richest nations. The report stated that the underlying problem was one of an imbalance of power, the power of the rich unchecked by any power among the poor. It called for the 'forgiveness' of debt, though acknowledging that ethical judgments must relate to considerations of feasibility. The report also argued that commercial banks should write off at least some debts and should receive government assistance in doing so. Indebted countries were urged to press for remission of debts taken out on 'grossly imprudent terms'; adjustment policies should be more flexible and 'designed to benefit the poorest'. Western Christians were urged to use their influence, as shareholders, upon bank policy on Third World debt, and the Churches should declare their belief that the debt crisis is a symptom of an 'unfair international order' which required fundamental change.

In 1987 an initiative from the World Development Movement and War on Want led to the establishment of the Debt Crisis Network supported by Christian Aid, among others. In 1990 the All Africa Council of Churches appealed for a 'Jubilee year' of debt remission (NGO Steering Committee, 2010). Christian Aid and OXFAM launched campaigns in 1994 and 1995 respectively, the former producing an information pack on debt and calling for pressure on commercial banks to cancel 50% - 90% of outstanding debts, according to the severity of the need (Gorringer, 1996: 7; Jubilee 2000 archive: box 11). Switzerland's 700<sup>th</sup> anniversary in 1991 became the occasion for a coalition of NGOs

(including churches) to propose a debt reduction facility of 700 million Swiss francs (about \$350 million) (Vischer, 1997; Van Drimmelen, 1998: 60); a quarter of a million Swiss signed a petition in favour of this proposal, which was passed by the parliament in March 1991 (Gugler, 1994). In 1996 the Debt Crisis Network and Jubilee 2000 arranged a tour of Britain by distinguished African politicians, economists and clergy in order to draw attention to the need for debt cancellation. Through the auspices of CAFOD, the tour concluded with a conference hosted by Cardinal Hume, at which leaders from Latin America, Protestant clergy and financial experts were present (The Tablet, 16/5/98: 611). Not least of these was Michel Camdessus, the former director of the IMF, who added weight to the clamour for some debt relief programme. The Jubilee 2000 Coalition claimed that this gathering played a key role in the IMF's decision to join the World Bank's HIPC programme (Greenhill, Pettifor and Northover, et al, 2003: 27). In 1999 the Catholic Bishops in England and Wales, jointly with those in Scotland, issued a statement on poverty elimination and debt remission (1999), calling for the relief of unpayable debt as a 'practical necessity'.

The beginning of the Jubilee movement itself lies with politics lecturer, Martin Dent, who at Keele University in the early 1990s, became instrumental in leading a group of students concerned about world development, to monitor the debt situation (Dent, 1998). Dent favoured a narrow campaign on one issue with realistic aims rather than a nebulous, less focussed one.<sup>13</sup> At about the same time Bill Peters, a former diplomat in Malawi, was urging his contacts to address the debt crisis, on which he had been campaigning individually since 1983. Dent had 'reached the idea of Jubilee through

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<sup>13</sup> Dent began attending DCN meetings in 1991: Grenier (2003: 90)

reason' (Dent and Peters, 1999: 17) though it is clear that it already had a resonance for him: a forebear of Dent's had been a campaigner for the abolition of slavery – an achievement of which Dent remained proud; Dent had even written a hymn to commemorate the anniversary of the abolition in 1984, using the Jubilee metaphor (Dent and Peters, 1999: 19-20). This motif was then employed from the outset in guiding Dent's vision of a campaign for debt cancellation. The '2000' tag was the idea of Dent's friend, Michael Schluter, at the Jubilee Centre in Cambridge, who suggested that this label was reminiscent of the 'acceptable year' (Dent, 1991: 10; Dent and Peters, 1999: 17-18). The student group at Keele readily accepted the name 'Jubilee 2000' rather than the rival suggestion 'Millennium 2000' (Dent, 1998).

Dent's initial proposals,<sup>14</sup> aired in 1991, acknowledged that a multi-faceted approach was required to remove the scourge of absolute poverty from the developing world; this embraced changes in aid policy and the terms of trade as well as debt remission. Dent argued for a tiered approach to debt relief in favour of those countries which were poorest and had least ability to pay their debt service requirements. For the poorest countries with GNP per head of less than \$500, full debt remission should occur without any conditionality. For those with incomes between \$500-1000 a partial remission should take place, in which the percentage remission was set at a sliding scale rising to 16.6% of GNP per head for those at the top end. For countries with \$1000-2500 GNP per head, debt would be remitted down to a figure of either 16.6% of GNP, or 66.6% of annual exports of goods and services, whichever was the lowest. (Thus highly indebted countries faced less debt remission if they were economically successful producers.)

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<sup>14</sup> A slightly earlier, but similar proposal is found in Dent (1990: 4)

Countries with GNP per head above \$2,500 were deemed to be sufficiently wealthy to meet their debt service requirements.

Amid such detail Dent allowed one significant caveat to this process: all debt remission would exclude the amounts estimated to be in the private possession of corrupt senior government politicians, presumed to be held in Western bank accounts, 'for disciplinary reasons' (1991: 13). Citing the example of President Mbutu, he called for the indebted country instead to obtain the money directly from these leaders, but crucially he gave no indication as to how this might be achieved. Dent was aware of the views of many commercial bankers, who maintained that while the principle of debt remission might be at least arguable, the burden of such action should not be borne by the commercial banks. Dent's response was to propose that the burden be shared, and that some compensation should be made (by national governments) to such companies. Noting that the value of debt was well below nominal values on the secondary debt market, sometimes as low as 5%, he suggested that compensation might be of the order of one quarter of the discount value of the debt. The Jubilee 2000 campaign never advocated this, and its revision, in 1996, of his tiered proposal (and subsequent withdrawal) reflects the fast-changing atmosphere on debt cancellation during that decade.<sup>15</sup> As we shall see, when the campaign began in earnest it opted for a more dramatic strategy. In 1993 Bill Peters joined Dent in the Jubilee 2000 campaign. In the following year the Debt Crisis Network recruited Ann Pettifor, who became increasingly involved with

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<sup>15</sup> Dent's tiered proposals were revised and incorporated into the Jubilee 2000 Charter, a copy of which may be found in Appendix II.

Jubilee 2000, becoming its co-ordinator in 1996.<sup>16</sup> In 1995 the campaign was further boosted by the participation of Isabel Carter of Tearfund, who, while flying over Africa, had experienced a vision of a continent saddled by crippling debt (Randle, 2004: 4). Indeed, Pettifor has acknowledged that the campaign would not have taken off without Carter's contribution (Grenier, 2003: 90). A small core group formed a management committee which, during 1995 and 1996, made the key organisational and policy decisions that were the foundations of its success. Their range of contacts was also impressive, which meant that they had connections to sources of funding, publicity and media advice; in regard to the latter, the advice of the then Bishop of Hull, Rt. Revd James Jones, was most useful (Greene, 2007).<sup>17</sup>

The Jubilee 2000 campaign was officially launched in 1996 with the backing of Christian Aid, Tearfund, CAFOD and the World Development Movement – who perhaps had the longest track record in campaigning on this issue. From the outset the impetus for the campaign remained with the more openly evangelical organisations. Initial publicity (90,000 leaflets) was distributed by Tearfund, where Carter was able to locate some sources of funding. This first leaflet, featuring a baby named 'Sauda', who at birth owed 30 times more than her lifetime's earnings, introduced the idea of debt cancellation by 2000 (Jubilee 2000, 1996). Christian Aid was initially reticent, but quickly became supportive; as an organisation with a broad theological base, this may have been due to the reluctance of some staff to embrace ideas coming from the more evangelical

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<sup>16</sup> Pettifor had not been the original choice: Patrick Costello was offered the post but declined in March 1996: Jubilee 2000 Management Committee (1995a). The DCN had initially wanted Pettifor to continue working for them on a half-time basis.

<sup>17</sup> Tim Greene was one of the original members of the Jubilee 2000 Management Committee.

quarter. If so, it may indicate a hesitation among liberals concerning the process from theological reflection to specific courses of action. Certainly Jubilee 2000 was not immune to professional jealousy within the NGO community, partly due to its distinctive base of grassroots activities, but also because it sought to adopt a different approach from the traditional NGO community which it regarded as élitist, competitive and fragmented in their methods (Pettifor, 2000b: 25). In turn, the Jubilee 2000 campaigners were regarded as amateurs on debt relief and lacking in relevant experience (Grenier, 2003: 93).

The discussions within the campaign on their choice of its name is illuminating. The Jubilee 2000 Management Committee minutes reveal that this was a somewhat fraught matter. Its meeting on 11 July 1995 had already devoted some time to the discussion of a name, with the overriding concern that ‘the name must say exactly what we are standing for’. Two months later, during the meeting of 18 September the decision was taken:

‘Heated debate continued regarding the name – settling on two proposed names – Debtfree 2000 and Jubilee 2000. Initially it was agreed that the name Jubilee 2000 should be kept as the overall “umbrella” organization though the popular campaign could have a different name... Tensions ran high and eventually a vote was called for..... After such prolonged debate the strapline was selected immediately as “a debt free start for a billion people”.’<sup>18</sup>

An argument deployed in favour of ‘Jubilee’ was the observation that although it was a Hebrew word it was a term commonly used in European languages.

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<sup>18</sup> Isabel Carter (2008) recalls that Mark Greene changed his mind at the last moment. Other names for the campaign included CleanSlate 2000 and FreshStart 2000, with different straplines.

The election of a new Labour government in Britain in 1997 added vital impetus to the campaign, as many of its ministers supported – to varying degrees – the broad principles of the campaign. In July of that year the Debt Crisis Network merged with the Jubilee 2000 Campaign to form the Jubilee 2000 Coalition; its President, Michael Taylor, saw both the need and opportunity for a broad alliance between similar organisations. It is significant to note that the DCN was initially critical of Dent’s proposals, and hesitant to become closely involved in a movement with a clear religious element; its position changed when it became evident that the Jubilee motif was a strong galvanising factor in favour of the campaign.<sup>19</sup> As the Coalition was formed, Ann Pettifor became appointed as Director, Dent and Peters became Vice-Presidents and Ed Mayo (then at the New Economics Foundation) became its Chair. Interest in the campaign rose dramatically, and it was joined by a wide raft of organisations such as the Mothers’ Union, the British Medical Association, Jewish organisations, aid organisations and trade unions, though some of these were little more than sleeping partners. There were setbacks: OXFAM and Save The Children both decided not to join the coalition but to campaign on the debt issue separately.<sup>20</sup>

It is clear that within the Coalition’s own management committee there were significant differences of opinion. One of these concerned its members’ vision for the future: Dent (1997) objected to part of a draft which expressed the hope that people could ‘dare to

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<sup>19</sup> There was both a tactical and personal dimension to such differences: Pettifor was frustrated by Dent and Peters, and felt they had no vision of such a campaign: Carter (2008).

<sup>20</sup> Lord Judd at OXFAM was invited to become a patron of the Coalition, but he declined, as did Archbishop George Carey. James Jones also declined yet subsequently became a patron.: Jubilee 2000 Management Committee (1995b). Judd declined due to ‘political implications’; Carey’s response may be found in is mentioned Jubilee 2000 Management Committee (1996).

envisage abolishing third world debt as we know it altogether.’<sup>21</sup> He realised that new investment would be necessary for indebted countries regarded as uncreditworthy, and that debt cancellation would allow them access to new credit. Thus his vision was not for a debt-free world, but for one ‘majestic stroke’ to remove unpayable debt (rather than all debt) and the resumption of credit arrangements (Dent, 1994). Dent’s emphasis on this single, corrective action suggests that his views were generally more reformist rather than radical. He did not, for instance, specifically advocate structural change in loan arrangements – even in his later writings. Dent (1997) was also concerned about how his intervention might be regarded, and so added a caution that the ‘Jubilee 2000 Directors must not seek to control the coalition.’ The day after Dent’s response, the Coalition’s Management Committee held a tense meeting. The draft paper referred to above, written by Tim Greene and Sam Clarke, was discussed. The precise outcome is not recorded, since the minutes for that day state that to allow ‘private discussion’ the secretary was asked to leave the meeting (Minutes of Jubilee 2000 Management Committee, 9/5/97). What is known is that Ann Pettifor was unhappy with a recommendation that the work should be divided into separate departments concerned with policy, research, and education.

A key strategic decision the Coalition faced concerned its view of the new HIPC Initiative. It is clear from both correspondence and minutes of meetings that the Management Committee quickly moved from initial interest in this programme to a position of opposition. Gus O’Donnell, Executive Director at the World Bank, had taken

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<sup>21</sup> This communication was in the form of a fax to the Coalition’s Administrator and secretary to the Management Committee on 8/5/97, the day before a Management Committee meeting.

issue with the Committee's interpretations of how countries might fare after the HIPC process had been completed. He stated that debt relief would not solve balance of payments problems, that only debt rescheduling could achieve this, and he defended the conditionalities attached to the HIPC programme (O'Donnell, 1997). Pettifor and others were already becoming disillusioned with the HIPC Initiative, but O'Donnell's letter acted as a revelation that sparked a critical decision. In her reply as the new Jubilee 2000 Director, a few days before the July meeting referred to above, she stated with frankness that his comments 'have given us cause to rethink our support for the HIPC Initiative' and that the Committee viewed them as a means of ensuring debt repayments rather than relieving the debt problem (Pettifor, 1997). At the July Board Meeting she then voiced her fears that HIPC relief would not be based upon an indebted nation's plight, but rather on 'the old issue of burdensharing' in which creditor preferences dominated. It was a pivotal moment for the campaign. Pettifor concluded her report:

'...should Jubilee 2000 continue to give support to the HIPC Initiative; or should we threaten, and then withdraw our support?' (Jubilee 2000 Board, 1997)

The 'Jubilee 2000 Coalition UK' was launched officially on 13<sup>th</sup> October 1997 (Grenier, 2003: 91). The Coalition's steering committee included people with expertise in campaigning and on debt. For example, the committee included Tim Moulds from Christian Aid, who had spent 16 years as an investment banker and been involved with the Debt Crisis Network since 1990 (and written the pack for the Christian Aid campaign in 1994); Jessica Woodroffe had been the head of campaigns at Christian Aid before

taking a post at the World Development Movement, and had been a politics lecturer at Manchester University.

### **The Aims of the Jubilee 2000 Campaign**

The campaign argued not just for a one-off debt cancellation but rather a wider appreciation of the intractable nature of debt and poverty. They did this by informing the public about the causes of the present situation; by calling attention to the irresponsibility of Western lenders (including the multilateral institutions) and the shortcomings of the HIPC Initiatives; by direct campaigning for debt cancellation; and through advocacy of a new system for dealing with debt repayment negotiations. The Jubilee Campaign echoed many debt campaigners in drawing attention to the history of the debt crisis, and in particular the role of Western banks and multilaterals in supporting foolish or corrupt enterprises.

The principal demand of the Coalition's campaign was the cancellation of all the unpayable debt of the poorest countries by the end of the year 2000, estimated to cost \$100 billion.<sup>22</sup> 'Unpayable' was defined as that requiring an unacceptable level of human suffering, thereby avoiding objections that debt cancellation would reward some nations that did not need it as critically as others (Christian Aid, undated: 3). The campaign identified 52 countries whose debts were judged to be of great urgency; their combined debt service repayments were, in 2000, equivalent to their combined health and

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<sup>22</sup> This was variously described as costing \$100 billion: Christian Aid (undated) p.3; Pettifor (1999b) cited a figure of \$200-300 billion.

education budgets (Jubilee 2000, 2000). Of these 52 nations, 37 were in Africa, and only 41 were eligible for debt relief under HIPC.<sup>23</sup> Writing in 2000, Dent clearly favoured writing off the entire debt of indebted countries, but accepted that the campaign should be prepared to settle for near-complete remission (such as 90%) leaving some debt outstanding. The campaign goal was however for a clear, radical change that would remove inert debt in one stroke, permanently altering the face of Third World economics (though, as we have seen, not abolishing debt and credit in themselves). Reducing debts only to levels where repayments could again be 'sustainable' was not considered acceptable, since without wider reform and deeper cancellation the situation might easily become unsustainable once again.

There were exceptions to the remission of debts deemed 'unpayable'. Dent (1990: 40,66) argued that Romania, which had pursued unpopular policies to pay off its debts in the late 1980s, should be given full debt remission for that incurred after the deposition of Ceaucescu, even though it was not one of the poorest countries. South Africa, a prosperous nation by African standards, with GNP above \$2000 per head per year, was put forward as a special case meriting 50% remission due to the debts inherited from its former apartheid regime.<sup>24</sup> Indeed, in 1997 South Africa had itself cancelled the debt owed to it by Namibia, the country it formerly colonised and occupied (Davies, 1999).<sup>25</sup> Such debts were considered 'odious' debts since they were contracted by a regime declared illegitimate – though Dent conceded that such judgments could

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<sup>23</sup> A list of these countries may be found in Appendix I

<sup>24</sup> For counter arguments, such as the relatively small debt from this period, and concern about the impact that financing debt relief by selling IMF gold reserves would have on the South African economy, see *The Economist*, 22/4/99.

<sup>25</sup> The write-off totaled R1bn.

only be made on an individual basis. By contrast, Myanmar, a country included in the World Bank's list of 41 countries eligible for debt relief under HIPC, was not advocated by Dent as deserving remission since it was controlled by a military tyranny, though it later featured among the Jubilee 2000's list of countries for whom debt relief was advocated (Hanson and Travis, 1999: 42-43).

The potential write-down under HIPC was as high as 80%, though countries had first to prove their economic credentials. Uganda was the first country to qualify, in 1997, though Jubilee 2000 claimed that by April 1998 the debt had become unsustainable once again. HIPC was only aimed at commercial and bilateral lending, not multilateral, and thus represented only a small fraction of the total money owed by heavily indebted nations to their creditors. A major thrust of the campaign was to ensure that the need for future debt cancellations of this kind would not be necessary. An entirely new approach was required to the way international debt was resolved:

'Debt and financial crises will recur unless the system of international lending and borrowing is subject to the discipline of the law and the market. The reality is that there will never be an orderly and full workout of poor country debt, as long as creditors remain in the driving seat... We in Jubilee 2000 propose an independent framework for arbitration when debts become unpayable.'

'A major achievement of the international Jubilee 2000 movement has been to expose the injustice, double standards, and hypocrisy of relationships between debtor nations and their creditors.' (Pettifor, 2000a: 140)

Debtors were relatively powerless to negotiate debt service reductions (unless their countries were strategically important); the balance of power rested with creditors. The Jubilee 2000 Campaign therefore called for a process that was independent of vested

interests, transparent to civil society, and undertaken democratically. Such a process would aim to introduce justice into debt repayment negotiations, to ensure greater discipline in sovereign lending, and to minimise corruption (Pettifor, 2000a: 143). An international Debt Review Body could be established under the auspices of the United Nations, for example. Its mandate would be to act as sole arbiter between creditor and debtor nations, and to prescribe the way in which the debt relief will go to relieve poverty. (The Coalition also called for a process of international bankruptcy – which the World Bank eventually agreed to consider.) Thus, campaign argument went, the institutions of civil society would be strengthened, opportunities for corruption diminished, creditors would face more guaranteed returns, and the poor empowered and enriched.

### **Jubilee 2000 as a mass movement**

The campaign's first and most successful demonstration took place on Saturday 16 May 1998, when 70,000 people gathered in the centre of Birmingham as the G8 Conference met nearby. They formed a huge human chain around the city centre, symbolising the bonds of debt repayment. Applications to meet with the Prime Minister were initially refused, but the closing rally was told that Tony Blair had agreed to meet a delegation from the Coalition; later that day three members of the Coalition met with him for 25 minutes. There was much press coverage leading up to, and following, the demonstration. One national newspaper, *The Guardian*, had been urging its readers to join the campaign (The Guardian, 11/5/98); the rest of the national press were more

indifferent, even sceptical,<sup>26</sup> apart from the press in the Birmingham area. *The Church Times* was critical of the event, and reported that the Archbishop of Canterbury, George Carey, had chosen to spend the day at the FA Cup Final rather than attend the demonstration, pointing out that there had been 9000 more people at Wembley than at the Jubilee 2000 rally. It concluded: ‘an unsuccessful protest is not large enough or, alternatively, not fierce enough....’ while on the merits of debt cancellation, it said, ‘more figures about the effects of debt cancellation need to be produced.’ (Church Times, 22/5/98: 3,8).<sup>27</sup> *The Methodist Recorder* was more supportive in its extensive and positive coverage of the event.

The following G8 summit in June 1999, in Cologne, was matched by international demonstrations as well as in the city itself. Thirty thousand campaigners paraded through central London, urging the G8 leaders to change their policy on debt relief. At this meeting the HIPC programme was revised – now referred to as HIPCII. In what appeared to be an acknowledgment of some of the criticisms of the initial HIPC programme, HIPCII reduced key waiting periods and ratios. Debt relief of \$25 billion was pledged at this summit, which when added to the \$25 billion already committed through HIPC I totalled \$50 billion. When this figure is supplemented by \$30 of bilateral relief that preceded the HIPC process and a further \$20 billion of bilateral aid cancellation urged at Cologne, the full total came to \$100 billion.<sup>28</sup> Increasingly, national governments began to declare their own programmes for debt remission – usually bilateral debt. In 1999

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<sup>26</sup> For example: Wolf (1998)

<sup>27</sup> Carey’s absence was criticised by Bunting (2002)

<sup>28</sup> This explains the discrepancies in reported figures for the Cologne Summit debt relief pledges. For instance, *The Guardian* 19/6/99 cited \$100 billion, *The Independent*, 14/6/99 cited \$50 billion. A full breakdown of the figures is found in Greenhill, Pettifor, Northover, et al (2003: 11)

Canada, the US and Britain either announced or pledged bilateral debt cancellations to the poorest indebted nations.<sup>29</sup> The following year Italy, Germany, France and Japan followed suit. For many campaigners, such announcements appeared to show that debt cancellation was actually going to occur.<sup>30</sup>

The Coalition was also highly successful in attracting the support of internationally known celebrities who, in turn, added credence to the movement: 'winning support from people of influence is thus high on the Jubilee agenda.' (Peters et al, 1996: 52) Desmond Tutu became the first President of Jubilee 2000 in 1996 (Grenier, 2003: 90); other patrons included the BBC journalist John Simpson, Rabbi Tony Bayfield and Iqbal Sacranie, the Secretary General of the Muslim Council of Britain (Hanson and Travis, 1999: inside cover). Muhammed Ali agreed to be Jubilee 2000's International Ambassador, and rock stars such as Bono toured Africa with politicians, frequently drawing attention to the cause, alongside such luminaries as Nelson Mandela and the Dalai Lama. The Brit Awards ceremony, broadcast on television in February 1999, featured Bono and Ali, both advocating the Jubilee 2000 campaign before millions of people worldwide. Comic Relief in 1999 was devoted to the theme of debt cancellation. In September 2000 Pope John Paul II, whose 1994 publication, '*Tertio Millennio Adveniente*', had called for Jubilee debt relief, held an audience with key figures from the Coalition, including celebrities and economists, and urged creditor nations to end the debt crisis. The campaign became a genuine mass movement across the world. Jubilee 2000 never had much financial support, but was adept and innovative in its use of the

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<sup>29</sup> For example, the USA's writing off of \$70bn: The Economist, 18/3/99; the UK's pledge to cancel all third world debt: The Guardian, 18/12/99.

<sup>30</sup> A \$34bn write-off was announced in December 2000: The Guardian, 23/12/00.

media and especially the internet. The Coalition published thirteen issues of '*News and Action*', imaginatively beginning with issue 13 and counting down to issue 1 in December 2000.

The decision to close the campaign at the end of 2000 and wind up the Coalition was controversial. Many local activists (and those in the South – see below) felt that the work should continue, although the intention had always been to have a focussed, short-term campaign. The Coalition set up a follow-up organisation, 'Drop the Debt' which ran from January to July 2001, which was succeeded by the Jubilee Debt Campaign and Jubilee Plus (which became Jubilee Research in 2002). Among many of the Jubilee 2000 Coalition's sponsor organisations, the focus moved to the Trade Justice Movement – with mixed fortunes. The Jubilee Debt Campaign estimated that by the end of the year 2000, 15% of debt had been remitted (Randle, 2004: 9).

### **The International Jubilee Campaign**

The Jubilee 2000 movement spread internationally through late 1997 and 1998 as national campaigns were established, eventually being represented in 69 countries (Grenier, 2003: 86).<sup>31</sup> Some of the most successful were in Bolivia, Uganda, Zambia, Peru and Mozambique (Greenhill, Pettifor, Northover et al, 2003: 5). In effect, the campaign in Britain played a leading and resourcing role for the international dimension since it had the experience and the resources on hand (Grenier, 2003: 93). The British

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<sup>31</sup> Individuals involved came from 166 countries.

section set the main policy direction and the campaigning strategy, but left it to individual national groups as to the extent of their involvement (Grenier, 2003: 96).

The Coalition had to adopt a very different approach in the United States, where the campaign received an indifferent response from the public. Realising that the campaign lacked profile and had a short time-scale in which to become known, attention turned to recruiting sympathetic celebrities. Bono was the main one in this regard, chosen partly because of his known broad Christian sympathies for the poor and underprivileged, but also because, by chance, there was a personal link between one of the Coalition's staff and a key record producer in Ireland who knew how to reach Bono.<sup>32</sup> Through Bono's political contacts in Washington, notably Eunice Shriver, the Coalition was able to make contact with Jeffrey Sachs and approach some of the key figures in the World Bank and US financial institutions. Also recruited to the campaign through Bono was Bob Geldof, who had pioneered Live Aid in 1984. Tension did break out within the Jubilee Coalition when Jubilee 2000 USA decided in favour of a bill in Congress proposed by Jim Leach, which advocated greater debt relief but did not remove all the adjustment programmes. Huge pressure was brought to bear on the US body from Jubilee groups worldwide, not just in the South, and – under great internal division – the US group withdrew its support. Nonetheless, the damage was done, and groups in the South became more suspicious of the ideals of campaigns in the North.<sup>33</sup>

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<sup>32</sup> A fuller account of this episode may be found in Hertz (2005: 5ff.) Bono's own version of his involvement with US politicians, particularly those on the political right, may be found in *The Guardian*, 18/3/02 and in Bono (2006: 33-35). A fuller account is in Busby (2007: 247-275).

<sup>33</sup> 'North' is used here in a geo-political sense rather than a simply geographical one. It comprises the most prosperous nations, commonly thought of as the West – the USA, Canada and Europe, with the addition of Japan, Australia and New Zealand. 'South' is a self-chosen term by those mainly in the southern hemisphere whose national economies are relatively undeveloped.

In addition to the many national campaigns, a number of important networks on debt were instigated. The network, 'Jubilee South', which still persists, was inaugurated at a 'South-South Summit' in November 1999, when delegates from 35 countries met at Gauteng, near Johannesburg, the location of the Jubilee South Africa conference eight months earlier. The most significant aspect of this international dimension was the different attitudes to the main policy that were discussed. Jubilee South was generally critical of the stance of the Northern campaigns for their essentially reformist position. The 'South-South' summit criticised the campaign in the North for its limited vision:

'Our brothers and sisters in the North have applied the Jubilee concept in a reductionist way, which limits it to what they have call [sic] "unpayable debt". One tries to understand the meaning of "unpayable debt", and one comes out with a confusion of defining which debt is unpayable and which one is payable. A question rises in my mind. Who decides/defines what is unpayable? The obvious answer will be the creditor and not the debtor. The North and not the South. And this being the case, we will never see the benefits in the South of debt relief.'

(Jubilee South, 1999b: section 6)

This criticism was inaccurate because the Jubilee campaign in the UK had always demanded that a fair system to arbitrate debt cancellation was necessary. However, this incident does indicate the tension felt among the campaigning community in the South.

A conference for Coalition members from 38 countries that was held in Rome in November 1998 revealed the tensions between the different campaigns.<sup>34</sup> The South preferred a more radical attitude, seeking the dismantling of the World Bank and the IMF, and the whole architecture of international loans. A series of declarations were made at several conferences of regional Jubilee 2000 campaigns, all recognising the

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<sup>34</sup> Also present were Jeffrey Sachs and several celebrities, including Bono and Bob Geldof.

need for greater financial transparency in the debt cancellation process, for new systems of arbitration and the need for civil society to be involved. The Rome Conference Declaration called for the cancellation of all unpayable debt, specifying that this meant debt which could not be serviced without causing harm to the poor; debt which has already been paid 'in real terms'; debts taken out for improperly designed projects; and odious debts contracted by repressive regimes (World Council of Churches, 1999a).

Declarations in the South were far more radical, and no less urgent in tone. The enemy was not merely the debt issue nor the IFIs but the entire system of neo-liberal, global capitalism. For example, on the occasion of the launch of the Jubilee 2000 Afrika [sic] Campaign in April 1998, the Accra Declaration stated bluntly: 'the root-causes of these Debts lie in the History of Slavery and Colonialism' (World Council of Churches, 1998a) and called for the immediate and unconditional cancellation of Africa's external debts. In a similar tone the Dakar Declaration stated:

'Third World debt to the North is at once fraudulent, odious, illegal, immoral, illegitimate, obscene and genocidal.' (Jubilee South, 2000b)

The view that the debts were instruments of oppression was demonstrated in other conference statements, such as the South-South Summit which stated:

'Debt is essentially an ideological and political instrument for the exploitation and control of our peoples, resources, and countries.' (Jubilee South, 1999c)

At the summit the 'neoliberal' economic system was described as 'destructive and genocidal' in its processes and consequences, and all IFI sponsored schemes were rejected outright, since only a completely new economic system could relieve the debt issue. The vision of Jubilee South, reflected at this summit and elsewhere, was of a transformed economic order devoid of debt, in contrast to the UK Coalition which, as we have seen, envisaged new regulatory mechanisms within the same essential economic system:

'It is a vision not limited to debt cancellation, not to some countries, not to the year 2000, not the probable or viable as conventionally imagined. This is a vision springing from the sacred and moral responsibility to limit power and uphold life. We assume the jubilee call to conversion and reparation as essential elements for the ethical, social, and environmental survival of all creation.' (Jubilee South, 2000a)

In August 2001 a workshop convened in Durban between Jubilee South Africa and Jubilee South declared unequivocally:

'In this period of neo-colonialism, debt is a central instrument used by the élites of the North in ensuring the continued subjugation of the countries of the South.' (Jubilee South, 2001)

The Latin American and Caribbean Jubilee 2000 Platform issued the Tegucigalpa Declaration in January 1999 entitled 'Yes to Life, No to Debt', (Jubilee South, 1999a) calling for the cancellation of the immoral and illegitimate debts of the 'so-called Third World' but its wording did not make clear whether or not it regarded all debt as such. Furthermore, it made a call to the Northern campaigns 'not to put forward resolutions or make laws which would include specific figures, nor any which would provide less than what we are currently proposing.'

The Gauteng Declaration in Johannesburg two months later re-affirmed the earlier declarations, and looked forward to a time of self-determination from 'Northern domination'. The Yaoundé Declaration re-affirmed the call for the total and immediate debt cancellation for all Southern indebted nations, and was unanimously agreed on developing the Jubilee campaign for the future, recognising it would be a 'long struggle' (World Council of Churches, 2000).

One issue featuring prominently in some Southern declarations was the question of reparations. The Gauteng Summit in March 1999 re-affirmed the call for reparations made in Abuja in 1993, in order to 'regain control over our destiny and to ensure that the African holocaust will never occur again' (World Council of Churches, 1999b). The Lusaka Declaration (May 1999) clearly believed that economic reparations were due to indebted nations from Northern creditors, and urged further research into foreign loans in order that the legitimacy of such claims might be defended (World Council of Churches, 1999c). It also warned that, were debt cancellations not to be forthcoming by the end of 2000, their campaigns would urge for debt repudiation. This theme is present in the Zambia campaign, as we shall see in chapter 4; it also continued in the Jubilee South's call for reparations for the people of Iraq in the aftermath of the second Gulf War:

'the only debt that really exists is the debt owed to the people of Iraq for, among others, the years of cruel sanctions and wars... the United States government is manipulating the odious debt issue for the simple purpose of lowering the cost of its occupation.' (Jubilee South, 2003)

However, at an international conference held in Birmingham to mark the tenth anniversary of the first mass demonstration, the question of reparations was never aired publicly.

Jubilee South has been dismissed as a network of Southern intellectuals and socialist activists with little grassroots support (Clark, 2003: 20; Grenier, 2003: 98), yet there is no doubt that in some countries, such as Zambia, the campaign relied upon popular networks of support. Jubilee South sought to influence the global campaign, but did not agree with the idea of the 2000 deadline and felt betrayed by the closure of the campaign elsewhere. Although some national Jubilee campaigns are still active in the South, their profile is now largely confined to the national scene.

## **Summary**

Our history of the debt crisis has revealed the way in which the understanding of the debt crisis and its solution changed rapidly among economists, politicians and debt campaigners. The most significant feature of this was the paradigm shift among campaigners from advocacy of partial debt cancellation to a much wider, comprehensive campaign. Another aspect of his history is the key factors in the campaign's success: its skilled campaign organisation, its base of Christian support, its use of the media and celebrity contacts, and the pivotal umbrella provided by the Jubilee image. The Church was involved not only at many local levels but also internationally, and the importance of this cannot be underestimated. As a global organisation, the Church was able both to

initiate and enhance campaigns in many countries unused to this type of popular campaigning. The tactics adopted in targeting politicians were highly successful, whether through petitions or celebrity influence. The campaign was fortunate in that many politicians welcomed the campaign as an opportunity to make political capital: significant acclaim at relatively small cost. Political leaders vied with each other to be seen to be taking the initiative at the various summits held during 1998-2000, and it was political rather than economic argument that held sway (Evans, 1999: 276).

A further discovery from the historical survey has been the points of accord and tension between North and South. A major difference concerned the intended goals of the campaign: for the North these were principally the cancellation of debt, so that the poorest nations could once again have the opportunity to take part in the world economy. There were significant voices in the North calling for a more radical restructuring, but the campaigns in Britain and the US were more cautious than these. In the South the demands went much further and called for a new economic order in which debt would not recur and reparations would be made. An uneasy marriage existed between groups within the coalition, domestically in Britain and internationally, but the simplified, direct arguments showing how poor countries exported money to richer ones appealed successfully to a very broad audience worldwide. The tensions over the termination of the campaign at the end of 2000 were significant, and it is possible that the movement would have fragmented had the campaign continued much longer in the same vein.

The campaign owed its success, as we have seen, to grass-roots activists in local churches and aid organisations, but significantly also to its political and media connections. In general, despite the participation of many local supporters in Britain and the developing world, the campaign was a 'top-down' movement, especially in the United States.

One might draw the conclusion that Dent and Peters were less interested in structural changes to the world economy because their focus was on a one-off debt cancellation, but in fact they saw the cancellation as only one aspect of a wider process of righting economic wrongs that caused poverty. The Jubilee 2000 campaign did not, therefore, confine itself to the cancellation of the debt, though this was its principal aim. In arguing for a new regulatory system in which future arbitration could take place we see how it focussed on the continuing need for reform and practical steps to achieve this, rather than more radical, systematic change of the entire economic order to which, as we have seen, some voices in the South remained committed.

### Chapter 3

#### **The themes of the debt campaign**

The previous chapter traced the development of the debt crisis and the exponential rise of the campaign for debt cancellation. The campaign issued a mass petition on debt relief, encouraged its supporters to contact politicians, issued press releases and organised many publicity events to draw attention to the central theme of urgent, unconditional debt relief for the poorest nations. In this chapter our attention turns to the arguments used by the campaign and the principles that underpinned them. We shall see that the campaign deployed political arguments concerning justice and fairness, but that economic analysis was not pursued with the same rigour. The tendency to present simplified arguments for political and campaigning reasons will become apparent, but in so doing certain essential nuances were not discussed. Nevertheless, the campaign expressed critical concerns over power relations in debt arbitration and conditionality clauses attached to debt relief.

The Jubilee 2000 Coalition's aims can be summarised as the call for 'cancellation by the year 2000 of the unpayable debt owed by the world's poorest countries under a fair and transparent process' (Hanson and Travis, 1999: 4). From the outset, as we have seen in the previous chapter, the Jubilee 2000 Coalition forged together both practical commitment and insights from a wide cross-section of the Christian community in the UK, though it also

included many representatives from other faiths and from secular organisations. The fact that the campaign was a coalition meant that there were inevitable differences of opinion on policy, emphasis and goals. The most significant differences were those between the campaigns in the North, such as Britain and the US, where the campaign discriminated between countries and levels of debt, arguing for a case by case basis, and the South, where Jubilee South argued for more radical, comprehensive debt reform. Other differences reflected different audiences addressed by the campaign. Over time, however, the coalition became more moderate, retreating from the more extreme rhetoric, and in effect calling for a much wider, faster, deeper version of the HIPC process (Allen and Weinhold, 2000; Evans, 1999: 275).

In the introduction to *Breaking The Chains*, Williamson identified three arguments for debt cancellation: to make the debt burden sustainable in the face of the inadequate HIPC initiative; on the grounds of justice, that loans were extended to unrepresentative governments; and finally in order to achieve the elimination of poverty. Pettifor (2002: 13) argued often in a similar vein, though she also made explicit the campaign's 'guiding principles' grounded in the Judeo-Christian scriptural ethics of 'human rights, opposition to usury and the need for periodic correction of imbalances.'<sup>1</sup> The campaign advocated 'sabbath economics' which called for limits upon consumption. The Jubilee campaign, although focussing almost exclusively on debt, always saw itself as the instigator of a wider campaign for the elimination of poverty achieved also through increased aid and fairer terms of trade, and using the

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<sup>1</sup> A similar comment is also made by Harries, (1992, chapters 10,11)

millennium as a psychological target for the debt cancellation. Its first task was to tackle the debt problem and then go on to the wider amendment of international financial practices (Dent and Peters, 1999: 136). The campaign acknowledged that debt relief alone could not solve the problem of world poverty, but that it was an essential ingredient of the wider solution. However, the tactical decision to focus on one single issue in turn opened the campaign to the charge that it was promoting simplistic solutions, or least that it appeared to be (Church Times, 20/11/98).

The first prong of the campaign was to expose the terrible effects the debt crisis was having among the poor in indebted nations. This began with the outline of the debt crisis, as we have already seen, arguing that the international financial institutions bore much responsibility for the situation – and hence a responsibility to ameliorate it. One of Jubilee 2000's major achievements was 'to expose the injustice, double standards and hypocrisy of relationships between debtor nations and their creditors' (Pettifor 2000a: 142). A key aspect of the Jubilee 2000's campaign publicity was to raise awareness of the effect debt was having on the lives of the poor, where the most basic essentials of life were jeopardised by obligations of debt service. The campaign produced a mass of statistics to demonstrate that measures introduced to date (such as the HIPC Initiatives) were either insufficient, at best, or counterproductive, at worst, thus the need for radical debt cancellation was justified. These figures listed falling school rolls in Sub-Saharan Africa, decline in real wages, and reductions in government expenditure on health. The critical nature of the plight was not in doubt:

'The debt crisis is a matter of life and death. African children, women and men are dying while old debts to wealthy lenders are being repaid. This is a human rights emergency!' (Ndungane, 2003: 53)

### **Historical Precedents**

Debt cancellation is not new, and the Jubilee 2000 campaign often invoked previous cancellations, in particular the Marshall Plan, in order to show that debt cancellations could be feasible in principle. Under the Plan the debts Germany had accumulated from the 1920s and 1930s were to be reduced by 75%, and the victorious (Western) allies agreed to open their markets to German products so that Germany could establish a trade surplus and thus pay off its remaining debts (Enlace, June 2000). A condition of the Plan was that Germany would not need to divert more than 5% of its exports into debt service repayments (Dent and Peters, 1999: 123). Jubilee 2000 stated that the original agreement was a figure of 10%, but after Germany claimed this was 'unsustainable' it was reduced to 3.5% (Hanson and Travis, 1999: 40). The campaign made comparison between the Marshall Plan for Germany and the example of contemporary Mozambique (Pettifor, 1998: 90), which Britain and Germany insisted should divert 20%; and with Ethiopia (Moulds, 1998), where the ratio of export earnings to debt service payments was 14%. By contrast, the HIPC Initiative was intended to reduce debt-service-to-export ratios to an 'acceptable' level of 20-25%.

The Marshall Plan is an interesting example, motivated not by altruism but by mutual interest, devised not only to rebuild the economies of Britain and Germany but to prevent the rise of political extremism and ensure democracy

together with economic and political stability in Western Europe at a time when the United States was becoming increasingly worried at the spread of communism in Europe. The economies benefiting from the Plan were, despite the war devastation, nonetheless technically advanced, with large pools of skilled workers and relatively good infrastructure. Thus the development of these countries was regarded as guaranteed, and simply a matter of investing sufficient capital in order for their economies to become strong once again. Furthermore, German productivity also boosted the international economy. The Jubilee campaign in Latin America complained bitterly that, whereas some past instances of debt relief had delivered to indebted nations a resolution of their financial crisis, and moreover enabled them to adopt more effective development policies, the contemporary reality was that such indebted nations were kept in servitude (Enlace, June 2000). The Tegucigalpa Declaration picked up on these precedents by insisting on a level of debt service repayments derived in part from the 1953 London Agreement which had agreed greatly reduced debt service payments by Germany (Jubilee 2000 Coalition (1999:14).

There is no doubt that the Marshall Plan was a clear success, but it also may have led some economists to believe that this model could be transplanted into very different socio-economic circumstances, such as Sub-Saharan Africa.<sup>2</sup> However, calls for a 'new' Marshall Plan tended to be invoked more for their political and psychological appeal (such the call by Gordon Brown (2001), when Chancellor of the Exchequer, for a new 'Marshall Plan' for

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<sup>2</sup> A more detailed discussion of this phenomenon is found in Randall and Theobald (1985), chapter 1

Africa), rather than for the transplanting of the economic principles that first underpinned it.

### **Parallels with the campaign against slavery**

Since the inception of the Jubilee 2000 movement there has been a continuous thread of argument comparing the suffering of the poor in indebted countries to a new kind of slavery. Indeed, it could be argued cogently that a key factor in the success of the campaign was the powerfulness of this imagery. The Jubilee campaign chose the chain to symbolise the relief from bondage, though it also stood for the solidarity of debt campaigners worldwide, and used this to great effect in many demonstrations and publicity events. Many parallels were drawn with the experiences of African and Caribbean slaves of the eighteenth and nineteenth centuries; further similarities were observed between the movement and processes that led to the abolition of slavery in the UK and the present campaign for debt cancellation.

Germane to such parallels is the argument that the problem of international debt is, as slavery was, an outworking of Western capitalism (Spray, 1991: 21). That is not to say that this was a direct consequence, but it shows how ingrained the institution of slavery was to the economics of the time. Slavery was a well integrated into the international economic system: many Europeans invested in it, bought its goods and did not consider it in any way morally reprehensible. A deeper connection has also been alleged that it is no coincidence that those countries that profited from the Atlantic slave trade are

now the creditors to the developing world and that their profits from slavery aided the investment that made the Industrial Revolution possible (Christian Aid, 1997: 2).<sup>3</sup>

An early comparison between debt and slavery was made by Bishop Ndungane (1997), who in a sermon at Southwark Cathedral, quoted a Brazilian slogan from the early 1980s stated that 'the external debt has become an eternal debt'. Spray also established a link in speech in Edinburgh in November 1990, when he quoted the former Director of Christian Aid, Charles Elliott, who in 1987 had said that when the debtor has to work ever harder to repay debts, 'his status changes from debtor to bondsman to slave' (Elliott, 1987b). This was followed by Pettifor, writing in 1996 while still at the Debt Crisis Network. She acknowledged her debt to Spray and to John Davies, the Bishop of Worcester, who in 1993 had written that 'debt is the most potent form of slavery'. *The New Abolitionists* report saw the Jubilee campaign as a natural successor to the campaign against slavery.

The subjective experience of slavery was more intensely brutal, but debt slavery affected many times more people than the Atlantic slave trade ever did – despite the fact that in the eighteenth century alone, 6 million Africans were transported to the New World (Spray, 1991: 20). Three parallels with slavery were identified and then reflected in subsequent publications by debt campaigners. The first was the enormous human cost in both, and the same

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<sup>3</sup> This quotes James Walvin, who in his history of British slavery wondered whether the Atlantic slave trade was merely the beginning of a continuous process in which resources are still drawn from Africa to the West, in return for privation.

consequent kinds of fundamental moral issues: the experience of bondage and lack of self-determination. Slaves had no freedoms whatsoever, and like the indebted poor, suffered an unmoveable burden and did not 'own themselves' (Dent and Peters, 1999: 119). Indebted countries facing IMF Structural Adjustment Policies, or having to deploy scarce financial resources into IMF-imposed debt repayments as a priority also had little choice. Exports had to be increased, cash crops grown, domestic spending reduced; this was likened to the 'forced unpaid labour' of the slave plantations.<sup>4</sup> The debt trade removed choice:

'Just as in the 1770's there existed a complex planter-controlled apparatus for containing slaves that extended across continents, so the IMF is at the nexus of an international creditor-controlled apparatus for containing the economies of developing countries.' (Pettifor, 1996: 20)

Debt campaigners began regularly to describe the plight of the indebted as one of economic 'enslavement', in which the contemporary mechanism of enslavement was related to finance, not land ownership as with the original Jubilee (Williamson, 1998a: 12). For example:

'More children could die unnecessary deaths before the year 2000 as a result of the debt crisis that enslaves poor countries today than were killed in passage during the infamous Atlantic slave trade...

...Christian Aid believes the campaign to end the economic slavery of unpayable debt is creating a new generation of abolitionists fighting for economic as well as social justice.' (Christian Aid, 1997:2)

'Debt bondage by the poorest countries to Western governments and creditors is today's new slavery.' (World Council of Churches, 1998)

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<sup>4</sup> In a briefing paper written by Pettifor to Ndungane in January 1997, she acknowledges her debt to David Woodward of the DCN, for his insight that 'producing more but receiving less in payment, amounts to nothing less than forced unpaid labour at the national level – directly analogous to slavery.' Jubilee 2000 archive, box 1

The absence of apparent solutions and the complete powerlessness of the debtor nations were reminiscent of slavery. The moral issues were the same: freedom and the right to self-determination, justice and restoration for those whose plight was not the consequence of their own actions.

The second parallel concerns the way the abolition of slavery came about, due to massive public pressure resulting from a concerted campaign by abolitionists. It is interesting to note that the campaign to end slavery was both prolonged and involved much published research. Abolitionists investigated the conditions under which slaves lived, worked and were transported; they published data on death rates during sea crossings, for instance; and they endeavoured to bring shame and disrepute upon the whole system of slave trade and ownership. The anti-slavery movement began in the last third of the eighteenth century, when a few prominent individuals tried to raise public consciousness and change the law. Their repeated efforts were unsuccessful, but public attention had been won. In addition, the slaves themselves played a major part, either in rebellion or (once freed) publishing accounts of their experiences, which became popular in Britain. Legal measures were passed: in 1788 to improve conditions on slave ships, and the trade in human slavery was abolished in 1807. The movement gained impetus once again in the 1820s when a society to promote abolition was launched, followed by a prolonged and massive campaign, in which 1.4 million people signed a petition. A failed, costly slave revolt took place in Jamaica in 1832, and slavery in Britain was outlawed by the Emancipation Act of 1833. This came into effect on 1 August 1834, and slavery was finally abolished in the colonies

in 1838. Many amendments were made as it passed through Parliament, and increasingly the abolitionists' position became victorious. Slavery was abolished in the United States in 1865.<sup>5</sup>

As the debt campaign grew during the mid 1990s, the parallels became more apparent, not just on the issue of principles and rights, but particularly on the tactics that would be employed. As happened in the campaign to abolish slavery, there emerged an awareness of the need for a broad coalition across aid- and debt- agencies rather than for independent, small pressure groups.<sup>6</sup> The role of the churches was again recognised as crucial. The debt campaigners, also like the anti-slave campaigners, realised that progress could only come through the political expression of public opinion. When the anti-slavery campaigns began, abolitionists were told that their proposals were unworkable. The debt campaigners therefore saw themselves as pioneers challenging the prevailing ethos and the arguments of 'moral hazard' (see below). They faced the same argument as did the original abolitionists: that although the system may be flawed, the best solution would be achieved not through abolition but via gradual improvement. With this in mind Dent, commenting on the way Thomas Buxton's uncompromising stance outmanoeuvred the government in 1832-3, concluded that 'a simple, radical proposal providing a full answer is a far more effective mobilising agency than a complicated half-measure' (Dent and Peters, 1999: 126). Comparison was even made between the conditionalities imposed by the World Bank and the

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<sup>5</sup> Spray (1991: 24) erroneously puts the date of abolition in Britain as August 1882.

<sup>6</sup> Spray clearly did not think any mass public campaign on debt was immediately likely but recognised that it would be essential to mobilise public opinion: 'The abolition of international debt is never likely to dominate public opinion as the abolition of slavery did two hundred years ago.' (Spray, 1991: 26)

IMF to the governments of indebted countries with that of opponents to abolition, who argued that slaves had to prove themselves 'worthy' or of sufficiently good 'character' to face the responsibilities of freedom (Dent and Peters, 19991: 126-7; Christian Aid, 1997, 10).

In the third parallel, the abolition of slavery did not end poverty, but its departure lifted restraints and in so doing opened up some opportunities for the enhancement of life and conditions. The debt campaigners were clear that debt was only one aspect of the reasons why poorer nations remained poor, and that its relief would be beneficial – but other reforms in the areas of trade and aid would also be necessary. Slavery became less profitable in time as exports from slave plantations faced competition from elsewhere (such as Asia and Latin America); in a not dissimilar fashion the international community has realised – witness the HIPC programme – that debt repayments will not prove economic unless concessions are made to enable such countries to invest. By 1990 many commercial banks had already set aside considerable sums to cover defaults from their debtors.

The analogy of the Atlantic slave trade and debt slavery was ingenious as a campaigning tool, for it is such an emotive issue; the mere suggestion of slavery implies a wretched condition and evokes disgust. But how accurate is the analogy? Certainly there are many parallels in terms of the history of each situation and the typology of their campaigns. To describe oneself as the 'new abolitionists' is certainly a claim to the moral high ground, and in using this terminology the debt campaign implied that debt cancellation was a clear-

cut issue. Yet the reality of the campaign was that there were difficult compromises to make, such as the criteria by which countries should be entitled to receive debt relief. Sub-Saharan nations were supported, but more wealthy - yet more indebted - nations of South America were not, because their average income per person was considerably higher.

The use of slavery as such a prominent campaigning tool is one illustration of how the arguments tended to be moral and politically strategic rather than economic.<sup>7</sup> One needs to bear in mind, however, that the campaign's intention was to appeal to as wide a constituency as possible and at both logical and emotive levels. Rarely, however, was the debt-slavery parallel placed within the wider context of human obligations, though the main reason for this was less due to ignorance and more to do with the fruitful use of Atlantic slavery as a campaigning tool. Other, unrelated campaigns have also found it helpful to use the slavery analogy; factory workers in nineteenth century England and domestic workers with diplomatic families have also been likened to 'slaves'. It was ironic that the defenders of slavery (including clergy) relied upon the same scriptural text in Lev. 25 as the Jubilee 2000 campaign did, and indeed, a case from Scripture can even be made for it (Preston, 1987: 6; Lampard, 2007; Michelman, 1994: 70-71).

### **Legal and Moral Arguments in favour of debt cancellation**

The Jubilee campaigners appealed to a range of legal and moral arguments, though it was the latter that provided the greater force. We shall examine their

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<sup>7</sup> This supports the assertion made by Allen and Weinhold (2000: 870)

arguments now in detail, beginning with the legal arguments in favour of debt cancellation.

*The Legal Argument for Debt Illegitimacy: (a) Odious Debts*

'Odious' debts are defined as those where the original loan contract was undertaken through an abuse of rights (Frankenburg and Knieper, 1984: 428). This doctrine has its origins in the conflict between Spain and the US at the end of the nineteenth century. In a brutal conflict, Cuban forces seeking independence from Spain were aided by the US, which was drawn into the hostilities, and the Spanish subsequently defeated. The United States gained Cuba, but refused to honour the island's debts to Spain, citing this doctrine for the first time. The US argued that the debts were legally and morally defunct, because they had been 'imposed upon the people of Cuba without their consent and by force of arms' and that this burden 'was one of the principal wrongs for the termination of which the struggles for Cuban independence were undertaken' (Adams, 1991: 163). Furthermore, the US argued, much of the debt had been contracted by Spanish Cuba in order to bolster Spanish rule, and could therefore not be defended as having been in the interests of the Cuban people. The Cuban debts were never paid. Prior to the nineteenth century international law generally considered it the responsibility of a successor government to inherit any liabilities of its predecessor (Hoeflich, 1982: 42). From this incident it was demonstrated that certain state obligations could be deemed to belong exclusively to a particular regime, rather than to a territory or population. The American, Alexander Nahum Sack, formalised what became known as 'the doctrine of odious debts', in which an exception is

made to the generally binding rule that sovereign or public liabilities should be honoured: this is the case where a 'despotic power' borrows for self-interest, that is, to strengthen his or her hold on power, or to repress their own population (Adams, 1991: 164-5; Frankenburg and Knieper, 1984: 428-430). Such debts constitute a 'hostile act' toward their own people; they are not an obligation on the nation concerned, rather they belong to the regime or ruler who contracted them. These debts are deemed 'odious' and regarded as a deficient, legally flawed contract, and therefore one which cannot continue to be upheld.

Another significant incident in regard to this doctrine occurred in 1923, when the Supreme Court's Chief Justice Taft arbitrated in a dispute between Costa Rica and the national banks of Great Britain and Canada; Costa Rica had reneged on a contract personally beneficial to its recently ousted President, claiming that these liabilities were 'odious' (Adams, 1991: 167-8). Taft rejected claims for the contract to be upheld, on the grounds that the contract was most 'irregular' and that the banks knew full well that some of the money was being siphoned to the President's family.

Despite the above precedents little interest was shown in odious debts until the late twentieth century. A chief obstacle is the doctrine's lack of specific detail in guiding objective determination of what constitutes an odious debt. Many have argued that in order to prove a case of odious debt, the creditors must have been cognisant of fact that the loans were used in ways detrimental to the general population (Hoeflich, 1982: 55). The Jubilee

campaign, at least in the North, was aware that it would be very difficult to deem all loans to undemocratic regimes as odious, for the circumstances varied considerably (Dent and Peters, 1999: 68-71). Dent seemed sceptical about the chances of being able to argue this for Congo, for instance, though the Jubilee 2000 Coalition's *Breaking the Chains* (1999) dedicated much space to the matter of odious debts, and featured Congo exclusively (Hanson and Travis, 1999: 47). On occasion the concept of odious debt has been used to describe *all* debt owed by developing countries: as we have already seen, the Dakar Declaration of December 2000 stated that the debt was 'fraudulent, odious, illegal, immoral, illegitimate, obscene and genocidal' (Jubilee South, 2000b). Jubilee South (2002) suggested that the increasing attention given to the issue of odious debts was a clear indication that the logic in favour of debt cancellation was moving from questions of sustainability to ones of legitimacy.

The doctrine experienced a surprising resurgence in 2004 when the US argued that the debts owed by Iraq should be cancelled, now that the despotic regime of Saddam Hussain had been overthrown and replaced by a democratic one. The debts were effectively regarded as morally unconnected with the present citizens of that country. Jubilee South (2003) argued in trenchant terms that the US call was a manipulation of the doctrine of odious debts in order to reduce the cost of its own occupation, and warned of the dangers of future debt entrapment for Iraq.<sup>8</sup> Jubilee South's view was that the war on Iraq by the US and UK was unjust and illegal, and that substantial reparations were due to Iraq both for war damage and the economic effects of

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<sup>8</sup> Hanlon (2006: 211- 226) makes a similar argument.

the sanctions that preceded it. In 2005 *The Economist*, noted for its hardline opposition to Jubilee 2000's call for debt cancellation, was resigned to the need for some write-downs. Significantly, one of the reasons it favoured debt relief for Nigeria, heavily indebted but with a high income and notoriously high corruption, was that much of the debt was odious. Referring to its history of military dictatorships, it commented: 'Since Nigerians did not choose these regimes, it seems unfair that they should have to repay the loans that foreigners were foolish enough to make them' (*Economist*, 19/3/05).

The assignment of debts as 'odious' has been rare. However, there are indications of an increased and more general acknowledgement internationally that debts contracted by illegitimate regimes (however defined) should not necessarily be transferred to more democratic successors. This shift reflects not only a change in ethical opinion, but also a political one: many creditors and IFIs are willing to use their leverage in order to encourage democracy where formerly this had been a lower priority (compared, for example, to the Cold War priority of maintaining influence against the Soviet Union). Clearly there is much politics in the decision by creditors to annul debts owed to them. If there is one trend in the history of odious debt, it is that the term can be useful, yet 'history, and self-interest, suggest that it will not be enough' (Foorman and Jehle, 1982: 70). The concept of odious debt is a helpful one to muster political support, but is not easily applicable in the intricacies of delineating precisely which debts to cancel (Birdsall and Williamson, 2002: 55). For this reason it is easier to argue for odious debt relief only to future situations rather than retrospectively, thus avoiding the

danger of using the term to cover other kinds of loans (Wolf, 2004: 303; Jayachandran and Kremer, 2002).

*The Legal Argument for Debt Illegitimacy: (b) Waste and Corruption*

The Jubilee Campaign echoed earlier debt commentators in drawing attention to the history of the debt crisis, and in particular the role and responsibility of Western banks and multilaterals in supporting foolish or corrupt enterprises. The Jubilee movement in the South was particularly keen to draw attention to this aspect of the debt crisis: money had not gone to those intended to receive it, and had never been likely to do so. This represented another feature of the debt illegitimacy, of which a few examples may be illustrative here.

The Nicaraguan government was loaned considerable sums following the earthquake damage to Managua in 1972; the money was stolen by Somoza, who continued to siphon money until the Sandinista revolution that deposed him in 1979. \$3 billion was dollars of debt was taken out during his reign: at the revolution the government's assets stood at just \$3 million (George, 1989: 18). The Bataan nuclear power plant in the Philippines cost \$2.1 billion; it was situated at the foot of a volcano in a zone of considerable seismic activity and the post-Marcos government resolved to abandon the project. The contract for the facility was awarded to the American manufacturers, Westinghouse, despite a much lower bid having been made by General Electric. President Marcos is alleged to have favoured the Westinghouse bid in the face of earlier decisions, because he received bribes totalling \$80 million (George, 1989: 18-19). The disastrous steel plant at Lomé in Togo was financed by a loan from

West Germany, yet there were no supplies of iron ore. To save face, a local pier was dismantled to enable the plant to function, and when the pier scrap had gone the plant closed (George, 1989: 32; Lombardi, 1985).

The most extreme example was that of President Mobutu of Zaire, and certainly the most frequently cited by Jubilee 2000. Zaire, now the Democratic Republic of Congo, received \$1 billion from the World Bank alone during Mobutu's reign. The Jubilee 2000 Coalition stated that Zaire had received £8.5 billion between 1970-94, and that outstanding debt in 1999 totalled \$13 billion (Pettifor, 2000a: 142).<sup>9</sup> Mobutu used the money to purchase scores of chateaux in Europe and West Africa, private jet planes (including a Boeing 747) and many ships for himself and his élite. He owned shares in every major foreign company operating in Zaire, and his Presidential office oversaw 30% of the national budget in secrecy. At his death he was the richest man in the world, with assets estimated at \$4 - \$10 billion (Pettifor, 2000a: 142). During this period the country became increasingly impoverished, and there are many accounts of prestige projects, heavily influenced by foreign interests, which have proved disastrous; either they have not worked or have never operated efficiently (George, 1989, chapter 7). For example, the Maluku steel mill, which operated at 10% of its operating capacity, was exorbitantly expensive to run; and the Inga-Shaba electric powerline that could transport five times more electricity than demand (Kote-Nikoi, 1996: 106). A major factor in the nourishment of Mobutu's kleptocracy was the desire to keep Zaire under Western influence during the Cold War. The financial mismanagements

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<sup>9</sup> In 1986 the estimated amount was \$5 billion and in 1989, \$6 billion, according to George, (1989: 107)

were known, but the pressures for political influence were dominant (Hanson and Travis, 1999:47; Pettifor, 1998: 91).

Mobutu was not the only corrupt dictator to have left his country heavily indebted; one half of Haiti's foreign debt came from the reign of Duvalier (1957-1986). This is not in itself surprising, considering the longevity of the dictator's hold on Haitian power, though it is significant that some \$900 million was removed from the public treasury for his personal purposes during this period (Enlace, March 2000). The campaign used such examples as cited above to show that responsibility for waste and corruption lay firmly with the creditors.

A key difference between the debt campaigners and the IFIs was that the latter understood the issue as an economic and political one, but did not acknowledge its moral dimension (Dent and Peters, 1999: 194). The examples of effective collusion with corrupt officials appeared to campaigners to represent this moral aspect very clearly. They enquired why it was that the people who had not taken out the loans had to bear their consequences, such as lack of healthcare and schools (Taylor, 1998); they asserted bluntly that 'democratically elected governments should not be expected to assume the debt burdens of dictatorial predecessors' (George, 1992: 170).

*The Moral Argument for Debt Illegitimacy*

The main aspect of the moral charge against the legitimacy of debt repayments was that the cost in human life and suffering was unacceptably high. Methodist Bishops in Latin America declared:

‘just as it is morally imperative to repay all legitimate debts, it is also ethically legitimate and a proper exercise of national sovereignty for nations affected to revise, condemn and even refuse to pay, in whole or in part, carry illegitimate debts, or debts on which such extortionate rates of interest are charged *as to endanger the lives of their citizens and the stability of democratic governments.* (Exodus 22:25 & Ezekiel 22:12)’ (van Drimmelen, 1998: 70. Italics mine.)

The World Council of Churches (1998) at their Eighth Assembly in Harare stated that ‘the basic human needs and rights of individuals and communities and the protection of the environment should take precedence over debt repayment’. The bishops of the Swedish Lutheran Church argued that when debt repayments exceed a certain limit, the moral debt passes to those blocking the redemption of the debt. Thus ‘mercy and grace’ should take precedence over what was deemed legally ‘right’ (Bishops’ Conference, 1993).

These are critical arguments to which we shall return in later chapters. A significant element in such approaches came from liberation theology, in particular, its emphasis on the experiences of the poor as the basis for theological enquiry. The right to the basic essentials of life was considered paramount, and could act not only as a criterion for justice but also as the

cornerstone of a new economics.<sup>10</sup> We find that ‘the sacrifice of these basics [to life] cannot be part of any acceptable solution to the debt crisis’ (Vallely, 1990: 311) and the call for a transformation of the economic order ‘to place it at the service of human beings, based on international relationships... predicated on justice, equity and solidarity’ (Jubilee South, 1999a). Or, as Ndungane (1998: 38,39) stated:

‘Ethics should precede politics, economics and the law because political action is concerned with values and choices...We need a fundamental reappraisal of economics, so that need and capacity, rather than supply and demand, provide our guidelines.’

The debt campaigners referred frequently to the moral illegitimacy of the various Structural Adjustment Policies required as conditions for debt rescheduling or cancellation, and in particular those attached to the HIPC Initiatives. The ground for such criticism lay in the drastic consequences of these economic programmes, often resulting in making conditions worse for the poorest. Typically SAPs involved currency devaluation, the raising of domestic interest rates, new austerity measures with regard to public finances and services, and privatisation of state enterprises. Furthermore, through IFI insistence on such measures, the capacity of the government was restricted, democracy effectively diminished and national sovereignty undermined. Not infrequently unemployment soared and the poor were pushed into starvation; as one Jubilee Afrika commentator observed: ‘Debt is tearing down schools, clinics and hospitals and the effects are no less devastating than war’ (Hanson and Travis, 1999: 44).

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<sup>10</sup> For example: ‘The basic test of economic justice is what happens to the most vulnerable groups in society.’ WCC Central Committee, 1985 quoted in van Drimmelen (1998: 69)

## **Practical Arguments**

### *Economic Effectiveness*

During the 1980s the principal focus of concern about debt was centred upon the inability of countries to meet their obligations, and the effects this might have on future economic performance and the international financial system. Much was written about the effects of debt overhang, not least by secular organisations and popular commentators such as George and Sachs, and the way in which this overhang impeded credit, deterred investment, and militated against prospects for economic growth. Some of the poorest nations simply could not afford to maintain the debts even at a serviceable level, and attempts at rescheduling debts had evidently failed. The campaign argued that such debts were unpayable from a practical point of view (Hanlon, 2006). Furthermore, many creditor nations were no longer expecting to receive repayments, nor even the multilateral agencies. By early 2005 the US had come to regard many of the World Bank's debts as 'irrecoverable' (Economist, 12/2/05).

The Jubilee 2000 campaign argued that not only was debt cancellation a good policy in theory, but also that it was effective in practice. As some debts were cancelled, it drew attention to the benefits wrought. Thus, in conjunction with CAFOD, the campaign highlighted several key benefits for those countries which had already reached 'decision point' in the HIPC process. These included free primary schooling in Tanzania, Uganda, Malawi and Zambia; free immunisations for children in Mozambique; increased spending on

HIV/AIDS prevention and more generally on social spending; and in the cases of the first beneficiaries, Uganda and Mozambique, significant economic growth (Greenhill, Pettifor and Northover et al, 2003: 8).

A number of economic objections were posited to the debt cancellation campaign, including the questioning of their statistical information. The campaign's claim that capital was transferred from South to North did not go undisputed, with the counter-claim that 'most analysts' took the view that there were net transfers to the indebted nations rather than from them (Allen and Weinhold, 2000: 858). This did not detract from the moral force of the statistic, widely quoted by the campaign, that for every \$1 in aid, \$11 was repaid in debt servicing costs (Pettifor, 1999a; Ndungane, 2003: 53). The campaign's claim that the debt killed children was also disputed (Birdsall and Williamson, 2002: 17, 10), and the extent to which debt repayments were responsible for poverty – and therefore the impact of debt relief – was also questioned:

'contrary to the claims of the Jubilee 2000 campaign, it is not at all clear that debt forgiveness is necessary and sufficient for improving the lot of the poor in many or even most of these poorest countries.' (Smith, 2000: 10)

This latter point represented a relatively rare and extreme viewpoint, and reflected particular concerns about the effectiveness of financial assistance in such countries.

In reality the issue of debt overhang applied far more to middle-income countries than to the low-income ones of sub-Saharan Africa, not least because the latter attracted so few private investors. It is also clear that there

were development economists such as Bird and Milne (2003: 56) who considered the arguments about the potential efficiency of debt relief to have been 'overplayed' and that the effects of debt relief might not in all cases lead to greater social spending. Debt relief reduced the debt stock but would only have an impact on government spending if the government was already following good economic practices and making its debt service repayments, and creditors were willing to increase investment through deeper debt relief, more grants or new loans. The connection between debt relief and poverty reduction was not so linear as had been claimed:

'it is illegitimate simply to assume that debt forgiveness or even full debt cancellation will *automatically* strengthen the budgetary position of recipients or their net resource position. The crucial issue is the impact of debt relief on other flows.' (Bird and Milne, 2003: 52. Italics mine.)

Dent (1997) was clear in his own mind that it was desirable that debtor countries once again be enabled to receive 'new productive loans', as has been witnessed in his fax to Celia Willoughby; he wanted debtor nations to be able to rejoin the international financial community, and saw the Jubilee campaign as having two main objectives – not only debt remission but also the impetus to boost 'reforming energy' among both debtor and creditor nations. In general however, debt campaigners emphasised the moral grounds more than the practical argument that debt cancellation would be both effective and beneficial to creditor and debtor nations.

### *Moral Hazard*

By far the greatest concern expressed by critics was that of moral hazard being created through unconditional debt relief: rewarding states with poor

economic practices, corrupt officials, and setting a bad precedent for future lending in which debtor governments might be encouraged toward profligacy, knowing their failings would be forgiven (Easterly, 2001a; Allen and Weinhold, 2000: 862). In such a scenario new investors might be hard to find. Often the debate became quite polarised, with debt campaigners regarding their opponents as narrowly deterministic, shackled to a rigid economic dogma; campaign critics simply saw the campaigners as naive and idealistic.<sup>11</sup>

The main criticism of the campaign came from the IFIs and conservative economists, led by William Easterly, a senior advisor at the World Bank and outspoken critic of much aid to developing nations. Easterly (2001a: 26) accepted that 'partial and conditional debt forgiveness is a *fait accompli*' but argued that its extension to full, unconditional remission would simply redistribute limited financial aid from poor countries with good economic policies to poor countries with a far worse record. In other words, debt relief serves to reward the corrupt and wasteful at the expense of the relatively prudent and transparent. Rather, debt relief should be applied with heavy conditions requiring good economic policies and systems of accountability; if this proved hard to obtain, then debt relief should be offered selectively only to those nations who have already established a proven, satisfactory economic track record.

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<sup>11</sup> A few commentators offered a more nuanced approach, recognising the validity of both groups, for example Birdsall and Williamson (2002)

*Conditionalities*

A major difference between the Jubilee campaign and the IFIs concerned their opposite approaches to conditionalities. The former believed that incentives would promote reform whereas the latter insisted in the implementation of reform as a precondition. In the eyes of Jubilee 2000, corruption would best be ameliorated through poverty reduction and civil pressure rather than political insistence from external agencies. Here we see an underlying difference too: the Jubilee campaign understood debt as a major contributor to poverty, where removal of repayments would lead to significant improvements for the poor. The Jubilee 2000 coalition objected to the conditions placed upon debtor nations by the IFIs in order to obtain debt relief, such as the demonstration of economic good behaviour: 'it seems economic concerns take precedence over human life and welfare' (Christian Aid, 1997: 3). Instead, the campaign argued that relief should be merited on the basis of what was just, with the criteria for justice being the extent to which the suffering of the poor was alleviated by those with the capacity to do so (Dent and Peters, 1999: 15).

The IFIs viewed debt more as a symptom of poverty than its cause:

'Poor nations suffer poverty not because of high debt burdens but because spendthrift governments seek to redistribute the existing economic pie to privileged élites rather than try to make the pie grow larger through sound economic policies.' (Easterly, 2001a: 22)

Both parties recognised that debt remission in itself would not transform the economies of low-income countries, but placed differing weight on the effects of debt cancellation. Initially, Jubilee 2000 proposed that debt remission for

each country should be decided on a 'case by case' basis, taking into account its record of repayment and economic management (Hanson, 1996: 9,4). Yet in their revised manifesto, *Breaking the Chains* (1999), their argument had become one for debt remission 'under a fair and transparent process' (Hanson and Travis, 1999: 4). This shift reflected a change in emphasis from the past on to the detail of debt cancellation. That past record had not been a criterion for debt remission, merely a factor in deciding the process for debt cancellation. Peters (1996: 44) was clear that the debt cancellation had to be seen to be fair to the indebted nations themselves, and that it was natural for a prudent country to expect more favourable terms than a more profligate one. However, by 1999 the focus was placed more heavily on the call for new systems of arbitration.

In contrast with the HIPC Initiative, which required a stated length of time in which a country was required to demonstrate financial probity,<sup>12</sup> the Jubilee campaign argued that such a probationary period would act as a disincentive and remove hope; a common criticism was that the waiting period was unduly stringent and lengthy. Campaigners claimed that the prospect of remission would act as a 'powerful lever' to change economic and political practices for the better. Inefficiencies and corruption would take time to conquer, but could be achieved (Dent and Peters, 1999: 73). A clear difference of opinion was evident here between the relative optimism of the debt campaigners and the caution of the international financial community, but there were other, more practical issues. Faster debt relief might save many lives, it was argued, but

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<sup>12</sup> Six years from the initial phase to 'completion point', reduced under HIPC II

its consequences might cause more suffering if the social, economic and political programmes were not sufficiently comprehensive. There was thus a degree of trade-off between speed and quality in relation to debt relief that the campaign did not fully acknowledge (Alkire, 2001).

The campaign argued that although corrupt states should not be dismissed arbitrarily, there should be the precondition of improved economic monitoring and financial management. Some form of 'ringfencing' was necessary:

'It is essential to use the great opportunity of the negotiation of a near-total remission to persuade [sic] the debtor government to adopt certain essential reforms for the benefit of their own country.... the conditionalities on which we must insist should concern themselves less with free market dogma and reduction of essential government expenditure on social services, and more on proper audit and accountability, to prevent future waste of money.' (Dent and Peters, 1999: 76-77)

It is fair to state that attitudes to conditionality varied within the Coalition, although its members were united in opposition to the kinds of structural adjustment conditionalities that had been imposed by the IMF and to those attached to the HIPC process. Some, particularly those in developing countries, felt that no conditions whatsoever should be attached; at the other end of the spectrum were some moderates, particularly in the United States, who advocated a certain conditionality. The Jubilee 2000 Coalition, aware of the damage that accusations of corruption and waste could cause, called for a new kind of conditionality, one that was inherently biased towards the poor and good governance. This was the call for a poverty strategy not imposed by external agencies but designed by each country and 'owned' to a certain

extent by its people.<sup>13</sup> There would be a more tangible connection between debt relief and the improvements in education, health and other social services that were the intended consequences of debt relief. It is suggested that the main forces behind this policy were the local Jubilee campaigns in developing countries, who were afraid that without this policy, the debt relief proceeds might be squandered (Birdsall and Williamson, 2002: 51,27). Indeed, their advocacy of a new approach to aid may have been the most significant motivating factor of all for the Jubilee campaign, even more than the Jubilee symbol (Birdsall and Williamson, 2002: 51). The monitoring aspect would necessarily involve civil society in the debtor nation, and so enhance political pressure for transparency and accountability. In response to the question about rewarding corrupt dictators, a Christian Aid leaflet responded:

The procedures and consultations relating to how the money will be used can begin before the money is released. When open and accountable mechanisms are already in place, with a strong sense of public ownership, it is difficult for a government to back-track on them.' (undated: 9)

Certainly some Jubilee campaign information was rather vague in stressing the means by which debt reduction benefits would be assuredly going to the poor. For example: 'Loans in future would need to be better monitored to make sure they are used for good development projects' (Hanson, 1996: 29). Yet it would be unfair to press this charge too far, for the campaign acknowledged the need for rigorous financial monitoring, but argued that the best kind of accountability would be to public pressure in the country concerned. The campaign was well aware that the impetus generated by a one-off debt remission gesture would provide little in the long term for the

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<sup>13</sup> This will be discussed further in chapter 4

poorest unless some structural reforms took place in developing countries as well as in the creditor ones.<sup>14</sup> Easterly (2001a) questioned the capability of many developing nations to effect adequate scrutiny of debt relief monies, arguing that debt relief would make little impact on the democratic processes in indebted countries because in many such cases the civil society is weak, and accountability is therefore hard to monitor adequately. There is an element of truth in this point, though there is also a powerful argument blaming the debt crisis and poverty for undermining civil institutions such as democratic processes and organisations.

Theologically, a key issue that the debate on conditionality presents is that of the nature of forgiveness, and in particular whether it is understood to be conditional or unconditional: that is, whether some kind of 'repentance' is required in order for forgiveness to be enacted and effective. In the history of the campaign the use of the term debt 'forgiveness' was quickly replaced with the language of debt 'cancellation', although some development economists continued to use the term. Dent referred to it in 1994 but by 1999 he referred only to debt 'remission'. The use of the term 'forgiveness' implied that debtor nations were at fault; that they need to ask for mercy from supposedly blameless creditors. On the contrary, argued the campaigners, particularly those from the South, if any forgiveness was appropriate it should be the debtors forgiving the creditors for the way in which the loans were issued and the conditions applied to repayments and rescheduling (Selby, 2001a: 103).

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<sup>14</sup> For instance, Jubilee 2000 (2000): "... in the long term, a process controlled by creditors who have vested interests can never be fair and transparent. Jubilee 2000 calls for a new process for debt cancellation, and future borrowing and lending..."

Indeed, anger was expressed at the language of debt 'forgiveness' for this reason, and the view that such terminology served to diminish the essential appeal to justice. There was a clear, consistent opinion that the debt cancellation was a campaign against injustice rather than a call for gracious behaviour from the financial institutions.

### *Regulating Mechanisms*

A principal thrust of the Jubilee campaign was the advocacy of mediating systems to restrain the unfettered nature of international finance, that is, measures to prevent future debt crises occurring and remove the rather arbitrary nature of bilateral debt remissions. The motivation for this, as we have seen, was the exposure of the inequities in power relations between creditor and debtor. Two features emerged: calls for a fairer balance of power in such relationships, and proposals for new systems. The Jubilee 2000 campaign saw a fundamental abrogation of natural justice in that the creditors could act as both 'judge and jury' in negotiations concerning debt rescheduling. They therefore advocated practical measures that would effect the desired changes, such as more impartial processes for debt rescheduling and repayments negotiations.

A good example of this is found in *Breaking the Chains: the New Debt Cutter's Handbook*, one of most important resources issued by the Jubilee 2000 Coalition. Here the world is understood to contain sufficient resources for the full needs of everyone, but the distribution and usage of these resources is described as inequitable, 'imbalanced' (Hanson and Travis, 1999: 5). Hence

'correcting mechanisms' need to be implemented (the biblical jubilee is given as an example of this), and the campaign regarded itself as part of this process. Nowhere in the campaign literature do we find any acknowledgment that economic resources are finite and can become scarce. On the contrary, it was the task of the campaign to restore 'popular sovereignty over the money supply' (Northcott, 1999b; 1999a chapter 6). Attention was also directed to the attitudes and values underpinning the world economy:

'In seeking to deal with world debt it is not just economics with which we are dealing, but a spirit of greed and power that must be encountered in the spirit of selfishness and meekness if we would defeat this issue with subsequent financial actions. As sheep sent out among wolves we must come with the opposite spirit to that which we are engaging to defeat selfishness, pride and greed.' (Hanson, 1996: 41)

Moreover, the problem was not simply one of just or unjust relations. Logan (1998) makes a profound observation when he states that the central problem is not one of debt per se, but of debts contracted within unequal power relationships. Thus the campaign ought to attend not solely to the relatively superficial issue of debt but rather to the 'deeper flaws in economic structures' (Logan, 1998: 61).

Jubilee 2000 argued not only for debt cancellation but also a new way in which future debt problems could be resolved. It argued, along with some eminent economists, that the present system of debt resolution was unfair in that the creditor is the arbiter, and the debtor usually has little bargaining power. Although some debtor countries have been able to use some leverage on external creditors such as the IMF, this has usually occurred because their

debts were so large that default would be severely damaging to creditors. Argentina in 2003-4 is a case in point. However, HIPC debts were relatively smaller and hence their threat of default was less likely to draw concessions. Indebted countries were obliged to repay official creditors first; they had preferred creditor status ('Paris Club' rules) and therefore had limited choice as to how repayments might be made from scarce financial resources. Structural adjustment policies meant that governments were instructed to pursue certain economic policies such as the level of interest rates, privatisation policies and exchange rate demands; sovereignty, in the sense of the capacity for national self-determination, was undermined.<sup>15</sup> The HIPC programme was imposed upon the countries (technically countries had to apply to the Fund, but no other debt rescheduling would be offered instead); the IMF would decide which countries to include in the programme and would themselves assess the countries' progress. Creditors were therefore acting as both 'judge and jury'.

For all these reasons, Jubilee 2000 urged the international community to establish an independent, legally binding body that could oversee the process of debt negotiations. In contrast to present arrangements, which were often seen as opaque, the new system would be transparent, just and 'fair'. This was argued particularly by debt campaigners in the South (Pettifor, 2000a: 142). Often, international creditors had not had to carry the burden of financial risk associated with poor lending decisions, and there was a strong sense that those who take economic decisions should also carry the risks associated

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<sup>15</sup> cf Pettifor, (2002: 13): 'for some time now Argentina has effectively been managed by external creditors.'

with them. For instance, multi-lateral institutions and national governments (through their export credit departments), had shown their incompetence in and complicity with the present debt crisis. Loans were made to corrupt governments in full awareness that the money was likely to be siphoned away; there were instances of loans to military dictatorships where there was a known likelihood that the money would be spent on arms in order to suppress the general population.

Pettifor (2000a: 142) argued that debt cancellation should be conducted under the aegis of bodies that can display a 'superior wisdom' than that shown hitherto:

'We in Jubilee 2000 propose an independent framework for arbitration when debts become unpayable. We argue that modest alternations [sic] should be made to the international financial architecture, to put such an arbitration process in place, encourage public scrutiny, participation and accountability; and prevent high levels of debt and default occurring.' (2000a: 140)<sup>16</sup>

The goals of the arbitration process would be the restoration of natural justice to debtors; transparency to civil society, thereby countering corruption; and the prevention of future debt crises by reducing capital flows and introducing 'discipline' into relations between creditors and debtors. Jubilee 2000 suggested that one way of achieving this would be the establishment of a Debt Review Body (DRB) by the UN or the International Court of Justice, which would appoint an arbitrator to run it, simultaneously announcing at least a partial suspension of debt repayments, which would be repaid instead into a special fund administered by the DRB. The DRB's establishment would be

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<sup>16</sup> Pettifor, A. (2000a) p.140

linked to a legally binding agreement on how money released through debt cancellation was to be used. This 'concordat' would be drawn up by the DRB in consultation not only with creditors and debtors but also representatives from the civil society of the indebted country.

One aspect of this call for an independent arbitration of debt negotiations was Jubilee 2000's campaign for the establishment of an international insolvency law. For centuries there have been laws governing private and corporate bankruptcy; when an individual or company cannot pay their debts, a court resolves the matter or appoints someone to act on its behalf. Many assets may be taken in order to pay the debts, and a person may be declared bankrupt. In this case he or she is often denied access to fresh credit for a specified period, but is allowed to retain sufficient property in order to sustain life, and perhaps to continue in employment. In Britain, some bankrupts are permitted to own a car to allow them to keep their jobs, for example. A new start is achieved for both debtor and creditor. In cases where companies are likely to be unable to meet their obligations, company directors in the US can file for 'protection from creditors'.<sup>17</sup> It had been thought that countries 'do not go bust', and therefore debts can, theoretically, be rescheduled continuously. In like manner the massive debts of Eurotunnel have been rescheduled, and its creditors have been concerned about the company's ability to repay its

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<sup>17</sup> cf. Pettifor (1998: 89) and Jubilee 2000 Coalition (2002). This is known as 'chapter 9' rather than the more widely known 'chapter 11'.

interest payments, let alone the capital; yet, it can be argued that on occasion creditors cannot afford *not* to reschedule debts (Selby, 1997: 3).<sup>18</sup>

Unlimited liability contains dangers for the wider economy and society: companies would be extremely hesitant to take risks, and investors and shareholders would be wary. Limited liability was introduced to protect people from the consequences of indebtedness, which had often been a debtor's prison, or the starvation of the debtor's family (Hastings, 1997). It divided one's economic enterprise from one's ability to sustain life. Even if the debts were severe, limited liability would ensure that the debtor's personal survival was not jeopardised.

The Jubilee campaign exerted sufficient pressure on the issue of international insolvency that the IMF was forced to consider introducing this; this would have been unthinkable prior to the campaign and the calamitous defaults of Russia and Argentina. Anne Krueger, First Deputy Managing Director of the IMF, proposed a Sovereign Debt Restructuring Mechanism whereby debtor governments would be permitted to halt repayments while negotiations with creditors took place, in a not dissimilar fashion to the 'chapter 11' bankruptcy procedures in the US (Stewart and Denny, 2001; Wolf, 2001; Thomas, 2002). However, this was aimed at private debt in middle-income countries, not bilateral or multilateral debt in the poorest, and required adjustment

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<sup>18</sup> The case of Argentina 2003-4 and the IMF, mentioned above, is another example, as would be the bailouts of many financial institutions following the economic crash that began in 2008.

programmes of the kind already criticised by debt campaigners.<sup>19</sup> Debt campaigners and private creditors opposed the programme, and it has in effect been replaced by the process of inserting clauses into new bond contracts giving the majority stakeholders the ability to negotiate with the debtor government. In so doing the interests of the major investors are safeguarded from the actions of smaller ones taking independent legal action to obtain preferred creditor status, such as 'vulture funds' (Kairos Canada, 2004: 77).

## **Summary**

We have identified the grounds upon which the Jubilee 2000 campaigners, in general, argued in favour of debt cancellation. However, there is truth in the claim that the main thrust of the Jubilee 2000 campaign was not based primarily upon economic analysis but rather upon moral and political strategems (Allen and Weinhold, 2000: 870). The campaigners drew on inspirational resources from earlier centuries of Christian struggle with issues of economic engagement, freedom and wilfully created suffering. Thus the campaign embraced practical, moral and emotive arguments for debt relief.

The arguments from history demonstrated to the public that debt cancellation had been performed many times in the past, and that at least the principle was shown to be practicable. The public relations effect of equating debt with bondage was highly effective. The extent to which the analogy holds is

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<sup>19</sup> A detailed account of the SDRM may be found in Mshana (2004). A more sympathetic view is evident in Boorman (2007)

debatable: slavery was easily definable and not liable to questions of degree, for one was either slave or free. Debt bondage is subject to many shades of grey, but the emotional impact of the parallel is nevertheless powerful. The illegitimacy of the debts owed by the poorest nations is a well-trodden path, and establishes the case for cancellation. Yet it does not lead easily to a resolution of how the remission might be enacted. Hence the campaign devoted much attention to the detail of debt cancellation, arguing that its proposals were thoroughly realistic as well as just.

Such arguments are inevitably speculative to some extent, since they make assumptions about how people and governments will react. It is hard to prove that financial institutions will be deterred from making new loans through the threat of moral hazard, for instance. The campaign recognised that it had to counter the accusation that debt relief money might be squandered, and their principled advocacy of poverty reduction strategies reflected this. As a Coalition the campaign encompassed significant variance in its views on conditions for debt relief, from the reservations of some in the West, particularly the United States, to the unequivocal call for unconditional relief in the South.

The abandonment of the terminology of forgiveness was, with hindsight, unfortunate in two respects. In the first place it meant that the arguments over preconditions to debt remission were separated from a potentially distinctive theological contribution; secondly that wider, structural issues concerning forgiveness, going beyond simple identification of victims and perpetrators,

were lost altogether. The consequence of removing forgiveness from the vocabulary of debt cancellation meant that issues of conditionality were unconnected to any overt theological perspective, issues to which we shall return in a later discussion. We see the absence of this perspective in the way the campaign avoided the vagaries of how to deal with differing nations' records of economic 'good behaviour' and located the issue of debt relief solely within a wider framework of global economic justice:

'The challenge is nothing less than to search for an equitable global structure of institutions, which essentially requires a new development paradigm built on justice, participation and sustainability.' (van Drimmelen, 1998: 68)

## Chapter Four

### The Jubilee Debt Campaign in Zambia

We have seen how the Jubilee 2000 campaign developed and the issues it raised in the international community. We now turn to investigate the campaign in one particular country, Zambia, in order to understand the nature and dynamic of the debt as a national issue. Zambia is an apposite case study since it has been profoundly affected by both debt and debt cancellation and has witnessed a vigorous campaign spearheaded by the churches, which is still active.

My purpose in looking at Zambia in this chapter is to outline the history to give an understanding of the forces and factors that contributed to Zambia's huge debt and to examine the issues of responsibility. I will reveal the multifaceted combination of underdevelopment, weak state apparatus and poverty in Zambia, and the ways in which political factors far outweigh economic ones with respect to debt relief.

#### **The historical background**

##### *(a) Zambia prior to independence*

Zambia is a landlocked country situated in central southern Africa between the equator and the tropic of Capricorn. Most of the country lies at an altitude of approximately 1000m; much of it is relatively flat, consisting of plains. Rainfall occurs only in the months of December to March, and its quantity and longevity

decreases in a southerly direction. Formerly colonised by the British in the nineteenth century and called Northern Rhodesia, Zambia became an independent republic in 1964. It contains many diverse peoples and language groupings (73 are listed officially). Much of the country is suitable for agriculture, though the quality of the soil – as in much of Africa – contains poor nutrients due to the types of rock they lie upon. Following its ‘discovery’ by explorers – mainly Portuguese, British and East African – Zambia’s main export was its labour. This was either in the form of slaves or, more latterly, in labour employed in the mines of the British colonies further south.

Zambia’s chief natural resource has been its copper mines, although other metals, such as cobalt and nickel are also mined. (A proposal for uranium mining has recently been aired.) The development of the mines in the central northern region – known as the Copperbelt – was a mixed blessing for the indigenous Africans. Much wealth was generated for both whites and blacks as employment soared, and new mine complexes, together with accommodation blocks were established. However, the assumption was that the Africans were migrant, not settled labourers, and would therefore return to their rural villages at the end of their working careers. Hence the provision of ancillary facilities for Africans such as schools and hospitals was minimal at first. There was a vast dislocation of peoples from the rural areas, and the Copperbelt wealth did not necessarily make any impact in these places: indeed, it has been argued that rural poverty worsened (Roberts, 1976: 190-1).

In 1953 Northern Rhodesia joined with Nyasaland (now Malawi) and Southern Rhodesia (Zimbabwe) to form the Central African Federation. This was a short-lived and unpopular exercise, which in the north was motivated by Europeans' desire to maintain white economic supremacy. Despite its title, political control of the Federation rested with the British Colonial Office. The establishment of the Federation galvanised an African independence movement, which led, after minor violence and industrial unrest, to independence for Zambia on 24<sup>th</sup> October 1964.

*(b) Zambia after independence*

The Kaunda government became sceptical of multi-party democracy during the late 1960s as political conflict intensified. A one-party state was imposed in 1972, which came to an end in 1991 when multi-party elections were permitted. A new president, Frederick Chiluba, held office until 2001 when Levy Mwanawasa replaced him until his death in 2009.

At independence Zambia appeared to be a country with tremendous economic prospects, due to its large copper industry and its potential for agricultural development. However, Zambia had few graduates<sup>1</sup> and a workforce that was largely unskilled. In addition, the country inherited a debt of K50 million from the British government. Zambia's fortunes declined quickly and dramatically in subsequent years due to two main factors: the price of copper on the international markets and Zambia's difficulty with trade routes. For the first few

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<sup>1</sup> Fewer than 100 graduates: McIntyre (2004: 13)

years following independence, the price of copper rose steadily. In 1969 the mines were nationalised – partly to ensure continuing investment and further development of the mining industry. The anticipated expansion in the industry did not materialise substantially and the price of copper began to fall in the early 1970s. To make matters worse, the price was subject to volatile variation, which made planning particularly hazardous. Zambia's railway and main road lines passed through Rhodesia and South Africa. The port of Beira in Mozambique was key for the importation of oil and the exportation of copper, but this route passed through Rhodesia too. Thus, when economic sanctions were imposed on Rhodesia following its declaration of UDI, Zambia was poised to suffer most. Indeed, the then President, Kenneth Kaunda, advocated armed invasion of Rhodesia by the international community but his plea went unheeded.

For the next ten years, Zambia pursued a dual policy of establishing alternative sources for necessary materials and of encouraging local production over importation or import substitution. Although the costs were considerable to the national economy, major difficulties were gradually overcome: when Rhodesia retaliated by refusing to allow oil through to Zambia, the latter was initially forced to import fuel by air, which proved a colossal expense (Times of Zambia, 27/6/99). The government then re-routed the import of oil from Tanzania along 1500 miles of dirt road, later improved to tarmac. Increasing Chinese investment began with an interest-free loan to Zambia and Tanzania for the construction of the TAZARA railway between Dar es Salaam and the Copperbelt, completed in 1975 after five years' work. Half the loan was made in the form of railway

equipment, the remainder to be paid either through exports to China or a 'hard' currency such as dollars (Roberts, 1976: 229).<sup>2</sup>

Agriculture has not fared well since independence. Due to Zambia's geographical position and the lack of naturally occurring nutrients in the soil, much agriculture is marginal (McIntyre, 2004: 20).<sup>3</sup> Successful farming is dependent on efficiency of operation (entailing the use of complex machinery, for instance) and the application of fertilisers. (One dairy farmer I met near Livingstone regarded his decision to invest in a new computerised milking facility as highly significant for the farm's continued profitability.) In addition, much of its success was driven by Europeans whose numbers declined in the years following independence. Much agriculture has been dependent on government subsidies which, when removed under the conditions of the adjustment programmes, exacted a negative effect on this sector (World Development Movement, 2004: 34ff.).

In the years since Zambia's independence, the country has become more wealthy overall, but its distribution has been patchy. Some sectors and areas, such as the Copperbelt and the 'railway corridor' through Lusaka to Livingstone have prospered, but rural areas have not been so fortunate. The economy is still heavily dependent on copper, which in 2004 comprised 63% of Zambia's foreign earnings (World Development Movement, 2004: 16).<sup>4</sup> A summary published by

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<sup>2</sup> The railway is now bankrupt and a new loan from China has recently been negotiated.

<sup>3</sup> Agriculture comprises 22% of GDP, but involves approximately 85% of the workforce – much is subsistence.

<sup>4</sup> Zulu (2002: 7) puts the figure at over 85%

the World Bank in 1997 described Zambia's manufacturing as 'plagued by low productivity and low-quality output' and the financial position of copper mining was described as 'precarious' (Bonnick, 1997: chapter 7).

### **The debt crisis in Zambia**

During the 1970s not only did the price of copper fall, but the price of oil rose. This led Zambia to approach the World Bank for financial assistance; Zambia was at that time regarded as a middle-income country and not therefore eligible for 'soft' loans from the World Bank's International Development Association (World Development Movement, 2004: 20). Zambia began to borrow heavily, increasing its total external debt from \$800m to \$3.2bn from 1970 to 1980 (World Development Movement, 2004: 21). The high burden of debt meant that Zambia became more dependent on the IMF and World Bank programmes in order to secure new loans, and therefore the 1980s and 1990s in Zambia saw the advent of Structural Adjustment Programmes. These measures followed the familiar line from the IFIs: encouragement of trade liberalisation and the private sector, privatisation, deregulation, removal of price controls, the pursuit of foreign exchange via export diversification.<sup>5</sup>

These measures provoked a marked decline in living standards and led to public shows of discontent: student riots in 1984 and industrial strife the following year. In 1986 food subsidies were removed, which led to more widespread riots,

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<sup>5</sup> World Development Movement (2004: 24-5) lists these conditions post 1991.

centred on the Copperbelt.<sup>6</sup> By this time Zambia was using 86% of its earnings from exports for debt service repayments, leaving a small percentage to be expended on areas such as health and education (Sitali, 2008b: 3). During the following year, in 1987, Zambia decided to break with the adjustment policies, instead capping debt service payment at 10% of net export earnings and imposing import controls. These measures led to economic growth and a more stable inflation rate. Many Zambian economists have since praised this move; however, one of the unknown questions about Zambia's economy is what would have happened had the government pursued this line for a more sustained period (Zulu, 2002: 1). However, Zambia was forced back into the former adjustment policies due to pressure from Paris Club creditors who threatened to withhold aid. Large financial penalties were imposed upon Zambia as a consequence, which increased the total debt owed (Zulu, 2002: 5).<sup>7</sup> The following year Zambia applied to the IMF to be assigned the status of 'least developed nation' in order to attract cheaper investment, but this proved unsuccessful. By the end of the decade the economy was in sharp decline. Later reflection has aided the realisation in the IFIs, already known in Zambia, that the austerity measures were poorly designed and implemented: 'the Zambian Programme was administered in a very chaotic way, and the chaos resulted in part from the inadequacy of financing and unrealistic financing projections' (Sitali, 2008b: 5).

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<sup>6</sup> Ironically a World Bank report stated that 'A safety net to protect the very poor from the impact of maize pricing reform could have made pricing policy palatable to the poor and acceptable to the politicians. Unfortunately, the idea of a safety net came much later...' Bonnicks (1997: 5)

<sup>7</sup> The editorial in **JCTR Bulletin** (Fourth Quarter 2001) gives the figure as over \$2 billion in arrears and penalties.

The Kaunda government had pursued a policy of 'socialist humanism' which entailed considerable control over the economy. Accordingly, the education sector developed well during the 1970s and 1980s, but in retrospect the regime did not attend sufficiently to the mounting external debt, nor to diversifying the economy away from its heavy dependence upon copper. International donors have also been criticised for pursuing political rather than economic development strategies in offering aid; much aid during this period went into rural areas or non-productive sectors such as welfare, but did not help to develop the economy on a broader scale (Bonnick, 1997: 116). Falling government revenue for the public sector, combined with an increased politicisation, encouraged systems of patronage, favouritism and corruption:

'Persistent loss making supported by government largesse based on imprudent financial management became the order of the day.' (Mpuku and Zyuulu, 1997: 2)

On becoming Zambia's next elected President in 1991, Frederick Chiluba called on the international community to cancel the burden of debt Zambia faced, saying that there was no other way in which Zambia's economy could possibly grow (Zambia Daily Mail, 1/11/91). He observed that Zambia had inherited debts totalling \$7 billion, and that the 'new democracies' (those featuring multi-party voting) should not have to bear the burden of 'mistakes' committed by 'dictatorial regimes' (a reference to his predecessor) (Times of Zambia, 6/12/91). This theme was reiterated a few weeks later when he called for a new Marshall Plan for Africa, in which debts would be cancelled (Times of Zambia, 17/2/02).

During the 1990s there was mounting concern within the Zambian media over the level of its national debt. Sometimes the blame was put on the incompetence of Zambian officials, for example over the negotiations with the IFIs (Times of Zambia, 19/10/93). Alternatively, the fault was alleged to lie with the IFIs themselves. As Dr Caleb Fundanga, Permanent Secretary for Development Cooperation and Planning, put it: 'these institutions do not want to be responsible for their own failings' (Times of Zambia, 15/8/94). Already the seeds of debt cancellation had been growing; in December 1992 the UN Secretary-General Boutros Boutros-Ghali had described the debt as a 'millstone round the neck of Africa' (Times of Zambia, 30/12/92). Both the UN's Javier Perez de Cuellar and the Dutch Minister for Development Cooperation, Jan Prunk, had also advocated complete debt 'forgiveness' for Sub-Saharan Africa (Times of Zambia, 15/8/94).

Adjustment measures were more marked under the Chiluba regime than under Kaunda. The 1990s saw increasing privatisation of state-controlled organisations such as the state electricity company (ZESCO), ZANACO Bank (Zambia National Commercial Bank), Zambia Consolidated Copper Mines, Zambia Railways, Zambia Airways, Zambia State National Insurance Company and the telecommunications company (ZAMTEL). The privatisation programme was lauded by the World Bank, yet the effects have not been beneficial for Zambia's economy as a whole; indeed, the World Development Movement (2004: 12) described the adjustment programmes as 'unsuccessful, undemocratic and unfair.' Many of the companies have gone bankrupt, employment numbers have

decreased, and some of the welfare provision originally supplied by the employers have ceased. A good example of this would be the mines, where educational and health facilities have been cut significantly since privatisation (World Development Movement, 2004: 23).

Excluding debt interest payments, real government expenditure in the domestic economy fell by nearly 50% during the 1990s (World Development Movement, 2004: 33). Fees were introduced for access to health care and many government services, and subsidies for water and sanitation were reduced, affecting the poor hardest (World Development Movement, 2004: 39; Sitali, 2008b: 5).<sup>8</sup> During the 1990s bilateral debt decreased, partly due to Paris Club reschedulings and write-offs, yet multilateral debt increased (Bonnick, 1997: 9). Zambian newspapers during the 1990s contained many articles on Zambia's external debt, on new aid donations, loan write-offs and reschedulings.<sup>9</sup> Trade liberalisation has had a detrimental effect on the economy, with the Zambian producers unable to compete easily with more sophisticated, imported goods. The textile business has suffered more than most: in 1991 there were 140 textile manufacturers, but only 8 by 2002 (World Development Movement, 2004: 32). The World Development Movement (2004: 36) described Zambia's economy as the worst in Africa for any country not affected by armed conflict.

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<sup>8</sup> A set of selected statistics on Zambia is provided in Appendix III.

<sup>9</sup> For example: write-offs by the US (Times of Zambia 18/11/91); by the Dutch (Times of Zambia 27/11/91); by Italy (Times of Zambia 14/12/91); the German rescheduling of 150m DM (Sunday Times of Zambia 18/10/92); the French write-off (Times of Zambia 20/11/92) and the Japanese write-off and rescheduling (Times of Zambia, 25/12/91).

As public pressure mounted and the necessity for debt cancellation intensified at the end of the 1990s,<sup>10</sup> decisive steps were taken to alleviate Zambia's debt burden: in April 1999 Paris Club creditors agreed to write off \$670m and agreed to restructure \$330m. In July 2000 Zambia's Poverty Reduction Strategy Paper was approved by the IMF and the World Bank, paving the way for its application for debt relief under the HIPC terms. Decision point was reached on 3<sup>rd</sup> December 2000, at which Zambia qualified for two-thirds reduction in debt service payments. Completion point was expected three years later but in December 2003 Zambia failed to attain this due to overspend on its budget. This overspend was caused by the government's decision to honour a prior agreement made with the unions on such matters as wages and housing allowances for public sector workers (AFRODAD, undated). Aid funding was suspended as a result and, following a tense period of industrial unrest, the government reneged on its promise to the unions, freezing wages and increasing taxes on the most wealthy in the 2004 budget; this incident illustrates how democratic processes are undermined in heavily indebted countries. The suspension of aid meant that the Zambian government reduced its funding for drought-relief measures in the south (World Development Movement, 2004: 47). The HIPC completion point was again missed in 2004, but all the criteria were finally reached in April 2005. Immediately Zambia received \$3.8bn debt relief,

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<sup>10</sup> Among campaigners was Jeffrey Sachs: 'I am no macro economic illiterate and I tell you that the budget conditions in the world's poorest countries are unconscionable, these countries need vastly more help.' (Times of Zambia, 11/10/00).

followed by over \$2bn under the Multilateral Debt Relief Initiative (MDRI); annual debt service repayments then fell from \$373m to \$65m (Sitali, 2008b: 3).<sup>11</sup>

Some of the effects of debt relief were readily apparent, since more money could be spent on welfare sectors. The Government promised to employ thousands more teachers and health care workers, erect over 30 schools and 1500 classrooms. One Member of Parliament, who has campaigned on debt relief, stated that nearly \$24m was being used for agricultural schemes, infrastructure development and the abolition of user fees for rural health care clinics for education – all the product of savings on debt relief (Sitali, 2008b: 2). One significant outcome of such substantial debt cancellation was that the value of the Zambian kwacha rose by around 30%. This was not completely unexpected, and was a reflection of international confidence in Zambia's economy post-debt cancellation, as well as Zambia no longer needing to sell kwacha for dollars to make debt service repayments.

Since Zambia reached the completion point more anti-retroviral drugs have become available. However, these are due to donor initiatives rather than the action of the Zambian government. Indeed, donor fatigue is apparent in the frequently changing focus of aid efforts, malaria prevention being the current main target, which is significant because malaria kills more Zambians than any other disease. The weakness of a shifting focus means that health care becomes patchy and determined by external funding criteria, whereas the overarching

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<sup>11</sup> The debt service figures post-MRDI are for 2007, taken from the Budget Speech

need is for a comprehensive strategy to tackle the chief killers – AIDS, malaria, tuberculosis – which are interrelated as one may inflict weakness which makes other infections far more deadly.

In 2008 Zambia was still in severe economic difficulties despite the debt relief. There was little infrastructure or incentive to invest in local enterprise; power cuts (a policy of rotating ‘load-shedding’) were frequent in all areas and minor corruption common-place. The water supply in Lusaka is a good example of how necessary investment would ease a difficult situation. Most Lusakans obtain their water through bore holes drilled deep into the ground. The government discourages this practice, and urges residents to obtain their water from the city supplier, piped direct into people’s homes. However, this supply is regarded as unreliable so people are reluctant to pay relatively high standing charges for water which may not be forthcoming. Investment in the water supply therefore remains low and the problem remains.

### **The campaign for debt relief**

The history of the debt cancellation movement in Zambia is brief. Increasing awareness of the burden of Zambia’s debt in the early 1990s led to the formation of a Debt Project by the Catholic Commission for Justice and Peace early in 1998, co-ordinated by the Jesuit Centre for Theological Reflection (JCTR) in Lusaka. Fr. Pete Henriot SJ, an American priest with the JCTR, had been concerned with the debt issue for many years, and his involvement in the Debt

Project led to a more explicit link being formed with the burgeoning Jubilee movement already becoming established in other countries. Fr. Henriot, a government chief economist and the deputy finance minister were guests at the pivotal US Bishops' Conference on International Debt at Seton Hall (New Jersey) in 1999 and provided case studies for the guests from the IFIs.<sup>12</sup> Jubilee 2000-Zambia was launched, though the name was later changed to simply 'Jubilee-Zambia' to give continuity to the campaign beyond the 2000 deadline.

A Zambian Bishops' Conference was called, at which a pastoral letter to the Zambian Christians was devised and issued. On 7<sup>th</sup> August 1998 the leaders of the three main Christian organisations in Zambia - the Christian Council of Zambia, the Evangelical Fellowship of Zambia and the Zambia Episcopal Conference - issued a joint statement on the steps of Lusaka's Anglican Cathedral, entitled 'Jubilee 2000: Cancel Zambia's Debt!' A frequently quoted paragraph contained the kernel of the campaign:

'Zambia's total debt is clearly unpayable. Zambia *cannot* pay back because the debt burden is economically exhausting. It blocks future development. Zambia *will not* pay because the debt burden is politically destabilising. It threatens social harmony. Zambia *should not* pay back because the debt burden is ethically unacceptable. It hurts the poorest in our midst. (Jubilee 2000 – Zambia, 1998)

The letter argued in favour of the demands of justice rather than charity: debt 'forgiveness' was an inappropriate term since the debt was not primarily Zambia's fault. It also called for debt relief monies to be used responsibly for the benefit of the Zambian economy and its people. As part of this, a 'culture of

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<sup>12</sup> Details of the Conference and its participants may be found at [www.usccb.org/sdwp/international/shusum500.shtml](http://www.usccb.org/sdwp/international/shusum500.shtml)

responsibility and accountability' was called for in order to make the 'jubilee' the actual experience of a new beginning for Zambia. The church leaders committed their churches to obtaining more information on the debt (and its effects), to advocacy with politicians and civil servants, and to seek 200,000 signatures on their petition by May 1999. In the event, by February that year 180,000 signatures had been recorded, and the final total was 306,512 – the sixth highest of any country (Williams, 2008). This petition stated:

"We, the undersigned citizens and residents of Zambia, believe that the heavy burden of external debt is presently causing great pain to our people and is crushing hopes of future development than [sic] will benefit everyone.

We know that Zambia's debt has increased today to over US\$7 billion because of mistakes in the past by our own leaders and because of policies practised by the international lenders. As we move towards the year 2000, it is time to be freed from the chains of this unbearable debt! We therefore join with millions of others around the world who call upon the leaders of the richest nations and lending institutions to cancel the unpayable debts of Zambia and other poor countries. Thus, we can break the chains of debt, and have a fresh start, a new beginning, to celebrate the new millennium."

The campaign was hosted by the Jesuit Centre for Theological Reflection and after the initial success in galvanising support for the petition, began to direct more attention to both the causes of the debt and the political steps necessary to monitor debt relief and new loan contractions. Other organisations from civil society were quick to join the campaign. Much use was made of the media to promote the campaign, featuring a 13-part national radio programme 'Breaking the Chains', radio interviews, newspaper articles, mass mobilisations, 'economic literacy seminars' and theatrical performances (Kalima, 1999; Sitali, undated: 3-

4). The need for further research on Zambia's debt was highlighted and a full-time researcher was appointed. In the following years many press releases, reports, conference proceedings and policy briefs were published. Zambia was represented at the South Africa Johannesburg Summit at which Jubilee-Zambia was appointed the co-ordinating unit of all the debt and related issues for Southern Africa.

Jubilee-Zambia drew attention to the disparity between government expenditure on health and education and that required for debt service payments. Between 1990 and 2000 the average expenditure on health and education was 2% and 3% respectively, whereas debt service payments averaged 20% (Zulu, 2002: 11). The fundamental argument in favour of debt cancellation was that otherwise its people would be denied prospects for human development. More than that, their rights to health, education, food and shelter (and thus life itself) would be jeopardised. So serious was the effect of debt service payments and the plight of the poor that Zambia-Jubilee likened the situation to that in the immediate aftermath of a war (Zulu, 2002: 5).

'We have always argued that education is not a privilege for a few people but a basic human right. Therefore no one should be alienated from their rights on account of debt service payments.' (Zulu, 2002: 16)

Despite the calls for debt cancellation there were simultaneous concerns, even among campaigning organisations such as Jubilee-Zambia, that debt relief - should it be granted - might not have the impact that was desired without

associated political developments to enhance popular involvement in monitoring (Times of Zambia, 15/6/99). Henriot (1999) warned that the rationale for debt relief was that it should serve the needs of the poor and that it would be only one part of the solution, but a necessary component. Nevertheless, increased aid and fairer terms of trade were also required for poverty to be reduced. He asserted that basic human needs should have priority over debt repayments, and that conditionalities imposed upon debt cancellation should not come 'from above' – from the creditors, but rather 'from below', set by local people. This critical point is the most significant of the Jubilee-Zambia campaign, advocating new democratic processes for Zambia in which civil society is able to hold its government to account. Henriot also called for the establishment of 'mechanisms' for tripartite (government, Parliament, civil society) debt management, independent social credit and international debt arbitration.

The Jubilee campaign in Zambia was founded on the faith-inspired perspective that slaves were to be set free periodically (Sitali, undated). The purpose of such legislation was the restoration of community that had been fractured, a restoration characterised by a greater sense of equality of persons. This equality was in turn derived from the essential dignity of all human beings as found in Genesis 1:27. The 1998 Pastoral Letter did not give detail of such legislation – it was after all a brief campaigning statement, though the paramountcy of community was clearly elucidated:

'This worldwide "Jubilee 2000" movement echoes the biblical demands of Deuteronomy 15 and Leviticus 23 [sic] for restoring the bonds of community by canceling [sic] debts.' (Henriot, 1998)<sup>13</sup>

Jubilee-Zambia's view was that the economy is a system designed to serve people, rather than a mechanism for distributing scarce resources. Its purpose was the improvement of humankind, achieved through cooperation between people, and between them and the earth. Such improvement was understood as human development in its widest sense, meeting basic human needs that include, but are not limited to, social, and cultural needs as well as material ones. Theologically, this view of economics meant calling for a people-oriented economy rather than a profit-oriented one: 'the human person is the priority for all economic activity and therefore the economy exists for the person, not the person for the economy' (Henriot, 2003). Hence matters such as adjustment policies or privatisation programmes, for example, had to be judged not on economic indicators but on their effects on the poor. As such, the focus for the Church's thought and action was not economic matters but rather 'economic justice'. The Church was not unconcerned with objective economic indicators, but gave greater weight to the human indicators as to whether the hungry were being fed, and the sick given medical treatment (Matale, 2008b). This was not to say that there is necessarily a conflict in principle between HIPC and demands for debt cancellation, since both sought the same end. In contrast to HIPC's basis on economic and political arguments, the Jubilee movement was based on 'biblical teaching about justice and community' (Henriot, 1998).

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<sup>13</sup> The reference to Leviticus 23 is also made in the Pastoral Letter, which Henriot is copying here. Lev.23 makes reference to the weekly Sabbath, not the Jubilee year.

The Pastoral Letter was explicit that what was being sought was debt cancellation rather than 'forgiveness' as this term both implied guilt (and blame) on the part of the debtor, and furthermore, implied also the need for benevolence on the part of the creditor. The Zambian people had been faithful in discharging their obligations, in contrast to the creditor nations. Thus what was being called for was not some act of kindness or mercy but for that which justly belonged to the debtor: release from further payments.

It had long been clear to campaigners that one could not consider the ramifications of debt without also looking at other factors impeding development, chief among these being trade.<sup>14</sup> In November 2006, the leaders of the three main Christian groupings that had issued the 1998 Pastoral Letter issued a Joint Statement with the sub-title 'From Debt Cancellation to Trade Justice' (Jubilee-Zambia, 2006), which announced a new, broader direction for the campaign. Two new prongs were to be developed. In addition to the continued monitoring of debt relief, attention would now focus also on a legal campaign for greater transparency and accountability with regard to new loans, and a strong emphasis on justice in trading arrangements: 'Trade justice demands that trade rules put people and the environment first and profits second' (2006: 10). In conclusion the church leaders commented that 'in line with the demands of the Biblical jubilee mandate' in Deuteronomy 15 and Leviticus 25, the campaign for the 'defence of human dignity' would be continued.<sup>15</sup>

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<sup>14</sup> An example of this can be found in Jubilee-Zambia (2002c: 9)

<sup>15</sup> Here Leviticus 25 is mentioned rather than Lev. 23.

*Further demands: (a) Reparations*

The Pastoral Letter made no reference to reparations, though this was an issue in subsequent discussions both within Jubilee-Zambia and Jubilee South and became a major feature of their campaigns. A common element in these discussions was the view that the North owed the South not only because the debts had been repaid many times over, but also due to the past injustices that had led to the underdevelopment of Africa.<sup>16</sup> The issue has not been ignored, though one wonders whether the arguments have been aimed at galvanising support among a more domestic audience than at international level.<sup>17</sup> One of the JCTR consultants, Zulu, has argued passionately in favour of reparations from North to South, chiefly due to the component of Zambia's debt caused by the struggle against apartheid (Jubilee-Zambia, 2002a; JCTR Bulletin 52, 2002). He offers three additional reasons: the first is a political one, that reparations are due because of the legacy of slavery; the second is that colonial powers stole economic resources from African countries; the third concerns ecological damage, in which the poorest are often disproportionately burdened by climate change. None of these arguments, however, are linked directly to the national debt. Jubilee-Zambia researched the effect that Zambia's opposition to apartheid (in Rhodesia, Namibia and South Africa) cost the country. Linking this clearly into the category of odious debt, JCTR estimated the cost at \$5.3 billion (Zulu, 2002: 8), or even \$7 billion; larger than Zambia's debt stock prior to cancellation

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<sup>16</sup> A rather extreme, but not untypical view, is found in Kaluba (1998). See also the remarks by Pastor Choolwe Mwetwa at a Conference on Reparations: Jubilee-Zambia (2002a)

<sup>17</sup> The issue was not, for instance, raised by any members of the Southern representatives to a conference at the University of Birmingham to mark the tenth anniversary of the Jubilee 2000 demonstration there.

(Banda, 2000: 18). Earlier calculations gave a significantly lower figure.

Nevertheless, it is undisputable that the Zambian economy was impaired at many levels through its hosting of the ANC, cross-border raids, aerial bombing by South Africa of infrastructure targets, as well as the disruption to trade mentioned earlier. The point being made here is a moral one: Zambia stood up to the forces that denied justice and equality, and the international community – who called for such opposition - forced it to pay the price alone. According to this view much of the responsibility for the debt lies with the international community, and they are the ones who stand in need of forgiveness from the people of Zambia, not the other way round.

*Further demands (b) Monitoring of debt relief, corruption and the misuse of funds*

It was believed that debt relief would make a significant impact on the national economy and the provision of services in particular: 'more resources will now be channeled [sic] towards vital social services and economic infrastructure, thereby benefiting the common Zambian' (Mali, 2005). It is clear that some tangible benefits have been observed since debt relief was granted. These include the increased provision of education and medical facilities, a programme to spread rural electrification in aid of agriculture and the improvement of feeder road management. However, the revenues freed up by debt cancellation do not provide for medicines (for which a fee is charged), nor for teachers' salaries (which come from the routine education budget). Thus the impact has not been as great as might have been hoped for. Some schools stand empty for want of

teachers, of whom there are many qualified but unemployed, and some health centres lack basic supplies.

Another factor in this matter is the misuse of public money, examples of which may be found in the Auditor General's report of 2006 which revealed that over K1 billion has been misapplied (Sitali, 2008a: 7). A specific illustration of this would be the Feeder Road Programme. This was intended as a means of assisting transportation from farms to nearby centres, one project spent K480 million improving the road to the President's Farm at Teka near Ndola. It became clear, however, that this road benefited no farms other than that designated for the President; the regional politician responsible for oversight of this project was subsequently promoted (Anon., 2008).<sup>18</sup> Transparency International's Corruption Perceptions Index 2001 located Zambia in 75<sup>th</sup> place, out of 91 countries, in descending order of perceived corruption. This placed Zambia on a par with Vietnam and behind its neighbours Malawi (61), Zimbabwe (65), Botswana (26) and Namibia (30) (Hodess et al, 2001). Zambia's heavy borrowing was likened to the practice of 'thieves' who steal resources from others for their own personal benefit, rather than for others (Jubilee-Zambia, 2003b). Money intended for the productive sector is now being allocated to the political arena – ostensibly still for production generation, but in fact distributed in ways to boost political allegiances among local chiefs (Anon., 2008).

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<sup>18</sup> At the time of my interview the politician in question was a government minister.

An important aspect of the improper use of funds in Zambia, as elsewhere in the developing world, is due to structural deficiencies in the political economy. For instance, the Zambian national budget is announced at the beginning of the year, but is then debated in Parliament before approval (which takes several months) usually until around April. In the intervening period the President issues warrants for government expenditure. The procurement process then takes place, which can last many months. Thus, by the time the contracts have been issued, there is little time left in the fiscal year, and money is often left unallocated due to delays or surpluses. In either event, the money will be spent so that no surplus remains by the end of the year. In Zambia 'we do project monitoring but not project management' (Anon., 2008); furthermore, there is a collusive relationship between those who design the frameworks for projects and those who apply for them. By this, what is meant is that there is great emphasis on filling out the forms in the right way, in order to obtain funding, but not necessarily the oversight which gives a more comprehensive strategy (Anon., 2008).

There has been some caution on the part of the Zambian government to the notion of external monitoring of debt relief (such as involvement on the HIPC debt relief monitoring team), and a reluctance to appoint monitors known to be critical of the government. Aware of the need for greater advocacy for accountability for the resources from debt relief, Jubilee-Zambia set up a Debt Resources Monitoring Manual for use by 'community stakeholders'. This helps groups to identify how the resources released through debt relief correspond to

national plans, but is in effect a political tool, rather than an economic one. One anticipated consequence is greater civil engagement with local politicians and officials on welfare and development matters. The actual monitoring is performed in a variety of ways: through interviews and surveys to gauge public perceptions of institutions and services, through organised group discussions and the use of 'report cards' to obtain quantitative feedback on particular services. The intention is that such information will lead to the production of reports and media briefings which should provide greater impetus for achieving the intended goals, in addition to accountability and efficiency.

*Further demands: (c) Loan contraction: calls for a new legal framework*

A total of \$7.2bn was written off under the HIPC and MDRI processes by the IMF during 2005. In addition, there were further write-offs by Paris Club creditors, including Russia, and by some other creditors on HIPC-type terms (Henriot, 2008). The Zambian government announced that, assuming World Bank debt cancellation in July 2006, in addition to the IMF cancellation already agreed, Zambia's total external debt would be \$502mn at that time.<sup>19</sup> The World Bank did agree to the expected cancellation, but its press statement did not indicate the level of Zambia's current debt. However, a government statement at the end of that year – at which the 2007 budget was announced – gave a figure of \$635mn, i.e. a 26% increase within six months. This caused alarm at the Debt and Trade Project. One perennial difficulty with Zambian debt is that different departments can give different figures, and it can be extremely difficult to establish with

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<sup>19</sup> This figure is also given by Sitali (undated: 5)

absolute certainty the accuracy of statistics supplied: 'There are differing figures for Zambia's debt stock, due to a number of factors including reliability of data sources, definitions and data management problems' (AFRODAD, undated: 4).<sup>20</sup>

The Ministry of Finance, authors of the *Zambian National Economic Report*, gave the figure for outstanding debt at the end of 2006 as being \$1.5bn. The government response to questioning on this matter was to state that less debt was cancelled than had been anticipated, since Russia and Brazil had not honoured their debt cancellation promises. However, more specific detail on this has not been forthcoming. Zambia's debt is now thought to be of the order of \$2bn and, if this is indeed so, it may be heading towards a new debt crisis. The danger is that Zambia's upsurge in creditworthiness, following the HIPC Completion Point, is that Zambia may borrow more easily again:

"We would also like to call upon the donor community to reconsider the grading of Zambia's debt situation as sustainable at completion point and thus not qualifying for topping up." (Mali, 2005)

Jubilee-Zambia has called for a new loan contraction process so that proper public scrutiny can be made and accountability for new debts recognised (Mali, 2005). Through this mechanism the legitimacy of new debts would be more firmly established, since loan contracts are in effect made between a creditor and the

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<sup>20</sup> The AFRODAD report also cites a Ministry of Finance and National Planning official who said that as an illustration of this, one loan in Italian lira was incorrectly recorded as being in US dollars, thus heavily adding to the apparent debt burden!

state, acting on behalf of its people. To date the Zambian Minister of Finance and National Planning can act under legislation passed in 1988, which permits him or her to borrow up to K20 trillion (approximately \$5bn) from foreign sources (Matale, 2008a: 21; Jubilee-Zambia, 2008: 3).<sup>21</sup> Under this arrangement 'the recklessness of one man can cause much [sic] problems for the whole country by contracting new, foolish loans' (Anon., 2008).

We have already seen that there was occasional criticism of the Zambian negotiators.<sup>22</sup> Either the Zambians were ill-equipped for such negotiations or their few representatives were outnumbered and outmanoeuvred by teams of ever-fresh delegates from other countries at the WTO:

'Zambia has generally performed very badly with regard to loan negotiation. The initiation, negotiation and conclusion of loan agreements has tended to be carried out as though the lender is doing the country a favour and should not be asked too many questions lest the loan be withdrawn. The fact of the matter, however, is that the lender is keen to lend because that is their business. It is thus incumbent upon the Zambian Government to negotiate favourable loan conditions and preferably opt for grants, especially for social sectors such as health and education' (AFRODAD, undated: 14).

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<sup>21</sup> This is known as Statutory Instrument 53. The limit for domestic borrowing was set at K5 trillion.

<sup>22</sup> My interviews with several prominent Zambians featured similar comments. A public example would be 'Nchanga, Nkana mines bids on' (Times of Zambia 12/6/98).

As one example of Zambian officials being manipulated, the report cites the case of a World Bank loan offered to the Ministry of Finance and National Planning in order to combat HIV/AIDS. There was concern at this proposal both within the Ministry and within civil society organisations, and the loan offer was declined. Soon afterwards the same offer was made, this time to the Ministry of Health; its officials accepted the loan (AFRODAD, undated: 15). The report also goes on to state that government ministries and parastatals fail to comply strictly with legal requirements as they stand, with the result that loans are not always in Zambia's best interests. The matter is plagued by poor record-keeping. In other words, it cannot be demonstrated that loans are taken out in a legally transparent, accountable, consultative manner, and therefore the whole debt contraction mechanism lacks moral legitimacy. In addition, there is concern at the level of Zambia's domestic debt, for it is thought by debt campaigners that some of the increase may reflect domestic borrowing to conceal new external debt repayments. In 2005 Zambia's domestic debt stood at K850bn (\$175m), a figure whose servicing costs are larger than those of its external debt (Mali, 2005).

Another key aspect of the Jubilee-Zambia campaign for a tighter legal framework for loan contraction is reflected in its concerted appeal for a new constitution. The existing constitution has been amended in a rather piecemeal fashion since independence, but an entirely new approach is now deemed necessary in order to enshrine fundamental rights (to education, health care, for example) and to clarify the distinctions (ie greater separation) between the judicial, executive and

legislative powers of the state. In particular, the President is given sweeping executive powers to delay legislation, effectively exercising a veto over Parliament. The National Constitution Commission was set up following the last election but appears to be making such slow progress that it is doubted whether a new document will be operative before the next Presidential Elections in 2011. The churches have objected strongly to both the process and the membership of the NCC, believing them to be flawed. Their objections include the power of the President to dissolve the NCC at any time; that the number of government representatives is far too high (perhaps two thirds) and that of civil society too low (the churches were offered 3 seats out of over five hundred); but most of all, that the process is determined by those already in power. By contrast, the churches have called for a 'people-driven' constitution in which a public referendum would be able to influence the decision of the Zambian parliament. Accordingly the churches have decided to boycott the NCC.

### **'Vulture' Funds**

Vulture Funds buy heavily discounted debt on the secondary markets in the hope of being able to recoup a larger percentage of the debt's value through legal action. The most notable of these was the case against Zambia by Donegal International, which in January 1999 bought a Zambian debt owed to Romania for the purchase of agricultural machinery. The debt comprised \$15m principal and \$15m in interest, and the price paid for the debt by Donegal was \$3.28m,

representing a valuation at 11%.<sup>23</sup> The sale was favourable to Romania as Donegal offered greater security of repayment than had Zambia – who had been negotiating on a possible buy-back. Indeed, the Zambian government had expected a satisfactory conclusion to their discussions, but just nineteen days before the HIPC agreement the Romanian government sold to Donegal. Although the force of criticism has been levelled at Donegal's profiteering, it seems clear that the Romanian government chose Donegal in the realisation that the HIPC process would have a highly deleterious effect on the debt stock. (Romania had itself witnessed the social cost of debt repayment: Ceaucescu's government had striven hard to clear their debt stock.) In subsequent negotiations Zambia agreed with Donegal in 2003 to repay some £16m in settlement of the debt, and paid \$2.5m but then suspended further payment.

Donegal is an American firm but took its legal claim to the High Court in London in June 2005 since it is incorporated in the British Virgin Islands. It argued that it had made many fruitless attempts to offer various debt-for-equity swaps with the Zambian government, which Donegal considered a 'win-win' scenario. It claimed that the original agreement with Zambia had stated that if repayments ceased, the Zambian government would be liable for the full value of the debt – which with interest came to \$55m. Donegal described their actions as having sought 'amicable settlement'. In April 2007 the High Court awarded the claim to Donegal but restricted its claim to £15.5m, and criticised the company owner and its witnesses, describing their testimonies as 'deliberately evasive and even

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<sup>23</sup> Donegal's own view of the proceedings may be Donegal International (2008)

dishonest' (Royal Courts of Justice, 2007: 18; Guardian, 25/4/07). The Jubilee Debt Campaign was pleased that the claim had been reduced so significantly, and that much media attention was given to the issue. The British government called for such practices to be outlawed and the IMF warned that debt relief was threatened by them (Guardian, 22/10/07). In 2007, eleven countries qualifying for HIPC debt relief were facing legal action from vulture funds claiming \$1.8bn, most of the process taking place in the UK (Guardian, 17/10/07). Jubilee-Zambia called for new international legal mechanisms to prevent such action occurring again, pointing out that the impact of the \$15m award to Donegal would mean that some poverty reducing measures would be curtailed.

## **Summary**

The discussion in this chapter has revealed two main features of the debt campaign in Zambia: the multifaceted nature of the issues surrounding debt relief, and the legal and moral issues it raises. As we have seen, the HIPC and MDRI agreements of 2005 cancelled the vast majority of Zambia's external debt, but a significant part remains. Indeed, a recent report by Weeks and Terry, cited in Jubilee USA Briefing Note 3 (2008), suggests that debt relief has freed up relatively small financial resources due to the IFI conditionalities, and that the effect on poverty reduction programme expenditure will be marginal. The fear among campaigners is of a wider public perception that sufficient debt relief has been achieved, and so Jubilee-Zambia has continued to push for unconditional

relief for the remainder. The failure of the debt cancellation to effect dramatic changes for the poorest in Zambia, plus the prospect of a rising debt burden once again, add support to the view that external debt is primarily a political matter rather than an economic one (Jubilee-Zambia, 2003b), and needs to be seen in the context of issues concerning democracy, civil participation, development and governance. Many of the debt campaigners always regarded debt as merely one aspect of the struggle to relieve poverty, but the discussion here has provided good evidence that such a task embraces many political factors. The intractable nature of poverty in such a country is clearly evident. Good governance is a key issue for Zambia, and we have seen how the state apparatus has always been bereft of the necessary resources, human and material, that would enable its development. Massive investment is indeed necessary, but this will not have the desired effect without accompanying measures that can significantly enhance public accountability, transparency and consultation. Similarly, one cannot expect alterations in the legal framework, cultural attitudes to private enterprise, or reductions in commonplace corruption among minor officials without the financial resources to make such measures effective. Jubilee-Zambia has thus concentrated on the wider issues surrounding the monitoring of debt relief and legislation to improve loan accountability, and in doing so has ventured far from mere economic analysis. Rather than simply calling for the international financial community and the national government to act in a particular way, it has provided a means by which civil society can become more engaged in the political processes. We see here why debt relief is

regarded as a 'catalytic' issue, for it leads to a critical examination of matters such as development, democracy, and governance (JCTR Bulletin 50, 2001).

Theologically the arguments in Zambia appear simple: the debt is a manifest injustice, both in a legal and a moral sense. The approach of the campaign has been to highlight the injustice of the debt crisis and the responsibility – especially, but not exclusively - of the creditor. This is a crucial feature of any theological analysis of financial lending. In the case of Zambia we see the vulnerability of those who have sought loans, and the domestic political necessity that they faced to obtain credit. Not only were the Western lenders irresponsible, they acted aware of their advantage vis à vis the weaknesses of their negotiating partners. Thus Jubilee-Zambia also drew attention to the imbalance of power during debt negotiations. Standard economic theory assumes that in any act of trade the parties can reach equilibrium to determine the appropriate price and the conditions for trade to take place. We have seen examples where this has not the case, and hence not only the legality, but also the moral obligations for debt, can be questioned. Furthermore, we have seen that there is a related issue here concerning temptation – although the term is not used. The ability to obtain vast financial resources on loan with limited accountability continues to present a highly tempting avenue for Zambian officials, and there is evidence that government ministers tended to present over-optimistic assessments of debt rescheduling to the public. Such officials are vulnerable to exploitation, even unwittingly.

The Zambian campaign's view of economics, and poverty in particular, is that these are human constructs and as such can be manipulated according to the directives human beings set them. Therefore, fault lies with the regulations that govern international capital and trade rather than issues of scarcity, supply and demand. Economics should be directed to benefit the poorest, because one can achieve this through political will. The Zambian perspective is not so much concerned with macro-economic issues and theories but with the reality of human misery and survival. According to this view, Western economic policies based upon such concepts are not so much viewed as objective theories but more as blinkered tools for self-justification and, sometimes, exploitation. One can readily understand such a view given the context described in this chapter, but it is a polemical, rather than dialogical stance. Indeed, a dialogical approach would appear as ethically compromised for its assumptions concerning the objectivity of economics.

In addition to these two main emphases concerning the complexity of factors contributing to Zambia's debt, and the political issues these raise, it is also noteworthy that the concept of Jubilee was helpful in that it symbolised the potential for a new beginning. It was therefore not simply about a mechanism corrective in economic life but also an ongoing new future.<sup>24</sup> In this sense it is more than a metaphor for ending injustice but rather is forward-looking and inspirational, suggesting the possibilities of permanent change.

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<sup>24</sup> Cf. the Joint Pastoral Letter (Jubilee 2000-Zambia, 1998): 'The experience of 'jubilee' in the cancelling of debts can be for us a new start, a fresh beginning.'

## Chapter Five

### Theological Engagement with Political Economy

The previous chapters have been concerned with the emergence and development of the Jubilee 2000 campaign. We have traced the key events, the arguments and themes deployed in both the North, principally in Britain, and in Zambia. We now need to perform a critique of the campaign from the perspective of theological methodology, specifically, the patterns of engagement between theology and matters of political economy. In our consideration of the theological strands and approaches of the late twentieth century in Britain, we need to look in particular for the ways in which the engagement between theology and economics has taken place, especially in the way that theological insights made contact with contemporary issues, such as debt. We shall see that there is a large disparity in the way that secular insights have been appraised; moreover, the hitherto established patterns of engagement have undergone considerable challenge in recent years, and signs of a new framework of ideas are emerging. This approach will help us to assess the extent to which the campaign's approach was adequate, and to identify its strengths and limitations; our examination will also discuss the theological and economic assumptions that underpinned the campaign, and also to assess the significance of the campaign for wider church and theological involvement on sovereign debt. We will be particularly concerned with the way in which theology interacts with political

economy, the way theological insights make their contribution within this interaction, and the weight given to political and economic argument.

Our discussion will consider the different models of theological engagement, beginning with the model I refer to as the 'liberal' model, exemplified by the work of Ronald Preston. This was the dominant model for much of the twentieth century, but in recent decades the advent of new challenges have witnessed its demise as new, and strikingly different, models from the liberal approach were advocated. Before we look at these, we consider the attempts to reformulate the liberal approach. Our attention then turns to the models which were formed as a critical response to the perceived inadequacies of the liberal approach, which I have termed 'anti-liberal', before finally considering responses that define themselves as 'post-liberal'.

### **A critique of the liberal model of engagement: Ronald Preston**

Ronald Preston is the acknowledged chief exponent in Britain of the dominant, liberal tradition that recognises the autonomy of secular disciplines such as economics. An Anglican priest and part-time lecturer in ethics for many years, Preston became Samuel Ferguson Professor of Social and Pastoral Theology at Manchester University in 1970, whereupon his most productive writing ensued.<sup>2</sup> Preston studied economics at the London School of Economics under R.H.

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<sup>2</sup> For a fuller account of Preston's career see Kamergrauzis (2001:.21-26), Atherton (1995: 22-32)

Tawney before learning theology, and although a socialist, retained a commitment to market economics. He saw no theological or moral problem with profits or competition, though his sympathies often lay with the political Left despite his frequent criticisms of many radical left-wing theologians. He believed in a regulated market and accepted the basic assumptions of economics (order in creation, relative scarcity). According to Preston, the market economy contains many ambiguities which defy resolution, such as those between enterprise and the just distribution of social goods. The global economy is neither right nor wrong in principle, although moral judgements may be made on particular outcomes and policies. Preston's eschatology is both realised as well as future oriented: Christians inhabit a world in which the kingdom of God has been inaugurated through Jesus Christ, but the final consummation of the kingdom of God has not yet occurred, and will not, this side of eternity. Thus the appropriate theological attitudes are those of hope and acceptance, a recognition that the ambiguities and conditionalities of life cannot be changed, for God has simply made the world in this way.<sup>3</sup>

It is abundantly clear that Preston leans heavily on the insight of Reinhold Niebuhr, not least his view that justice was the best, public expression of love as revealed in Scripture. Preston's approach is founded strongly on Niebuhr's distillation of the central 'myths' of the human condition found in Scripture rather than, for example, particular biblical passages (Markham, 2000). These broad

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<sup>3</sup> For Preston, scarcity - in the economists' sense of finitude, and in the theological sense of being an intrinsic aspect of the created order - was simply a fact of life: Brown, M. (2004b: 178)

truths are then brought to bear upon contemporary issues in the expectation that they will be able to provide general guidance as to how to proceed. Preston (1991: 102) argues that there are 'certain insights of fundamental importance' emanating from doctrine. They include the doctrine of human beings as created free yet limited by sin and finitude, and renewed in Christ. These insights also include Christian hope: earthly because creation is 'good', and heavenly because God's purposes transcend earthly bounds of time and space. There is finally the universalism that knows no prejudice and pays particular attention to the marginalised. In the narrower field of economics and politics Preston (1991: 146) hones these to four 'criteria' that the Christian tradition possesses: equality of persons, hence universalism; a concern for the poor and otherwise marginalised; participation in the decision-making processes that affect people; and the state as a mechanism for constraining injustice and encouraging human flourishing.

Preston understands the theological task as the reciprocal dialogue between the two disciplines of theology and economics, in which they are brought together in order to provide 'mutual illumination'. Thus neither can assume any kind of superior knowledge, for both disciplines are authoritative and distinct. Much attention is therefore devoted to how the two are brought together, and he is highly critical of approaches that assume one party has a higher claim to knowledge. For the same reason, he is also critical of theologians who commence their reflections with a priori deductions from either biblical material or an exclusive, socio-economic standpoint. For Preston biblical texts act as

'building-blocks' for ongoing reflection rather than a foundation from which to derive principles; scripture is 'the regular nourishment of the spirit... not a source of detailed rules of conduct' (1991: 103).

Like Niebuhr, Preston criticised much of contemporary Christian social teaching as being essentially utopian, particularly those theologians of the Left, although his sympathies lay more in this direction than with the Right. His main objection is that they are insufficiently scientific, paying too little attention to the 'facts' of economics. Sometimes they are labelled bluntly as intellectual frauds; frequently he cites the example of the Social Credit theory, popular in the 1920s, which advocated increasing the money supply in order to boost production and consumption. It was well supported in certain Christian circles, but if adopted would have led to massive inflation. Preston also condemned those who succumbed to a 'zero-sum' view of capitalism, in which profits are necessarily gained at someone else's expense, and thus constitute theft. It is a view to which the debt cancellation campaign was not entirely immune. In a similar vein he was critical of the 'hermeneutic' or 'pastoral' circle of theological action and reflection characterised by theologies of liberation, because of the danger that the initial action could be erroneously informed by poor assumptions or analysis. He was well aware of the subjectivity behind much Western objective data; however, he maintained that the issue of whose interests were being supported was not ultimately decisive, though it was not unimportant. Preston also took issue with Barth, in whose approach the world was understood only through the lens of

divine revelation; he could easily have had Barth or his followers in mind when he stated:

‘Hope needs to discern real possibilities, which means acute analysis, rather than stressing expectations of new divine initiatives not arising out of the present of which we can know nothing, and which can therefore play no part in making our decisions.’ (1987a: 218)

Preston believed that there was a tendency for theological interdisciplinary engagement to make assumptions about the world it had no right to make, that it failed to appreciate the truth or complexity of other disciplines sufficiently, and thus propose solutions that were unduly particular and open to dispute. He saw middle axioms as a bulwark against this, reminding theology that it did not have all the answers; Markham (2000: 260) approvingly likens this to ‘humility’.

Preston eschewed the attempt by theologians to make detailed policy decisions, believing this should be left to technicians rather than theologians. He sought constantly to advocate a ‘middle level’ between general principles and detailed policy prescriptions, which are often referred to as ‘middle axioms’ – although Preston became increasingly reluctant to use the term – and have been subject to sustained criticism in recent decades. Devised by Oldham and ‘t Hooft at the 1937 Oxford Conference on Church, Community and State, and endorsed by such figures as William Temple, they have been regarded as a characteristic of Preston’s work. Middle axioms represent an interim stage in the formation of a specific ethical response to a particular situation; these maxims are then used as the basis for the rather technical decisions about the practical nature of the policy

response. They are formed by bringing together specific principles of faith and the empirical, scientific evidence. This process begins with reflection upon the gospel's underlying principles about humankind and human relationship (Preston, 1873: 148). The theological priorities among these principles are then discerned as the data about the nature of the issue is evaluated. As questions of practicality, relevance, trends and likely outcomes are posed alongside the theological material, middle axioms emerge through consensus from the process. Christians might often reach different conclusions as to courses of action, but this would result from different judgments on their efficacy (Preston, 1981: 41). Often misunderstood as some kind of universal ethical principle, or a staging post on the route from the derivation of a principle to its application, middle axioms were intended to be provisional, local and contextual. Preston was, therefore, reluctant to specify particular middle axioms, though as an example he did suggest the post-war consensus on the aim to achieve full employment (1983: 150).

Two particular phenomena challenged the adequacy of the dominant liberal model for theological engagement: globalisation and pluralism. Globalisation embraces political, economic and cultural issues on an enormous scale, but also raises subjective issues of human identity.<sup>9</sup> The phenomenon of globalisation comprises a two-fold change in the way people experience their being part of a wider world (Kurien, 2004): on the one hand, advances in technology, particularly

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<sup>9</sup> The literature on globalisation is vast. A useful, but varied, introduction may be found in: Wolf (2004); Legrain (2002); Gray (2002); Stiglitz (2002); Reed (2001); Atherton (2008: chapter 3); Küng (1997). The subjective issues are recognised by Sanks (1999: 651) and by Sedgwick (1999)

through the speed and ease of electronic communications, have made the world seem a smaller and more unified place; 'global village' being one popular term to describe this. This has ramifications that in many sphere of human operations cut across national boundaries: multi-national companies, counter-terrorism, drugs, and internet fraud being a few examples (Held, 2004: 7). On the other hand, simultaneously there has been a flattening of local culture, a process of submerging local differences and replacing them with a new, more homogenous culture. McDonaldisation is one term used to describe this (Gerle, 2000: 159-160), though Cirque du Soleil is perhaps a better example: whereas the former may be described as an instance of American culture, the latter – a novel contemporary circus troupe – contain no cultural resonances at all: no specific language is used, only meaningless gibberish. The advent of globalisation is variously dated to the advent of the Industrial Revolution, or the period following the end of the Second World War, yet there can be little doubt that the most significant change can be dated to the deregulation of capital which took place in the 1980s and 1990s, allowing much greater transfers of capital than hitherto, and at a significantly faster rate.<sup>10</sup> In addition, relaxations on government controls concerning the movements of skilled people enhanced this process.

The increasing sense in which our society is a plural one, devoid of any unifying or over-arching perspective, is the other chief factor.<sup>11</sup> The expansion of faiths, cultures, and traditions in our societies, and the divergence in the lifestyles and

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<sup>10</sup> For a detailed history of globalisation, see Legrain (2002: chapter 3), also Kurien (2004)

<sup>11</sup> '... the handling of plurality is a crucial issue in economic theory': Brown (1997: 295)

experiences of its inhabitants have all contributed to this significantly (Walker, 1992: 53-4). It is a phenomenon witnessed in the erosion of unifying authoritative narratives or moralities in society, in the increasingly eclectic nature of society and the prominence of post-modernism (M. Brown, 2001: 103).<sup>12</sup> The end of the Cold War in 1989 destroyed finally the notion of any Marxist hegemony, and its particular narrative came to an end, leading Fukuyama (1992) to claim, perhaps prematurely, that its demise represented the 'end of history'. The consequence of pluralism is that there no longer any means of making value judgments upon particular principles or ethics; one can only draw attention to their differences. Consensus is therefore rendered impossible because there is no universally-regarded moral authority or narrative to fashion this (M. Brown, 2007: 295). Brown, borrowing from MacIntyre, criticises liberalism's assumption that concepts such as justice and community have a universally common meaning. By contrast, he asserts that liberalism's failure to transcend the particular, and hence to resolve the conflict between differing understandings and moralities, have made it quite impotent.

Middle axioms have been criticised heavily because they place great weight on the role of the technical expert; they assume that the common good is both desirable and achievable. Linked with this, is their failure to cope with a pluralist society, and the charge that middle axioms are a sop to the prevailing culture – and so are incapable of leading to policies that are either prophetic or

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<sup>12</sup> The key text for a critical response to pluralism is of course MacIntyre (1981), and forms the inspiration for much of Milbank's work.

distinctively Christian. The empirical data, and particularly its interpretation, are not impartial, and contain assumptions and perspectives. Sources of authority in a particular field are rarely of the same opinion, and can also give credence to views outside their sphere of expertise, hence the need, as Preston acknowledges (1987a: 198), for lay people (non-experts) to be involved in the evaluation of experts' submissions. Experts do, of course, help to put particular experiences and perspectives into a wider context, and they do have a significant input into the analysis of events and processes. Yet the charge that Preston's reliance upon expertise is essentially élitist continues to carry weight, even though he saw middle axioms as contrary to the status quo.

For those who share Barth's perspective, Preston's whole premise is at fault. The very attempt to make theology relevant and to bring its insights to bear on economics is seriously flawed, because it assumes that the world is not inimical to Christianity. This is itself predicated upon Reinhold Niebuhr's understanding of original sin, a doctrine of creation and an 'anthropology of liberty' over against matters of ecclesiology and Christology (Long, 2000:12, chapters 3-4). From such a standpoint, Preston's whole emphasis on devoting such significance to the supposed 'facts' of economic data is regarded as highly questionable. We shall explore more of this criticism below.

Viewed from today's vantage point, Preston's approach has a rather quaint feel to it, for it seems to reflect an age where differences could gently be hammered

out, though in fact Preston was acutely aware of the prevalence of conflict in the ethical process. Despite this awareness, Preston's optimism about the possibilities of consensus between different disciplines, and his failure to acknowledge the plurality of opinion within those disciplines, not least the Christian tradition, now seem naïve. He had little chance to respond to the phenomenon of globalisation, nor to the collapse of the communist economies of central and eastern Europe. The deregulation of international financial markets that has arguably transformed the nature of global capitalism went unremarked. Preston now appears to have been overly confident about the prospects for establishing a consensus or finding common ground with potential partners (M. Taylor, 2004b: 202). He did not however see the emergence of plurality as a threat to his approach, and was not unduly concerned at the phenomenon of post-modernism, which in turn helps to explain his lack of attention to the panoply of perspectives and solutions that emerge today. As such, Preston's work appears very much limited by the experiences of the middle of the twentieth century, rather than its end. His writing now seems very modernist, and hence the common question today – who are the 'we'? - is not addressed, though Preston seems to assume it equates to mainstream society (Northcott, 2004: 107).<sup>18</sup>

A persistent question that issues from the above discussion concerns Preston's insistence on there being no direct path from biblical sources or doctrine to ethical conclusions, because 'there is always the possibility of other Christians

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<sup>18</sup> The point is also made by Boyle (2003) Selby (1997) and M. Brown (2004a).

making the same incomprehensible leap from a particular text to a different conclusion' (1981: 44). He argued that exceptions to this were rare instances in history, amongst which were the abolition of slavery, opposition to Nazism and apartheid. Others, however, argue that the economic order is also a 'confessional matter' as its values are inimical to those of Jesus. Preston's greatest legacy may be his high regard for the autonomy of the secular, and his reserve in moving simplistically from text or doctrine to ethics. Despite this, Preston's liberal approach of reconciling differing disciplines together is now inadequate. It does not question sufficiently the bias towards the powerful implicit in reliance upon experts, and it assumes a high level of consensus in society and in the Church that now appears untenable. However, the liberal approach has been developed by others in ways that seek to counter the threat of pluralism by invoking a theory of rights, as a means of demonstrating that a sufficient degree of consensus is possible.

### **Modifications to liberalism: Raymond Plant & Hans Küng**

Plant is Professor of Jurisprudence and Political Philosophy at King's College, London, and a member of the House of Lords. He has long opposed the argument that ethical principles cannot be introduced into the field of economics on the grounds that markets are value-free and impersonal constructions. He has argued cogently that a rights-based approach to theological engagement is indeed realistic and philosophically defensible. He accepts the reality of moral

pluralism, and the difficulties in making links between the realms of the universal and particular, concrete situations but, nonetheless, proposes that the disciplines of theology and ethics can make meaningful engagements with capitalism. Plant shares with Preston a deep regard for the contribution of secular disciplines, and rejects any imposition of theology on to economics. He too seeks a middle ground in which consensus may be found, but whereas Preston found this through middle axioms, Plant seeks the establishment of certain rights.

One of Plant's major concerns is to affirm the introducing of rights into politics and economics, bearing in mind the reality of pluralism. One major aspect of this is the problem of reconciling the universal and the particular, or the 'thin' and 'thick' moralities respectively. Thin moralities are minimalist but common across cultures, traditions and generations; thick ones are contextually derived and constrained, local and temporary. Plant finds the impasse between the universal and the particular to be difficult, yet he does suggest a way of proceeding that does justice to both perspectives. Ethical intervention in the economic and political process will require, because of pluralism, the recognition that people have differing claims concerning virtues such as truth, and different perceptions of what is good and just. At the same time, however, such ethics will have to relate to the particular contexts in which people find themselves, and yet also provide a framework which allows different people to accept some kind of value framework which they can hold in common.

Narrative theologians dismiss the idea that theories based on the concept of rights can be used as the moral foundation in society because they are too abstract; a theory of human rights is too accommodating to secular culture. Rawls' theory of justice, established on the basis that something may be deemed to be just if it were the option chosen by a person ignorant of their own position in relation to it, is deemed to be flawed because it ignores the moral traditions and cultural factors that motivate people to act; it assumes that morality is free-standing of context. Walzer (1994) advocates a more complex version of equality by considering the differing 'spheres of influence' and arguing against the intrusive dominance of any one over others. (The way in which money has become the measure of value, and the commercialisation of culture would be examples.) Plant's critical observation on this is that, despite the difficulties and criticisms from many areas, some types of principle are needed to oversee the way in which these different 'spheres' interact. He believes that it is invalid to argue that one can have the 'right before the good' without invoking some notion of what the 'good' is; the fact that plural, moral communities would have different views on this concept does not make it invalid.

If universalist claims cannot be made, due to the difficulties associated with pluralism and postmodernism, Plant wonders whether it is nonetheless possible to contract a pattern for engagement which is based upon the particular context and tradition, but does not degenerate into abusive value judgements being made by these differing communities upon each other. He offers a way forward

which is based on the assumption that, even amid a plethora of different world-views and cultural settings, it is possible for some minimal set of values to emerge which can be held in common. Upon such value sets a framework can be established which opens up avenues for collective action and common interests:

‘A common world of value can only be achieved, if indeed at all, by dialogue and deliberation. It is not a matter of establishing a priori metaphysical principles and making deductions from them.’ (Plant, 2001: 358)

Theologically Plant draws on two particular themes from the Christian tradition: the kingdom of God and the incarnation. Jesus’ teaching on the kingdom indicates that it is fundamentally about human equality, and that it consists of a community of persons who enjoy relationship with God and each other. The incarnational strand directs Christians to attend to the actual, concrete experiences of people (on matters such as freedom, for example, so that attention is placed on subjective feelings about whether one is free or not) rather than abstract or theoretical propositions. As an example of a concept based on the use of rights, he develops the idea of citizenship as a means of advocating a way of empowering the poor in a market economy. Plant argues for rights conveying entitlements but not absolute, full provision. Thus he argues for a fairer distribution of power and resources, but realises the impossibility of achieving perfect parity. Although he does not use the term, Plant’s approach is reformist and concerned with the interim rather than general propositions. He

thus arrives at a defence for the use of markets but argues that they ought to be regulated carefully.

A striking criticism Plant makes is that the theological response to the New Right has often been ignored because it has not taken sufficient account of their arguments about freedom and justice. The Church tends to use these as slogans but does not engage in the detail; he says that we need to go beyond using justice as a concept toward a debate as to which conceptions of justice ought to obtain (Plant, 2001: 219, 221). This was a major failing of the 'Faith in the City' report; it made assumptions that people would have a common understanding of the meaning of terms such as freedom, community and justice, and did not explore either these or the criteria by which justice in resource distribution could be assessed (Plant et al, 1989: chapter 4). To economic neo-liberals the entire notion of social justice is illusory and consequently rejected. To them freedom is important because, understood as the absence of coercion, a free person is able to pursue his or her own interests and thus achieve fulfilment. For others, however, its importance lies in one's ability to achieve particular goals. There is therefore a link between freedom and ones' ability to have access to the provision of resources:

'Freedom is defined and understood in terms of the lived, material experience of all – and particularly the poor. So poverty feels like unfreedom and is unfreedom; and in a rich society poverty feels like injustice – and is injustice....[it is] an understanding of freedom being defined in terms of the ability to make real choices; and for

these choices to be made, basic economic resources are essential.’  
(Plant, 1989: 93)

Speaking of the New Right thinkers, Plant states:

‘If our theological resource cannot deal with arguments which go to the heart of human freedom, the nature of social processes like markets, and nature of community and indirect approaches to poverty, then we deserve not to be taken seriously by those people, many of whom are sincere Christians, who espouse these ideas at least implicitly.’ (1989: 77-8)

A common rebuttal to the proposition of rights in economics, such as the right to education, employment, shelter or health, is that these positive rights are hard to fulfil. Where does one draw the line at how much medical care a dying person can receive, or how much education is sufficient for a student? Such rights can appear unlimited in scope, but actually this is not the case. On the other hand, negative rights – the right not to be killed, to be uncoerced and unmolested - are easier to effect. Plant points out that, firstly, negative rights can also be unlimited; the right to privacy, or to personal security from terrorism are examples where it is difficult to find universal, objective notions of what in practice this means, and the lengths to which measures must go in order to ensure the protection of these rights. They, too, can be costly and ultimately insufficient (Plant, 2001: 243). It is wrong to categorise positive rights as expensive and unbounded and negative ones as efficient and limited. Secondly, Plant shows that although these positive rights cannot easily be limited in a universal way, nevertheless political compromise is a perfectly possible means by which consensus can be obtained as to, for instance, the level of health provision that can be assured. In the case

of education, an example of such a consensual decision might be the adoption of the national curriculum as a minimum requirement. Naturally more could be provided, and some will argue that it indeed should, but this is one example of a possible scenario. In order to effect positive rights satisfactorily, one needs to recognise that they are discretionary; someone, somewhere, has to make a decision about priorities and limitations on that right. In addition, because of scarcity the positive right must be feasible if it is to be regarded as a right at all; in a sense, rights are competing with each other amid limited resources, so judgements need to be made as to which ones to pursue. This decision about the allocation of positive rights is not based primarily on anything intrinsic to the right itself, but reflects a matter of practical politics or ethics, such as utilitarianism or consequentialism in which the anticipated successfulness of the right will be a major factor.

Hans Küng's approach bears many similarities to Plant's, for he also seeks a middle level in which dialogue may occur. In the face of social, economic and political changes wrought by globalisation, Küng (1997) reasons that a global ethic is required in response, one that is able to carry a wide consensus across different cultures, traditions and faiths. Such a consensus is inevitably a rather minimal one, confined to those aspects of morality Küng terms 'elementary', rather analogous to Walzer's 'thin' morality - which is more universal and uncluttered by cultural differentiation.

Küng advocates a balance between ideals and realities, but one that is in constant flux. He accepts that certain disciplines have their own autonomy distinct from theology, and does not wish to see matters of politics or economics dictated by ethical considerations alone, which in the extreme case produces an inflexible dogmatism. On the other hand, neither should secular disciplines be the sole determinant of what is considered practical (the danger of 'erosive relativism'). Küng calls for ethical responsibility which is the product of engagement that is both constructive and yet critical. Ultimately the supreme criterion is not realism however, but rather what ought to prevail: human well-being and the possibilities of human development. Indeed, when considering the possibilities for future human development and sustainability, Küng argues that there are severe deficiencies in relying upon rational thought, since not only is reason prone to the distorting perspective of vested interests, but also environmental sustainability requires prioritisation, demanding cultural considerations in addition to political and economic ones. Küng's ethic is wider than simply a matter of rationally weighing up possible options in a consequentialist fashion. His global ethic is universal, reflecting a commitment to human well-being that embraces all peoples, perspectives and even generations. In assuming a consensus on such matters, however, Küng does not offer guidance on how one may weight competing types of priorities, and this is a major weakness.

In Plant we see a philosophical justification for the use of rights within political and theological discourse, which is faithful to the contextual and the particular. He advocates a pragmatic model for engagement in which the moral issues remain at the heart of the debate, but are not used as superior to or different from other issues that will be raised. Both he and Küng believe a minimal consensus around certain issues (the poor and well-being) is possible. The critical test is whether their approach can actually be translated into specific arenas of policy and practice. We see in Plant and Küng a reformation of Christian social liberalism that takes pluralism seriously, and a use of rights that emerges from within the dialogue rather than one which is used as a super-contextual principle. This is of great significance, for as we shall see, the extent to which rights can be introduced into theological-economic discourse is highly relevant to the Jubilee debt campaign.

### **Radical voices of anti-liberalism: theology 'above' political economy**

We now turn to consider one group of theologians which I term 'anti-liberal', which has defined itself by opposition to liberalism, rather than by the attempt to reform it. Here the work of Long (2000), Hauerwas (1981), Meeks (1989), Milbank (1990) and Gorringer (1994) are particularly significant, as they represent key components of a broader theological stance that often combines the desire for prophetic distinctiveness with a radical return to pre-Enlightenment theological insights. The central thrust of their criticism is that the liberal approach assumes

an unduly positive understanding of the world, and is evident in the credence placed on secular insights and the value of dialogue. This represents a theological failure to appraise both the world, but moreover, of the gospel of Jesus Christ who came to the world to bring redemption. The consequence of this failure is an indistinct theological engagement which, without realising it, merely reflects the values of the world in which it is set.

This failure has two causal factors. The first is that its use of secular reasoning and knowledge is itself an integral part of the prevailing social and economic culture; it is not as objective and value-free as liberals often suppose. The second factor is that the liberal approach's tolerant disposition and acceptance of secular values have led it to afford other perspectives an uncritical and unmerited validity. This has led it to become reluctant to engender a response which is distinctively Christian, with little or no discernible difference that Christian belief makes to the outcome. Theology appears to be added as a kind of appendix rather than being fundamental to the entire process. Another consequence of this uncritical attitude is that liberalism is too closely wedded to the influence of the wealthy and the powerful, and incapable of distancing itself. By entering into dialogue with specialists who often represent powerful interests, and because it relies overly on secular wisdom, such a theology is unable to maintain a critical attitude. The result is capitulation, and an inherently conservative attitude. Indeed Milbank, the most trenchant opponent of the liberal approach, argues that since there is no morally neutral 'rationality', reason provides no basis for distinguishing

between the competing claims of the Christian faith and secular forms of knowledge, and that the touchstone for such judgments is instead found in the ability of each narrative to be persuasive (1997: chapter 10; Roberts, 1997: 709). The liberal approach is caught between the Scylla of idolatrous syncretism and the Charybdis of such rarified insight as to place itself beyond rational criticism. Its view of post-Enlightenment secular thought is far too optimistic, ignores its reliance on an underlying strata of Hobbesian conflict between persons, and naïvely believes that power – which is always coercive – can be accommodated in the pursuit of the good.<sup>28</sup>

A different approach to political economy must therefore be found, one which does not make the same errors as the dialogical approach of liberalism. In doing so, theology must establish a different disposition in which theological insights take precedence. Thus for example, Hauerwas argues that the task of theological reflection is not so much to enter into dialogue with the world as to confront the world with truth; the task of the Christian community is not to understand the world but to display a distinctively different character that stands in opposition to contemporary culture. The distinctiveness of the Christian community forms the basis of Hauerwas' ethic. Scripture is not open to application precisely because it is not designed to help describe or understand the world; nor can one extrapolate principles concerning the kingdom of God, because this ignores the essential eschatological character of Scripture (Hauerwas, 1981: 44). The purpose of such

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<sup>28</sup> On the issue of power, see Milbank (1985; 1990: 2-5, 282)

texts is to declare the things of God, and to urge the transformation of the world through that confrontation. The Church's role is to set itself apart from society in order that it might be faithful in witness and demonstrate clearly the life of God's kingdom within its own interior life. Its task is not political involvement but the challenging of the moral values and assumptions of politics and society.

“the way the church must always respond to the challenge of our polity is to be herself. This does not involve a rejection of the world, or a withdrawal from the world; rather it is a reminder that the church must serve the world on her own terms.” (Hauerwas, 1981: 85)

Long similarly argues that the role of the Church is not to dispense instructions but to offer an alternative metric to the world's assumptions and values concerning global capitalism. A renewed emphasis on theological questions concerning issues of purpose and fidelity to Christ's mission thus replaces the narrower questions of economics, which is concerned solely about profits and usefulness: ecclesiology acts as the foundation for theological reflection. This ecclesiological perspective becomes the lens through which the world is interpreted, for it cannot truly be understood in isolation, separated from consideration of the things of God. This approach is self-referential, for notions of objectivity or disinterestedness are dismissed. Theology is afforded primacy in its engagement with other disciplines, for although economic data and theory can be useful, theologians cannot 'meet economics on their methodological terms without sacrificing the content of theology, which is that the true end of creation is friendship with God' (Long, 2000: 3).

For Long, the key criteria for ethical judgement on economics are determined by how they contribute to the life of God. His reflection upon economics begins with consideration of the threefold 'distinct transcendental predicate' of truth, goodness and beauty which features in creation and is prior to human decision-making. He desires a return to the fusion of theology and ethics, in which a determinedly confessional approach advocates a foundation upon evangelical law, the recovery of the virtues, and a view of humanity's purpose as the enjoyment of 'happiness in the vision of God' among others (2000: 69).

Distinctions between fact and value and between the ethical 'is' and 'ought', so much a staple of the liberal approach, are rendered invalid. This is because they are based on the assumption that knowledge is derived from processes completely divorced from historical embodiment; in pursuing this assumption, liberal theology has lost its capacity to stand outside the prevailing culture, and ends up being little more than a critique of various data. As *theological* reflection, it has capitulated to culture and has nothing to offer.

A common characteristic of all these anti-liberal approaches is that they question the assumptions of the discipline of economics, arguing that its premises are flawed and narrow in their understanding of the human person. They argue that the correct approach would be to re-order the entire theological approach and begin, not with economic insights of resource distribution, but with the theological truths concerning the good life, and how the biblical tradition envisages social relations and human flourishing.

Meeks' approach is based on the priority of theological truth over other insights, and he develops a strong argument for an ethic that is needs-based, derived from the biblical record of social, political and economic relations. He posits a sharply contrasting economics to that of contemporary capitalism, based upon a Trinitarian understanding which, as 'a community of diverse persons', exemplifies divine righteousness. The entry point for Meeks into the field of a theological economics is found through the concept of the *oikos* (the household, from which the term *economics* is derived). A household economy is based primarily on the needs of the people within that environment, not abstract theories. It is the household that provides access to livelihood, hence Meeks establishes the principle of inclusion for all into the means whereby life may be sustained and each may contribute to the wider community – the *household* in the era of market capitalism.

With regard to capitalism, particularly its more global manifestations, the criticisms are acute. For Gorringer, the nature of the economy and the lack of any ethical consensus means that humanity faces two stark choices, life or death, as did the people of Israel (Deut. 30:15): this is a clear confessional issue of right and wrong. The way of death is manifest in the economic order, as shown by oppression, 'concealed tyranny' and ecological disaster. By contrast, the only alternative is the way of life characterised by cooperation, equality and ecology; the Church is called to be a 'resistance movement against death'.

Global capitalism is a system that is self-centred, where profit equates to greed, and inequalities between people caused by the market economy are accepted as normative. Gorringer challenges the idolatry at the heart of mainstream economics that wealth creation is the panacea for all social and economic problems; he rejects the entire process by which money has become the means of establishing value, and is manufactured as credit by the banks. Gorringer also dismisses the notion that economics is in any way scientific, by which he means a discipline that it has predictive, investigative and evaluative qualities. He warns that the moral relativism that is permissive in matters of value but not in supposedly matters of fact in, for instance, science, represents an abdication of truth (1994: 5). Economics is far from value-free. Rather, the discipline of economics consists merely of theories; at the level of practice the financial system is abusive and corrupt. At the real heart of economics is the issue of power: the discipline that chooses to call itself 'political economy' rather than 'economics' has at least recognised this, in contrast to today's tendency – alleges Gorringer - to regard economics in narrow, reductionist terms.

The basis of capitalism in economic growth, measured by financial instruments such as money, ignores other ways in which value is recognised: capitalism's reductionist pursuit of monetary value excludes the social and cultural aspects of individual and collective human endeavour and meaning. Its fascination with growth becomes idolatrous, and the damage it wreaks on the vulnerable and the earth's ecology is often masked by its own unscientific logic. In order to sustain

growth, much emphasis is placed on creating ever new markets for goods, thereby introducing artificial needs to fuel consumerism. In this sense capitalism is inherently false, for it does not attend to genuine human needs or desires, but self-deludedly offers the pretence of doing just that.

Meeks identifies the psychological and spiritual emptiness at the heart of much consumerism, where the purchase of items is used vainly to substitute for the non-commodities of love and self-esteem. In this regard he is genuinely prophetic, uncovering the layers of illusion and artificiality that surround supposed 'needs'. He wishes to overturn the prevailing view of human beings as natural and insatiable desirers of commodities, for many of our so-called 'needs' are in fact manufactured by the market (for example, through advertising) and distort the picture we have of ourselves. Meeks frequently uses the language of falsehood and illusion: much that is significant about global capitalism is 'masked' from everyday sight:

'... scarcity as a starting point will always produce an *oikos* in which some are excluded from the means of life.' (1989: 94)

Meeks distinguishes between scarcity and insufficiency, for he acknowledges that some goods and resources are in short supply. However, scarcity is a product manufactured, almost always, of human injustice, where people's needs are deliberately manipulated to serve commercial ends; it is not a natural phenomenon. The most critical shortage is of opportunity to access goods and service – this is the real scarcity. Worst of all for Meeks, contemporary

economics assumes that our needs can never be met, because we will always be demanding (needing) more, and that this is an inevitable, irreducible fact of human life. By contrast, Meeks argues, classical economics believed that needs were limited and could be fulfilled. Indeed, Aristotle and the early Church believed that God's gracious provision was sufficient for everyone to enjoy life. Modern economics inevitably leads to the exclusion of some from the 'household':

'Life in the triune community of righteousness destroys false senses of scarcity...'

'... in general, the biblical faith teaches that there is enough *if* the righteousness of God is present and acknowledged as the source of life.'  
(Meeks, 1989: 174)

The fact of our creation by a loving God implies that humanity is provided with adequate resources for all to experience access to livelihood. Hence problems of scarcity are really issues of inadequate or unjust distribution of resources, often masquerading as genuine shortages. Meeks does acknowledge that there is not a plentiful supply of every resource, but he objects to the equation linking economic definitions of scarcity with actual shortages. His assumption about adequate resources leads him to argue that an economy geared openly along the lines of God's justice will be able to deliver resources to meet the needs of all. By 'needs' are meant basic needs, rather than those artificially induced by the present economic system. He is highly critical of economic theories that are based upon the more effective distribution of scarce resources. He therefore questions this basis and its outworking in the form of such matters as property

rights and employment policies. Instead, Meeks advocates a needs-based approach that places the demands of livelihood first; these are not manufactured desires, but basic needs that can easily be identified and which transcend the particularities of time and place: food, shelter, security and work. Thus his approach is founded on ensuring provision to meet the needs of the poor, not only for physical survival, but also for their role of contributing to the wider community. In pursuit of this Meeks advocates reform of property rights that bars absolute, exclusive rights in favour of communal ones.

Gorringe is indebted not only to MacIntyre's critique of the lack of moral virtue in contemporary society, but also to Levinas for a reformulated natural law theology. In the latter, ethics are derived from human experience and the sanctity of life, and then moulded through accumulated learning, communal life and prophecy. This has as its foundation, the 'face of the Other' through the personal encounter with fellow human beings, and especially with the stranger, the one in need. The ways in which people relate to each other are the grounding for ethical judgments because in these encounters the divine is manifest. Human beings, he argues, are defined more by their ability to love than their capacity to create or for their rational characteristics.

Knowledge gained from the discipline and practice of economics is subservient to the requirements of prophecy (Gorringe, 1994: 19). Prophecy functions both as an analytical tool and as messianic inspiration, so that it can both challenge the

status quo and offer new proposals, but critically it also opens up the imagination to more speculative scenarios. Hope is therefore the 'critical principle of ethics' because it prevents the future being closed, and avenues being dismissed as seemingly unrealistic. Vision, in the form of 'concrete utopias' is essential because the future bears on the present and shapes it (Gorringe, 1994: 127).

The kingdom of God is ethical proclamation in that it describes how people ought to live. That 'all are one in Christ' leads directly to egalitarianism and a revolution of grace, symbolised in the sharing of the Eucharist rather than to merit and deserving. Righteousness will not be achieved where sectors of the population are ignored, excluded, or made to bear the burden for others. Christian ethics is intimately bound up with the means by which the ends are accomplished, for as Gorringe states, 'we cannot arrive at a truly human situation by treading on the generations on the way' (1994: 56). There is in Gorringe a strong reliance on human interdependence: we are created as a society, as a body and consequent on this interdependence is that one part is no more deserving than another.

It follows from this that natural inequalities in wealth and wages should be opposed. Exchange needs to be based on gift rather than contract; interactions that deny or impair relationships, such as the confines of monetary transactions, serve only to cause alienation and commodification. The proper function of money, as a means of enabling people to transact business, needs to be restored, replacing its current usage as a kind of exchange of information, a mechanism for easing exchange of goods. According to this approach, the

disparities of power in structures of management and supervision should be changed, and the concept of property needs to become more communally focussed; yet few specific proposals are advocated or the means to establish these outlined. None of these general proposals, Gorringer argues, are utopian in the sense of being fanciful. Essentially he advocates a similar approach to Meeks, distilling the economic injunctions of scripture as equally valid today as then, and challenging the fundamental assumptions behind mainstream economics.

Although there are inevitable differences of emphasis, we can characterise the anti-liberal approach by its opposition to the uncritical way the liberal approach has embraced secular knowledge, and by its claims that theology's privileged essence confers a position of dominance 'above' other forms of knowledge. Theology issues a challenge to the world to embody the life of the divine kingdom, but addresses it as it should be, not as it really is. Although the anti-liberal approach reveals the limitations of human knowledge and the way human systems can deceive its operatives, and although it is right to question the narrow equation of human well-being with economic growth, the chief failing of this approach is its lack of appreciation of the world in which theology and Christian social ethics are worked out.

As we have seen, Meeks' perspective is that since God is Creator and since that creation is good in every sense, within God's creation there are all the resources

required for human livelihood to flourish and be enjoyed by all.<sup>41</sup> It is one thing to state a theological principle, but quite another to deduce practical applications from this without reference to the realities of human affairs in the realms of economic and political. Theologically, Meeks' chief error is to equate the goodness of creation with a perfect environment without reference to human finitude – the unavoidable limitations of knowledge, organisation, and resource distribution. His refusal to acknowledge the stark reality of the relative scarcity that follows from this, is based on the assumption that such obstacles can indeed be overcome, and that because they can be, they should be. In Meeks' view it is only human inefficiency and injustice that prevent full access to livelihood rather than anything more fundamental about the human condition and society. An appreciation of the importance of these limitations would seek measures and policies to minimise their damaging effects. Because he does not acknowledge that resources are actually scarce, he sees no reason for competitive behaviour or conflict. Brown advocates a stronger sense of the 'not-yet' aspect of God's kingdom would be a helpful counter-balance here.

The anti-liberal understanding of the individual human being is also deficient. Meeks accurately focuses on basic needs as paramount for a sense of happiness and security. Yet nowhere in his work does he see human activity as devoted to anything but the provision of essential needs. He does not acknowledge the inquisitive aspect of human endeavour in exploring and using

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<sup>41</sup> 'God's gracious goodness gives enough, more than enough, for everyone in the household to live abundantly.' Meeks (1989: 94)

the resources (material, intellectual, social, cultural) of creation. Thus no mention is made of scientific exploration such as advancements in technology and medicine. In this sense, Meeks's concept of livelihood is deficient. There is often a focus on the fair distribution of economic resources, but the additional need for wealth creation is ignored. Meeks would appear to hold to a static view of economics and human flourishing, rather than a developmental one. (He asserts that in an egalitarian society, wealth is absent; this is a fundamental mistake, conflating wealth with money.) The concept of diminishing marginal utility is similarly left unacknowledged; this describes the phenomenon whereby the more resources one has, the lower will be the increment of satisfaction from obtaining progressively more of them.<sup>43</sup> The absence of this insight suggests that Meeks' view of human flourishing does not relate to the empirical evidence about some, at least, of the ways in which human beings find satisfaction. In other words, the relationship between the provision of resources and consequent personal satisfaction is not as linear as Meeks supposes. We therefore conclude that Meeks' premise, based on the assumption of smooth delivery of resources without hindrance or diminishment, is utopian. A final weakness of the anti-liberal approach is the lack of specific proposals, and the absence of establishing intermediate steps toward the new economic order, other than a revolutionary re-starting of entire economic and social processes.

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<sup>43</sup> This phenomenon is described in Galbraith (1999a: 118); also Atherton (1992: 43) At its heart is the notion that value is determined not from the object's usefulness per se but from its marginal (last or least wanted) one.

Anti-liberals would reject these criticisms, for the crux of such a critique lies with opposing notions of theological argument. One either uses secular knowledge and reasoning, and thus become liable to the above charges from the anti-liberals, or one adopts a contrary stance in which theology dictates the terms of its engagement with the world. In regard to the lack of specific proposals, this issue becomes a debate over what is actually possible. Liberals may find the anti-liberal approach utopian, but will face the counter-charge that notions of what is realistic are confined by prevailing cultural norms. Therefore, the argument goes, the more radical alternative is the only one capable of offering genuine change for the better. This takes us back to Gorringer's argument over the role of hope in Christian ethics. As we shall see in later chapters, the Jubilee debt campaign's work proves to be particularly relevant to this particular discussion.

### **Post-liberal responses: John Atherton and theology 'with' political economy**

John Atherton is an honorary lecturer at Manchester University, secretary of the William Temple Foundation, and retired canon theologian of Manchester Cathedral. He has been concerned with the plight and experience of the poor throughout his research and ministry as an Anglican priest. In the years since he wrote *The Scandal of Poverty* (1983) his views have undergone considerable change, a transition he readily acknowledges. For him, the most important issue by far is now the matter of the interaction between the Christian faith and the global market economy. Atherton accepts that the advent of a plural world has

abolished the rationale for any grand narrative and introduces uncertainties about the precise nature of the truths that can be brought to the discussion; additionally, he recognises that globalisation has brought many new features into the nature and dynamics of market economics. The phenomenon of globalisation is, paradoxically, not a monolithic one but contradictory, and a creator of 'plural modernities'.

Atherton was moulded in the social ethical tradition of Ronald Preston, but now sees the need for a completely new approach of open interaction, rather than a reformulation of the liberal approach from which he originates. Like Preston, Atherton asserts the autonomy of secular disciplines such as economics, though significantly, he asserts that it is always a *relative* autonomy. This relative aspect means that any one group or party has no monopoly on knowledge or truth; all human models and conceptions are limited and partial. Accordingly, Atherton is highly critical of approaches that place either economics or theology in any position of dominance. He is adamant that a new methodology is necessary, since the deductive process of moving from theological principles to social application is no longer valid. What is more, this approach fails to give proper attention to the issues raised by the market economy and the related plural nature of society, and consequently advocates solutions that seem to belong to a former age. In other words, anti-liberal approaches are unrealistic, and their ethics are based upon what 'ought' to obtain while failing to address the 'is' of present realities. Hence Atherton condemns the theological right and left and

regards both approaches as inadequate. Radical orthodoxy, which Atherton (2003b: 176) describes as promoting 'late medieval neo-Thomist economics', and seeks a contribution that is distinctively Christian, represents the return to a new kind of Christendom that rejects any genuinely interactive conversation with economics. Radical theologies of liberation are also considered inadequate, their critical failing being the refusal to accept certain features autonomous to the discipline of economics, such as scarcity. Liberation theology prefers to make the foundational assumption of plenitude and in doing so, subordinates economics to theological principles that Atherton terms as simply 'empirically inaccurate' (2003b: 112).

Malcolm Brown's work (M. Brown, 2004a) also offers possible directions for a post-liberal approach to theological engagement with economics.<sup>56</sup> In his model of 'dialogic traditionalism' Brown advocates a view of liberalism as one tradition among others, within which lies the seeds of an approach that transcends the boundaries of its own tradition. As such, it is not exclusive but committed to the principle of dialogue. Following MacIntyre, in discerning certain virtues within this tradition, Brown is able to construct a model for engagement that addresses the concerns of plurality, yet manages to remain faithful to the basic instincts of classic, Christian social liberalism. Drawing partly on Markham (1994), Brown gives examples of such virtues: tolerance of difference; commitment to the pursuit of (objective) truth through dialogue; God's self-revelation as an ongoing

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<sup>56</sup> Brown, formerly of the William Temple Foundation, is now Director of Mission and Public Affairs for the Church of England.

process; the incarnational premise that it is the world that is the locus of God's salvation; and the commitment to material improvement rather than waiting for some future divine irruption into history (2007: 59). All such virtues are, of course, contextually located and rooted in a particular tradition; they do not possess a para-tradition quality, but they do lead to conversation that is tradition-transcending. Since Brown argues that the distinctiveness so essential to confessional theologians lies not in the uniqueness of a particular virtue but rather in its authentic derivation within Christian theology, his approach presumes that it is therefore possible, through such tradition-transcending conversation, to reach moral agreement on certain matters. In such cases, no tradition has imposed itself on any other, and the outcome cannot be deemed coercive of any party; therefore, the alleged dichotomy between free markets on the one hand and moral coercion on the other, is exposed as false.

One can distinguish four features that comprise Atherton's approach to theological engagement with political economy. Not all the features need be present simultaneously, but together they are hallmarks of an engagement that is effective in both the particular and the universal, and also across the differences between local context and the wider economy.

(a) *An inter-disciplinary approach*

Atherton's foundational attitude is the relative autonomy of disciplines and, as noted above, this leads to the acknowledgment that genuine truth resides with secular disciplines as with religious ones. In particular among these disciplines, Atherton emphasises what Sen terms the 'engineering' aspect of economics: the scientifically-based, positive, technical corpus of information which is based upon objectivity and rationality of thought. Examples from economics would be the doctrines of relative scarcity and the law of diminishing marginal utility. The fact that this autonomy is relative means that all disciplines are not completely distinct, but that secular culture and religious traditions permeate them all. No discipline can therefore be described as value-free, although Atherton would nevertheless accept the autonomous truth of many technical aspects of economics. Despite this, Atherton is wary of allowing these aspects to dominate, for this would lead to dialogue becoming subsumed into a discussion of technical matters alone.

A consequence of the ubiquitous nature of external influences within these different disciplines is that there are areas of overlap between the fields of influence that they contain. An example of these influences within other disciplines might be the way legal matters such as the rule of law, or property rights, impact on economics; or political issues such as sovereignty have a bearing on regional economics (such as the Eurozone); or philosophical insights

on objectivity raise questions for scientific methodology. Accordingly, Atherton seeks to identify the points of connection – the overlap of consensus – which forms the basis of his insistence on an inter-disciplinary approach. He wants to reconnect ethics and economics, and suggests ways of broadening the agenda in terms of how we view human beings, not as isolated individuals but as persons within networks (Atherton, 2003b: 149).

Because the world is plural an interdisciplinary approach is vital, and Atherton views the arena for investigation as comprising political economy rather than mere economics, for the global market economy cannot be analysed or understood without reference to politics, ecology, democracy, and poverty. There is thus a huge interactive relationship between the market and challenges such as poverty and the environment; moreover the actual *nature* of this relationship deserves critical attention. The old way of bringing two disciplines together in order to generate some middle ground, in which the disciplines remain relatively unchallenged by each other, is redundant, and one needs to realise that theological and ethical matters impinge upon *both* market and challenges:

‘... an ethical dimension is inextricably part of *all* these aspects of the market economy, including the mechanisms. It can never be relegated to the function of the challenges.’ (Atherton, 1992: 265-6)

The nature of the market, the challenges, and their relationship with each other are all so varied and complex that they cannot be reduced to a simple dialectical model as witnessed in the classic liberal tradition, or indeed the more explicitly

faith-based models. In the wake of the liberal tradition's demise, what emerges is a process of 'open interaction' between the market and the 'challenges', the pressing issues.

(b) *Pragmatism*

One consequence of Atherton's acceptance of the plural nature of society is that he remains sceptical about the absolute certainty of all claims to truth. Because no one truth claim can be completely adequate, partly because he realises other perspectives also contain truth, Atherton takes a principled stand against ideologically-derived solutions. He rejects the attempt at any blueprint or grand solution as intrinsically flawed, and favours partial, unreconciled, interim outcomes. These may contain unresolved issues yet Atherton believes the creative tension within them is productive, enabling a broader perspective that takes account of differences. What emerges is both dynamic and provisional, a fragmented, incomplete collection of separated insights:

'... the primary task is not about morality as traditionally pursued; it is rather about frameworks and dynamic, and the nature and contribution of morality within them.' (Atherton, 1992: 270)

A clear expression of Atherton's stress on pragmatism is his endorsement of a multidimensional approach to engagement with political economy, which he terms 'hybridity'. This is Atherton's term for a composite of different styles represented on a continuum along which this theological engagement can be

described (Atherton, 2008: 247-250), hence we need to begin by describing this spectrum. At one end is ethical economics, where the method of engagement is typically the attempt to find overlapping consensuses and develop partnerships between faith organisations, theology and secular organisations such as government. In many ways the liberal model of engagement, predicated upon assumptions of commonality and neutrality, exemplifies this end of the spectrum. Although this end can be regarded as more secular in disposition, its very liberal emphasis on tolerance is based upon Christian values and traditions: it is as distinctively Christian, though not as overtly as is the case with theological economics (M. Brown, 2004a: chapter 3). At the other end of the spectrum we find theological economics, characterised by a more self-consciously, faith-derived, critique of economics and proposals for alternatives to it. Liberation theology and radical orthodoxy are located here. The works of Northcott, Selby and Tanner are also found at this pole, though as we shall see in later chapters, there are significant differences between them in the ways they approach the inter-disciplinary task.

The hybrid model is a constantly shifting blend of approaches on this continuum: a shifting oscillation rather than a fixed position. The interaction of 'theology with economics' occurs right across this spectrum, though its character, style and dynamics will vary. First, it rejects the notion that either ethical economics or theological economics alone is satisfactory, for no model can contain sufficient truth in isolation from others. Thus some kind of fusion is required. In affirming

this stance Atherton is not thereby accepting the approaches of, for instance, radical orthodoxy; but he recognises that certain of its elements, such as the desire for Christian distinctiveness, are legitimate. Brown's development of a model of 'dialogical traditionalism' covers much similar ground to Atherton in affirming the importance of a distinctively Christian contribution, but also in acknowledging the deficiencies and strengths in those models at both ends of the spectrum (Atherton, 2008: 258). These elements cannot, however, be determinant. Secondly, hybridity affirms the task of theological engagement which, in rejecting the notion of one all-encompassing model, instead seeks fragmented patterns of engagement that lead to interim solutions, not final ones.

'The way of interaction is but a recognition that facing such changes in the contemporary context is always about transcendence to the limits of the interactive process. It is never about a transcendence into a blissful economic synthesis.' (Atherton, 1992: 224)

Indeed, the only sense in which there is synthesis is in the actual process being undertaken. Atherton recognises that the results may be partial, but also multi-faceted, subtle and complex. Such a process is therefore not the preserve of any one single strand of the Christian tradition, and it avoids the issue of seeking a response that is necessarily distinctively Christian. The difficulty, which he acknowledges, is that such hybrid patterns tend to be short-lived. If the interdisciplinary approach is visualised as representing a vertical integration across the horizontal spectra of interconnecting disciplines, the pragmatic, hybrid approach represents a horizontal movement across the faithful economics spectrum.

One aspect of Atherton's willingness to embrace interim solutions is his approval of Lebacqz's developmental approach to the concept of justice. Lebacqz (1987) understands justice not as a static condition that could be defined in an abstract way, rather as a continuous process of injustice reduction that constantly listens to the voices of those who suffer injustice in order to make evaluations. In such a way, what justice means becomes clear and specific within a particular context. Atherton maintains that this approach avoids the 'posturing' of those who seek a static justice yet ignore the practicalities of development: 'to ignore the possibilities and likelihood of economic growth is as imbalanced as ignoring structural inequalities'(2003b: 117). Crucially, Atherton desires a theory of justice that is both global and yet simultaneously sensitive to local variations, and gives prime attention to the phenomenon of exclusion. Inequality can, he concludes, only be regarded as morally acceptable when such inequality actively serves to bring benefits to the poorest (2003b: 73).

Brown, too, endorses the search for interim solutions rather than final ones: he emphasises the need for theological engagement to embrace the concept of God's kingdom as inaugurated but not completed. That is, sinfulness and error will continue to be a part of this world and hence no position, opinion or action can assume it will not have to be corrected in due course. The fact that there are practical limits to the production and distribution of economic goods (finitude) leads Brown to call for a 'theology of the interim' that can lead to ways of social and physical amelioration in the immediate future, rather than being confined to

the realms of ultimate solutions. It is therefore highly contingent, but it is also, by the nature of its dialogic commitment, open to the possibility of theology being itself challenged through its engagement with economics. The latter point is a fascinating one, for it suggests that a hallmark of authentic theological engagement with political economy is a deeper insight into the nature of creation and the divine purpose for humankind.

Two other features emerge which are not so easily located on the continuum of engagement mentioned above: these are the performative and the imaginative dimensions of theological discourse. In Atherton's approach they are given less importance than the first two we have considered, yet they are nevertheless significant.

(c) *Theology as a performative exercise*

Atherton believes that theological praxis also has validity in theological engagement with political economy: this is the process of theological reflection that combines thought and action, beginning with a stance that is committed to interpreting the world through the experiences of the poor, for this is where Truth is most clearly perceived. Reflection upon this prior commitment to the poor then guides theological understanding, and leads to further faithful action and subsequent reflection. Atherton does not affirm, as do many of liberation theology's adherents, that praxis is the sole determinant for theological

development; he does affirm its basis in critical reflection upon action on behalf of the poor. Atherton's approval of Young's 'differentiated solidarity' is important here, for he needs a basis for making choices about whom to engage with and what courses of action to take. Brown also advocates criteria for potential partners on the basis of their location rather than an assessment of how much common agreement each partner might provide. Thus, clear preference is given by both to those who are marginalised or who suffer as a result of economic decisions and processes.

A particular concern for Atherton is that the performative aspect of theological engagement should lead to the production of indicators through which the truth of various policies and practices can be evaluated. These indicators need to take a holistic view of the human condition; Atherton borrows Sen's concept of 'capability function', a view based on the understanding that what makes for flourishing is more than the quantity or quality of material resources that one possesses. It is more about the set of factors that either permit or enable one to fulfil one's potential as a complex being which is part of a set of networks and cultural patterns. People need to be viewed economically not as rational, self-obsessed, isolated individuals, though such tendencies are not completely absent, but as persons integrated into complex networks and patterns of cultural behaviour and obligations, tradition-based loyalties and emotional ties:

'At the heart of Christian belief are questions of what it now means to be human, of what is our understanding of social flourishing, of what is the

right and wrong way of promoting human living in and through its environments.’ (Atherton, 2003b: 3)

The work of Sen (2001) has been hugely influential, and can be evidenced by the work of the United Nations Development Programme, whose measurement of Human Development Index is a highly detailed analysis of factors encompassing such diverse statistics as levels of income, life expectancy and literacy.

(d) *The imaginative contribution*

Atherton is dismissive of many utopian schemes in economic history, by which he means highly idealised ones. They are often based upon one specific idea or theory: the social credit theory and liberation theology’s dependence upon dependency theory are examples. However, whereas Preston was scathing in his condemnation, Atherton views these in a more nuanced way. Although highly sceptical from a rational perspective, nevertheless he values their questioning of the status quo, and their courage in positing radically different schemes against mainstream economics.

In marked contrast to Preston, there is in Atherton’s approach a role for the questioning of the ‘unquestionable’ premises, which is, to advocate ‘heresy’ in the eyes of mainstream economics and ethics. Atherton (2003b: 174-6) supplies a long list of examples, all of which advocate alternative economic scenarios: Robert Owen’s experimental communities, the Social Credit Scheme, liberation theology, the work of David Jenkins, and radical orthodoxy. Atherton criticises

them for their simplicity, their lack of balance and their utopian flavour, yet he maintains they have a role within the wider process of a 'multilayered' theological engagement. This is because even though their solutions are quite impractical, they all contain important observations; their comments on the use of land, on microcredit and interest-free lending, on employee participation, and critiques of oppression are still helpful.

### **Critique of the Jubilee 2000 Campaign**

It is my contention that the post-liberal approach, particularly as exemplified in Atherton, offers the best model for theological engagement with political economy. Furthermore, the Athertonian features discussed above provide a most useful basis for performing a critique of the Jubilee 2000 campaign, so that we can understand its theological contours, limitations, and strengths against the context of an increasingly plural and globalised world. This will also enable us to draw out what our study of the campaign might indicate about wider trends in the Church's social, political and economic witness.

#### *(a) The inter-disciplinary approach*

We saw above that Atherton's approach is an openly interactive one, seeking to reconnect theology and economics through the acknowledgement of mutual insights, and by identifying points of consensus. In theological terms, Jubilee

2000 represented the application of biblical strictures and can be described as more 'theology and' than 'theology with'. However, several areas of convergence are evident from the history of Jubilee 2000. One of these gathers together a consensus that large sovereign debt hinders economic growth and prosperity and deters new investment. Furthermore, the destabilisation that debt exacerbates has a direct link to the prevalence of illegal drug production and civil strife, which in turn cause social or economic damage in creditor countries. However, by dint of being a political campaign, Jubilee 2000 represented a challenge to the prevailing practice concerning debt relief. Its repetition of historical instances of debt cancellation was intended to convey the feasibility of debt relief in principle, and thus to refute accusations of impracticality.

The illegitimacy of much of the debt, and the parallel with slavery, attempted to appeal to common ideas of natural justice and the right to self-determination. In exposing the injustices and inadequacies of debt and debt rescheduling the campaign achieved dramatic success, but this needs to be distinguished from practical arguments in favour of debt cancellation. In general, the campaign was more effective at exposing what was wrong than being able to argue for specific debt relief. This was because the detail of debt relief, which included the issues of eligibility, conditionality and moral hazard, was inevitably more complicated than a set of clear-cut proposals could address. Jubilee 2000's call for an independent means of establishing sovereign bankruptcy reflected a strategic attempt to develop common ground with more mainstream economics, since the

practice of corporate bankruptcy is well established. However, as we have seen, the idea of independent arbitration did not find favour among the IFI community.

(b) *Pragmatism*

Atherton's emphasis on practical and eclectic, albeit piecemeal, solutions rather than ultimate ones is certainly borne out by the campaign. The very diversity of the Coalition would seem to bear witness to a certain hybridity, since the Jubilee campaign embraced radicals and liberals, North and South, economic technicians and lay people, faith-based organisations and secular ones. That coalition was a fragile one, particularly in respect to Jubilee South, whose very existence is suggestive of a certain fracture within the overall structure. The consensus around debt relief was a broad one, but it was not very deep.

In the main the campaign reflected a distinctively theological economics, and was a single-issue, time-limited organisation. As such it was not able to locate itself easily into the context of the credit industry, nor the debates about development, nor the wider theological issues concerning money, forgiveness and temptation. This may appear a harsh criticism, and one recognises that the Jubilee 2000 was devised as a tightly focussed political campaign rather than permanent engagement, but the primary intention here is to indicate the direction which future reflection on debt must pursue. While Jubilee South continues to campaign for debt relief, and although the Jubilee Debt Campaign in the UK is still

operative, much of the focus, funding and personnel have moved onto other issues, such as Make Poverty History or environmental campaigns.

(c) *A performative exercise*

Atherton's approach highlights the significance of practical indicators, inspired by theological principles, which assist in the critical assessment of particular policies and programmes. One of the keys to the Jubilee 2000's highly successful campaign was the use of simple statistics that revealed the human consequences of debt repayments; it was the *kind* of statistics the campaign distributed that made an impact. In doing this the campaign relied heavily on campaigns in the South to provide illustrations and information. In publishing this data, the campaign not only raised awareness but challenged the doctrine that SAPs were appropriate conditions to impose on indebted nations involved in rescheduling. It was the campaign's emphasis on the human consequences that were significant, such as the correlation between debt repayments and decreasing levels of life expectancy, literacy and well-being more generally. Jubilee-Zambia's publication of the cost of a monthly basket of basic provisions provided political ammunition for the relief of poverty, as it exposed the effects of government and IFI policies on the poor, and it serves as a fine example of Atherton's 'indicators' that emanate from a performative theology. The involvement of the churches in Zambia in the scrutiny process also demonstrate

that the campaign there was highly performative, seeking to indicate practical steps the IFIs, and in particular the Zambian government, should take.

Jubilee 2000 did not campaign for debt relief for all heavily indebted countries. It campaigned selectively on behalf of those nations where debt repayments exacted the most damaging consequences for the poor: accordingly, most of the countries selected were from sub-Saharan Africa. On this matter it is interesting to observe the campaign moved from advocating debt relief on a 'case by case' basis to the call for an independent framework to accomplish this.

Jubilee 2000 rooted its campaign in the experience of those who suffered the worst consequences of the debt. This was done both at the level of the international coalition and within national campaigns such as Jubilee-Zambia. The theological justification for debt relief often began with stories of the experiences of the poor, and in this we see the influence of praxis. However, not all the perspectives of the poor were taken up, as witnessed by the cool response of the Coalition to the issue of reparations, and the discrimination used in selecting countries for debt relief advocacy.

(d) *The 'imaginative' contribution*

The final feature acknowledges the role of speculative, highly imaginative proposals that, in Atherton's multi-faceted approach, retain a certain significance.

One might argue that the concept of jubilee itself might lie in this category. Its value as a source of inspiration and hope defied strict rationality, yet was highly significant for the campaign's success. The psychological and spiritual appeal of a new start for the world's poorest was compelling, not least since the campaign set a target date at the end of the millennial year. In this way it formed a resonance with millions of people who yearned for a better future, and helped to articulate this vague sense in a highly specific way.

In chapter 1 we were introduced to the commentaries of Linden and Atherton on the campaign, and we can see now that they both have a qualified validity.

Linden's remark that Jubilee 2000 was peripheral to the wider issues of development and poverty relief is accurate to the extent that Jubilee 2000 was an exceptional instance of a short-lived campaign on a narrow issue. On the other hand, the wider work that the campaign has triggered - such as Make Poverty History - may yet lead to more sustained, deeper work in due course; at this point in time it is perhaps too early to make a definitive judgment. Atherton's comment that Jubilee 2000 represented a sacramental partnership suggests a clearly distinctive faith component in dialogue with others. Whilst this is undoubtedly true of the campaign's aspirations, the effectiveness of that dialogue is less clear.

Atherton was a patron of the Jubilee 2000 campaign and he views Jubilee 2000 as a prime example of how faith-based organisations can offer a more distinctive, theological economics:

“... the movement against international debt embodies the theological principle of a bias for inclusivity and is explicitly rooted in Old and New Testament teaching. It therefore reflects the concern for a distinctively Christian contribution to economic life which radical orthodoxy and others argue for so strongly.” (Atherton, 2003b: 167)<sup>57</sup>

## Summary

We have outlined the demise of the once dominant liberal mode of theological reflection upon economic matters, and some of the more salient developments that have been provoked by it. There is a great disparity of views between these responses to liberalism’s demise; indeed often they are mutually incompatible. Some offer a comprehensive theological ethics, whereas others eschew this in favour of more limited, fragmented ethics. Nevertheless, all possess significant insights despite their differing perspectives. The liberal approach is dialogical, open to secular insights, yet its premise of consensus is now revealed as inadequate in a globalised and plural society. Attempts to reform it require a consensus based upon rights, whose general acceptability is a disputed area. Both the new Christendom approach of Milbank and Long and the radical left pursue methodologies based upon the primacy of theological convictions: divine revelation as recorded in Scripture or the establishment of absolutist rights (justice, peace, equality) to protect the poor. Such approaches enable the clear exposition of a clear contrast between the fallen-ness of the world and the promises of the fulfilment of God’s kingdom. This juxtaposition is helpful

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<sup>57</sup> This is not dissimilar to Michael Taylor’s advocacy of ‘radical participation seeking consensus’ M. Taylor (2004b: 213)

inasmuch as it aids the exposure of the illusory nature of capitalism and its associated diminished view of human beings. Anti-liberal approaches offer an important critique of the way economics is promoted as value-free, asking questions about the nature and distribution of power, and calling for a re-alignment in accordance with Christian principles. The capitulations of liberalism are replaced by an approach that leads to an ethic whose confessional stance can clearly be evidenced in the approach which represents 'the invitation to conversion rather than through the mutuality of dialogue' (M. Brown, 2001: 105). However, as we have seen, the arguments of the anti-liberals are *a priori* and foundationally unsound from both a theological and an economic standpoint. Dialogue becomes reduced to mutual counter-claims as to what is truly real and authoritative. Theologically, the critique that is levelled is of a failure to realise that theology is not a discipline separate from the secular world (though it is distinctive), and is thus not immune, along with hermeneutics, from contextual influences. The possibilities of rapprochement are by no means impossible, but they would need to be issue-specific. The issue of how one identifies practical steps towards objectives remains a key difficulty.

The emerging post-liberal tradition, like the liberal approach it replaced, rejects a deductive methodology in favour of dialogue, but one that is nevertheless critical of both its conversation partners and also its own tradition. It attempts to restore the virtues of openness and contingency of the liberal approach, but recognises that any consensus will be partial and temporary. Here the dialogical process is a

more complex matter of 'theology with', requiring a set of Christian perspectives together with a set of criteria for weighting the validity of others' insights and experiences. I find the criticisms of the post-liberals such as Atherton to be compelling,<sup>61</sup> but realise that the grounds for arguing thus are consonant with an acknowledgment of the secular which is strongly denied by the radicals. The two approaches are not easy to reconcile. Yet this debate has moved a long way from the rather sterile dichotomy between the days of Niebuhr's social realism and the utopianism he so trenchantly opposed. The continued emphasis on the necessities of economic realism, which assumes the relative autonomy of the secular and dismisses prescriptively, fashioned ethics, lies open to the criticism that such an approach is defeatist, fatalistic and lacking in hope. Here realism becomes synonymous with the replacement of theological principles by ungrounded pragmatism. However, it is possible that there is more to this issue than such a rigid divide, for in addition to the rational dimension of theological engagement, we also need to bear in mind the imaginative role theology can help provide: a concept for which Atherton (unlike Preston) offers critical support. The role of utopian elements is an important aspect of this, but to what extent is it a powerful resource for theological engagement, or a fanciful, perhaps dangerous distraction?

A key methodological question is the way in which such material is utilised: as the foundation of a prescriptive ethics; as resources for a different kind of

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<sup>61</sup> as also does Sedgwick (1999: 7 – 10)

reflection; or as tools for imaginative reflection? Eschatology becomes significant in such considerations too, for a fundamental tension exists over the way in which the kingdom of God is used in ethical reflection. For radicals there is an overwhelming eschatological imperative for the life of the kingdom to be realised in the present; for liberals and post-liberals the impetus is to learn to live in the interim, the 'not yet' of the kingdom, whilst not becoming fatalistic about the possibilities of change. For the radicals, hope is located in the advent of the kingdom, breaking decisively into the world; for liberals and post-liberals, hope is sustained through the practical possibilities of incremental amelioration in the human condition. This suggests that if the approach of the post-liberals is correct, in the long term, any consensus will eventually break down under the weight of competing perspectives.

With the demise of an all-encompassing, over-arching morality, is any form of consensus possible? Plant strives to defend the concept of rights which is linked to issues of feasibility rather than absolute principle. He and Küng maintain that a minimal consensus around certain themes is possible despite the claims of post-modern scholars, because their understanding of plurality is 'thin'. The principal issue is whether or not such a consensus is indeed possible; Brown's criticism of Plant is that, in his seeking to find some cross-level agreement on basic material needs, any consensus that does succeed is inevitably diluted and its value diminished. Effectively, Brown sees him as an unreformed liberal because he does not justify the reason for seeking a consensus in the first place, even

though Brown shares many of the goals underpinning Plant's work. For liberals, the 'we' can be universal, for post-liberals the 'we' cannot, and is merely one party among others. As we shall see, the concept of rights as a resource for theological engagement within the Jubilee 2000 campaign is a powerful and prevalent one, and we shall examine the extent to which this has been helpful and appropriate, as well as the issues raised by trying to gain consensus. Questions that arise concern the choice of partners involved in such a process, and the criteria which are used to establish their participation. Indeed, what weight can be placed on their perspectives? Where there is consensus, is it derived from agreement on some minimalist universal values – as Küng and Plant maintain – or does it emerge from the process of choosing partners on a much more pragmatic basis? For instance, Taylor advocates the process of 'radical participation seeking consensus'; that is, the consensus which is founded around praxis rather than perspective or ideology.

One might also enquire whether Atherton's bias within a differentiated solidarity means that talk of consensus is essentially redundant. In each case the view about participation will lead into expectation of a particular kind of solution. Those who maintain the possibility of universal values are more likely to strive for comprehensive solutions; those who dismiss this possibility will have their horizons more limited to the immediate, to the temporary and the partial. Fundamentally, the understanding of the 'we' needs to be biased critically towards those who are victims of economic processes, but not to the extent that

such a stance becomes exclusive, or a dictatorship. At the same time there needs to be critical engagement with dissonant views, rather than their dismissal simply because their approach is flawed, or represents interests inimical to those found elsewhere. For our discussion, we shall want to investigate the significance that is given to the experiences of the most vulnerable, that is, those who suffer from the worst effects of the debt crisis. For those who favour a confessional approach, at what point does the weight of experience become a determining factor?

Another area for consideration concerns the consequences of theological engagement. If the process is to be genuinely dialogic, as Atherton and Brown would urge, one might expect to see signs that both parties are changed as a result. That is, theology itself evolves and learns more about the things of God through its encounter with the world; 'theology with' rather than 'theology and', in which neither theology nor political economy remains static. A reasonable line of enquiry, therefore, would be to see the extent to which this change might have begun to occur.

Atherton's description of the spectrum of faithful economics embodies the concerns of an approach that would seek to be dialogical. It assumes the complex interaction between the secular and the religious perspectives with varying emphases, and urges a hybrid model in which both ethical and theological economics are vital components. Using the framework derived from

Atherton's approach, therefore, we have been able to illustrate the way in which the campaign was inter-disciplinary, albeit in a limited fashion; that its focus was too narrow to embrace the relation of debt to wider issues of economics; that its use of statistics was highly provocative and searching; and that it cleverly connected with the public imagination. Indeed, one could argue with some cogency that the success of the campaign is itself an indication that Atherton's approach is a valid one, addressing all the various elements of biblical principle and inspiration, economic and political complexity, and of a campaign that exploited the global aspects of religious pluralism and worldwide Christianity. Using this framework, therefore, we are not only able to perform a critical appraisal of the campaign, but are provided with a key set of perspectives with which to interrogate the themes and issues that emerge from a study of it, and thus ascertain ways in which further reflection might be developed.

## Chapter 6

### The Theme of Jubilee

'The Jubilee has become the rallying cry for oppressed peoples today, as was the exodus theme for their counterparts in previous decades.'  
(Milgrom, 2004: 311)

One of the key arguments in favour of debt cancellation was the use of the jubilee theme and, allied to it, advocacy of sabbath economics. Indeed, the Jubilee 2000 campaign to cancel the unpayable debts of the third world drew much strength as well as inspiration from the high profile it gave to the jubilee theme (Hutton, 1999). Jubilee was critical to the success of their campaign. One of its strengths was that it conveyed slightly different meanings, and was therefore able to unite a diverse coalition of churches and theological viewpoints. The Jubilee 2000 campaigners understood the jubilee theme rarely in a literal sense, but most commonly as a metaphor, an image, a principle or vision to provoke, guide, inspire and give hope. The campaign acknowledged the historical uncertainty over the practice of the jubilee, but emphasised the principles underpinning the legislation, such as release from bondage; this was then developed in the teaching and ministry of Jesus, and hence jubilaic values and imagery were invoked as authentic Christian responses.

The revised edition (Christian Aid version) of *The Debt Cutter's Handbook* (1999) contained a theological section as an insert between the centre pages. In this, Green (1999) portrays the sabbath and jubilee legislation as having fallen into disrepute by the time of Jesus, thus implying that the jubilee had been enacted in the past. Indeed, he gives no indication that it may never have been implemented. He takes Jesus' proclamation of 'the Year of the Lord's Favour' as jubilaic, and the Kingdom of God embodying the practice of jubilee release; jubilee is understood not as fifty-year legislation but as a continuing attitude and way of life in which the divine will becomes a reality. Green is not explicit about the application of jubilee principles, but the clear inference is that Christians should engage in jubilee practice as Jesus did.

The jubilee image also functions as a means of fostering inspiration, hope and encouragement, linked with the notion of a new beginning. The heraldic way in which the jubilee was announced with the ram's horn ('yobel', possibly a synonym for *děror*)<sup>1</sup> has been most important in generating popular enthusiasm, whether for the freedom of the slaves during the American Civil War, or recently during the Jubilee 2000 campaign. Dent (1994: 35) makes a connection between jubilee and jubilation, but although the link is mistaken linguistically, he makes the point that a legitimate feature of jubilee is celebration of divine redemptive activity, and thus 'joy is not mere froth... but is itself both a fruit of the spirit and a dynamic force which enables things to be done which otherwise could not be.'

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<sup>1</sup> The word for the ram's horn trumpet is *shofar*, but see the discussion later in this chapter.

Dent and Peters were aware of the jubilee year, but saw it simply as a metaphor for liberation and a new start; they drew a strong parallel between the 'jubilee' call for the abolition of slavery and the cancellation of unpayable debts. They and the other early Jubilee 2000 campaigners were inspired by the imagery of jubilee rather than any of the detail of the Levitical legislation, of which they were largely ignorant (Greene, 2007). They saw the period of the 1990s as a critical one for debt relief, a 'kairos' moment. Linked with the notion of the year 2000 as a special time, the metaphor of a new beginning was the most powerful instrument of the campaign, establishing a resonance between the biblical tradition of release with the nascent yearning among millions of people that the new millennium would mark the advent of a new era of prosperity for the world's poorest.

Nevertheless, unresolved questions concerning the jubilee's historicity and application remain today, even though its meaning is considered to be primarily symbolic. In this chapter I will therefore investigate the validity of jubilaic themes and imagery for contemporary theological reflection on debt, and to analyse the different methods by which these may be employed in theological engagement with political economy. How can a tradition designed for an ancient, agrarian society be employed with integrity in today's global market? Writings on jubilee are commonly introduced with warnings as to the dangers of the direct application of jubilee principles without careful exegetical analysis,<sup>2</sup> yet I intend to

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<sup>2</sup> Examples of this would be Duchrow (2002: 35); Opiyo (1987: 3); Fager (1993: 13)

show that despite the hermeneutical difficulties the tradition presents, jubilee imagery and the way the tradition has been formed offer continued potency for contemporary theological engagement. To do this we begin with an introduction to the jubilee and sabbatical year legislations, and a discussion of the context in which these rules were generated. We then proceed to consider the limitations and potential of the jubilee for debt relief advocacy, and to draw out the merits of a non-deductive, symbolic approach which, as we shall see, is not free from criticism.

### **The content of the jubilee legislation**

The regulations concerning the institution of the jubilee year are found in Lev. 25: 8-55 and are closely linked to those for the sabbatical year (Lev.25:1–7; Deut. 15:1-11; Exod.23:10-11). Aspects of the jubilee are often discerned by scholars in Is. 61 and in the teaching of Jesus, in particular his sermon in the synagogue at Nazareth (Lk.4:16–21), a passage which in recent times has experienced a prominence not seen hitherto, particularly in parts of the developing world (Arias, 1984: 35).

The weekly sabbath is well known, has been practised continuously since ancient times and its influence upon Christianity is evident. The sabbatical year was a seven-yearly rest period for the land, during which no ploughing, sowing or reaping was permitted. The population would either trust in the providence of

God for a particularly bountiful sixth-year harvest, or would rely on foreign produce. With regard to fellow-Israelites, in the seventh year debts were cancelled and slaves were encouraged to claim their freedom. Since slaves might have opted for a lifetime of servitude under a benevolent owner rather than penniless freedom, freed slaves were to be given generous produce as an incentive to become independent (Deut. 15: 13-14). The justification for this was that Israelites were not redeemed from Egypt in order to become slaves of one another.

The Levitical legislation on the jubilee concerns restitution of land, remittance of debt and redemption of slaves every forty-nine or fifty years, in contrast with the Deuteronomic seven-year cycle of debt remission. It indicates the sovereignty of God over the land and the will of God to cancel debts, free people from servitude into greater forms of self-reliance, and provide means whereby economic exploitation is automatically curbed. It represents a process through which God authorizes a periodic, new beginning for the created order by returning people to their ancestral land and their socio-economic origins. Each section of the jubilee legislation in Lev. 25 concludes with a theological justification (verses 17-22, 35-38, 55), that 'the LORD your God' was the one who had released the people of Israel from the Egyptians and had given them the land of Canaan. Israelites were special people, never to be treated as less than servants of the Lord.

The legislation concerning the jubilee year includes successive stages of destitution and can be divided into three main sections, dealing respectively with land (vv.2-22), redemption of property (vv.23-38) and release of slaves (vv.39-55).

<sup>8</sup>You shall count off seven weeks of years, seven times seven years, so that the period of seven weeks of years gives forty-nine years.

<sup>9</sup>Then you shall have the trumpet sounded loud; on the tenth day of the seventh month – on the day of atonement – you shall have the trumpet sounded throughout all your land. <sup>10</sup>And you shall hallow the fiftieth year and you shall proclaim liberty throughout the land to all its inhabitants. It shall be a jubilee for you: you shall return, every one of you, to your property and every one of you to your family. <sup>11</sup>That fiftieth year shall be a jubilee for you: you shall not sow, or reap the aftergrowth, or harvest the unpruned vines. <sup>12</sup>For it is a jubilee; it shall be holy to you: you shall eat only what the field itself produces.

This proclamation introduces the institution of the jubilee, initiated by the sounding of the ‘shofar’, the ram’s horn trumpet, on the fiftieth year, proclaiming liberty to all. Verse 8 describes how the jubilee year is instituted in the year following seven sabbatical years, that is, seven times seven, thus it is the fiftieth year. The issue of whether the jubilee meant forty-nine or fifty years is relatively unimportant for our purposes here, though it may be an indication of the potential practical difficulties of implementation if such a key aspect is open to ambiguity. However, it may not be unreasonable to assume that this numerical uncertainty is a feature of interpretation, and not one recognised by the original audience.

The word ‘jubilee’ is a transliteration of the Hebrew *yôbēl* and was translated in the Septuagint as *aphesis*, meaning ‘release’. This is the translation preferred by North (1954: 2, 108), but others (Chirigno 1993:13; Wenham, 1979: 319;

Gerstenberger, 1996: 378; Snaith, 1971: 111; Dent, 1994: 34) argue that there is a strong etymological connection between *yōbēl* and the word for ram; hence it may stand for the ram's horn in Lev.25. The word 'liberty', also translated 'release', is rendered from the Hebrew *děṛōr*, itself probably derived from the Akkadian word 'andurarum' which is linked to Mesopotamian practices of debt- or slave- release (Chirigno, 1993: 313-7).<sup>3</sup> This meaning can correspond to 'be free' or 'be at large' (Ringe, 1985: 23)<sup>4</sup> and is the context for the translations in Jer. 34 and Is. 61. *Děṛōr* was translated as 'liberty' in the King James Bible (and hence the text on Philadelphia's Liberty Bell), but at that time cuneiform was indecipherable. When the code was understood, the root of these words became apparent as indicating freedom of movement, as in running water. Thus the 'liberty' proclaimed did not necessarily refer to complete autonomy, but rather the more limited freedom to return to one's territory and family roots, and from domination. It implied the freedom in which one may flourish and grow, but not unfettered self-determination (Houston, 2001).

The next few verses are concerned with the people returning to their 'allotted' land: neighbours must not be wronged, the commandments observed, and the people provided for by a three-fold harvest on the sixth year:

<sup>13</sup>In this year of jubilee you shall return, every one of you, to your property. <sup>14</sup>When you make a sale to your neighbour or buy from your neighbour, you shall not cheat one another. <sup>15</sup>When you buy

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<sup>3</sup> It might also mean 'royal decree'. Kuichi disputes the evidence for any firm connection between the two terms: Kuichi (2007: 457)

<sup>4</sup> Three other references are translated differently: either as 'bird' (Prov. 26:2, Ps. 84:3) or 'liquid' (Exod. 30:23). Snaith (1971: 111) suggests flowing water or horses galloping freely.

from your neighbour, you shall pay only for the number of years since the jubilee; the seller shall charge you only for the remaining crop years. <sup>16</sup>If the years are more, you shall increase the price, and if the years are fewer, you shall diminish the price; for it is a certain number of harvests that are being sold to you. <sup>17</sup>You shall not cheat one another, but you shall fear your God; for I am the LORD your God.

<sup>18</sup>You shall observe my statutes and faithfully keep my ordinances, so that you may live on the land securely. <sup>19</sup>The land will yield its fruit, and you will eat your fill and live on it securely. <sup>20</sup>Should you ask, What shall we eat in the seventh year, if we may not sow or gather in our crop? <sup>21</sup>I will order my blessing for you in the sixth year, so that it will yield a crop for three years. <sup>22</sup>When you sow in the eighth year, you will be eating from the old crop; until the ninth year, when its produce comes in, you shall eat the old. <sup>23</sup>The land shall not be sold in perpetuity, for the land is mine; with me you are but aliens and tenants. <sup>24</sup>Throughout the land that you hold, you shall provide for the redemption of the land.

<sup>25</sup>If anyone of your kin falls into difficulty and sells a piece of property, then the next of kin shall come and redeem what the relative has sold. <sup>26</sup>If the person has no one to redeem it, but then prospers and finds sufficient means to do so, <sup>27</sup>the years since its sale shall be computed and the difference shall be refunded to the person to whom it was sold, and the property shall be returned. <sup>28</sup>But if there is not sufficient means to recover it, what was sold shall remain with the purchaser until the year of jubilee; in the jubilee it shall be released, and the property shall be returned.

Verse 23 affirms the divine ownership of the land, which might be seen as the foundational basis for the entire jubilee legislation (Fager, 1993). Because the land belonged to God it could not be treated as a mere commodity as did the Canaanites, and must not be sold without right of redemption. If a fellow Israelite had to sell his<sup>5</sup> land, there was an obligation on others to redeem the sold land; if the Israelite prospered in due course he should purchase the land back, the price

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<sup>5</sup> The text naturally assumes that the active agents here can only be male. Houston (2001) alone makes this point explicit.

being deduced by a sliding scale since the date of sale. If he was not able to re-purchase the land, the new owner had right of the land only until the jubilee year.

<sup>29</sup>If anyone sells a dwelling house in a walled city, it may be redeemed until a year has elapsed since its sale; the right of redemption shall be one year. <sup>30</sup>If it is not redeemed before a full year has elapsed, a house that is in a walled city shall pass in perpetuity to the purchaser, throughout the generations; it shall not be released in the jubilee. <sup>31</sup>But houses in villages that have no walls around them shall be classed as open country; they may be redeemed, and they shall be released in the jubilee. <sup>32</sup>As for the cities of the Levites, the Levites shall forever have the right of redemption of the houses in the cities belonging to them. <sup>33</sup>Such property as may be redeemed from the Levites – houses sold in a city belonging to them – shall be released in the jubilee; because the houses in the cities of the Levites are their possession among the people of Israel. <sup>34</sup>But the open land around their cities may not be sold; for that is their possession for all time.

<sup>35</sup>If any of your kin fall into difficulty and become dependent upon you, you shall support them; they shall live with you as though resident aliens. <sup>36</sup>Do not take interest in advance or otherwise make a profit from them, but fear your God; let them live with you. <sup>37</sup>You shall not lend them your money at interest taken in advance, or provide them with food at a profit. <sup>38</sup>I am the LORD your God, who brought you out of the land of Egypt, to give you the land of Canaan, to be your God.

There then comes a significant exception in the legislation: properties within walled cities were exempted from the right of redemption beyond a year from the date of sale; properties in unwalled cities were regarded as equivalent to land, since they were less secure (and hence less valuable) (Kuichi, 2007: 461). As regards cities belonging to Levites, houses could be redeemed at any time, and in any case would be released at the jubilee; Levitical land could not be sold under any circumstances. Israelites were obliged to support any destitute kin, who had the status of resident aliens; interest could not be charged nor profit extracted from them.

<sup>39</sup>If any who are dependent on you become so impoverished that they sell themselves to you, you shall not make them serve as slaves. <sup>40</sup>They shall remain with you as hired or bound laborers. They shall serve with you until the year of the jubilee. <sup>41</sup>Then they and their children with them shall be free from your authority; they shall go back to their own family and return to their ancestral property. <sup>42</sup>For they are my servants, whom I brought out of the land of Egypt; they shall not be sold as slaves are sold. <sup>43</sup>You shall not rule over them with harshness, but shall fear your God. <sup>44</sup>As for the male and female slaves whom you may have, it is from the nations around you that you may acquire male and female slaves. <sup>45</sup>You may also require them from among the aliens residing with you, and from their families that are with you, who have been born in your land; and they may be your property. <sup>46</sup>You may keep them as a possession for your children after you, for them to inherit as property. These you may treat as slaves, but as for your fellow Israelites, no one shall rule over the other with harshness.

<sup>47</sup>If resident aliens among you prosper, and if any of your kin fall into difficulty with one of them and sell themselves to an alien, or to a branch of the alien's family, <sup>48</sup>after they have sold themselves they shall have the right of redemption; one of their brothers may redeem them <sup>49</sup>or their uncle or their uncle's son may redeem them, or anyone of their family who is of their own flesh may redeem them; or if they prosper they may redeem themselves. <sup>50</sup>They shall compute with the purchaser the total from the year when they sold themselves to the alien until the jubilee year; the price of the sale shall be applied to the number of years: the time they were with the owner shall be rated as the time of a hired laborer. <sup>51</sup>If many years remain, they shall pay for their redemption in proportion to the purchase price; <sup>52</sup>and if few years remain until the jubilee years, they shall compute thus: according to the years involved they shall make payment for their redemption. <sup>53</sup>As a laborer hired by the year they shall be under the alien's authority, who shall not, however, rule with harshness over them in your sight. <sup>54</sup>And if they have not been redeemed in any of these ways, they and their children with them shall go free in the jubilee year. <sup>55</sup>For to me the people of Israel are servants; they are my servants whom I brought out of the land of Egypt: I am the LORD your God.

This last section is concerned with release of slaves, by which is meant fellow Israelites who had found it necessary to sell their labour; in ancient times most Israelite slaves were debt slaves (de Vaux, 1973: 83, 172). Such persons had to be treated as servants rather than slaves, and they and their families were

released from all obligations at the jubilee in order to reclaim their ancestral land as redeemed persons. If a fellow Israelite sold his labour to a resident alien he retained the right of redemption, likewise his own kin could redeem him at any time; the price being calculated in accordance with the number of years worked in proportion to those remaining until the jubilee. Foreigners acquired as slaves through conquest and from the resident alien population were excluded from this legislation, an important exemption with significant and unfortunate consequences in history, as this clause was used to justify the institution of slavery. Such foreigners could legitimately be regarded as property, unlike fellow Israelites.

### **The context of the jubilee legislation**

Most commentators agree that the origins of the sabbath and jubilee are likely to be ancient.<sup>6</sup> There are many common factors between the instructions in Deuteronomy and Leviticus and Mesopotamian practices, particularly the 'misarum' and 'duraru' which involve release of slaves or liberty to debtors. The parallels are very close in terms of function, though the Mesopotamian incidents of such releases were temporary and irregular (Weinfeld, 1990). The origins of the release in the jubilee may well lie with the ancient near eastern desire to preserve ancestral land. Roland de Vaux's view (1973: 176-7), that it was a utopian law and a 'dead letter', is quoted frequently with some disapproval by commentators for its assertion that the jubilee was nothing more than a vain, late

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<sup>6</sup> For more information on Mesopotamian practices see Hudson and van de Vieroop (2002)

attempt to extend the sabbatical legislation to include property. In terms of interest charging, it is believed that Israelites did not, in general, practise this on one another. Only one Biblical reference indicates any breach of this (Ezek.18), although other sources such as the Elephantine Papyrus give evidence to the contrary (Phillips, 1984). The rabbinic interpretation of the jubilee legislation prohibited the charging of interest only to the poor, not to all Israelites (Sloan, 1977: 21).

The key work for understanding the jubilee is Robert North's *Sociology of the Biblical Jubilee* (1954).<sup>7</sup> Now more than fifty years old, it is still highly regarded by recent commentators and remains the most comprehensive. North maintains that the jubilee was not a universal, simultaneous event across the nation, but simply marked off the period from the taking out of a debt; most other commentators accept the premise of a simultaneous observance of the jubilee legislation. He argues that the origins of the jubilee lay in the concept of the sabbath and the extension of the seven-yearly cycle of the sabbatical year to a fifty year one, due to economic circumstances: the seven-yearly 'experiment' of being able to use one's former land would not often be long enough to promote sufficient prosperity to be able to buy much of it back. In other words, seven years was insufficient time to effect much socio-economic change (North, 1954: 188). Thus the emphasis moved to a fifty year cycle in order that debts might not be passed on to future generations, and that the heirs of the indentured might be given a fresh

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<sup>7</sup> Other key works are: North (1974), Fager (1993), Chirichigno (1993), Gnuse (1985a, 1985b), Wright (1984, 2004), Padilla (1996), Logan (1997), Glass (2000), Chaney (1991), Weinfeld (1990) and Kinsler and Kinsler (1999)

start. Against this view however, the sabbatical year contains no notions of land reform, and the regulations on debt repayments in such years are ancillary, not foundational (Fager, 1993: 95-6). Nonetheless, it should be acknowledged that both the sabbatical and jubilee years are predicated on the basis of divine ownership of the land, albeit in slightly different ways. Wright (1992) argues for a comparatively early date for the origins of the jubilee, and that it later fell into disuse. He argues that it is unlikely to be exilic since by that time the notion of Israel's election had become less strongly tied to family and land than hitherto, and had even begun to include non-Israelites. Less conservative scholars believe the text to be either exilic, post-exilic, or both. Duchrow (2002), for instance, surmises that the regulations began with concern about the increasing divide between rich and poor in the eighth century BCE, as a property- and credit-based economy emerged; however, the purpose of the legislation in post-exilic times was to prevent latifundia and allow each family to own its own land. As such, the jubilee is therefore a relatively late adaptation of earlier customs, but placed within the 'Holiness Code' as a means both of highlighting its importance, and establishing its *raison d'être* within the context of the special covenantal relationship which God has established with the Israelite community. The jubilee reflected a time of renewed national self-awareness and religious obedience, and thus it represented a 'decisive year of grace' linked to the Day of Atonement festival (Kanyandago, 2002: 47).

The balance of scholarly opinion leans decisively towards the jubilee text as belonging to the Priestly tradition, codified around the time of the exile. The immediate post-exilic period was one of considerable turmoil for the re-constituted society in Israel. Successive waves of former exiles returned, only for disputes to arise concerning the ownership of the land. Doubtless, during the fifty or more years of absence others had taken over some of the land, and ownership was unclear in many instances. The Levitical legislation, expanding concepts of seven-year remittance to fifty, can therefore be understood as a means of remitting land back to the original owners - or at least, to those who owned the land immediately before the exile. Admittedly the context of the legislation is that of poverty rather than deportation into exile (Houston, 2001), but I do not see that this necessarily rejects such a view; as a political policy it may have been advantageous to locate the rationale for land distribution on the basis of natural justice rather than social obligations. One interesting possibility is that the legislation represents a victory of practical compromise over against an Ezekielian minority who advocated complete redistribution of land, that is, a reformist position over against a radical one (Logan, 1998b: 59).<sup>8</sup> Whatever the precise nature of the legislation's origins, the jubilee was clearly a practice that would favour returnees, not least the priestly classes who were developing the understanding that the exile was primarily the consequence of Israel's disobedience; a return to ways of strict obedience would be a means of ensuring such calamities did not happen again:

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<sup>8</sup> Unfortunately Logan is unable to recall his source of this information.

'the jubilee principle can.. be viewed as the political and economic ploy of the Aaronid priests to achieve leadership in restored Judah by dispensing benefits to a wide swath of the populace, presumably with civil and military support from the Persians.'(Gottwald, 1997: 37)

Such views are admittedly speculative, though this is no reason to deny their plausibility, not least since there are plenty of historical parallels with this hypothesis. One could argue, however, that the intention of the legislation was not so much the prevention of wealth disparity, but rather the maintaining of the status quo, in which land returned to its original (Israelite, not Canaanite) owners and could never be sold outside the local clan. The beneficiaries were clearly those with title to land such as the peasantry, rather than foreigners or Israelites without title.

The issue of walled and Levitical cities is interesting, and rarely mentioned by debt campaigners. The reasons for this exemption are unclear, but it could be that the rule was effectively a means of compensating priests who would not otherwise benefit from the Levitical legislation. Freedom from jubilee would allow them to foster business enterprises without fear of losing their investments every fifty years. (According to Ezek.48:9–14, priests and Levites were allotted a sacred reserve which the latter could not sell or exchange in any part.<sup>9</sup>) Another possibility for this exception on walled cities is that it represents a clear indication of economic development moving away from a land-based economy. In large (walled) cities where professional elites became established, society had become

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<sup>9</sup> This prohibits any form of economic activity: see Gerstenberger (1996).

stratified according to class, employment and prosperity (Milgrom, 2004: 308).<sup>10</sup> As such, tribal differences became less clear and so people lost touch with concepts of ancestral land. Under such conditions the jubilee legislation would have become meaningless. This is a significant development, for there is here an appreciation of the unrealistic elements within it and the limitations of the jubilee legislation in an environment other than an agrarian economy. Indeed, it is a major indicator that the legislation was formed at a time when the urban economy was becoming based upon money rather than land. This might be seen as supporting evidence for the historical practice of the jubilee, for the exemptions of walled cities indicate that the legislation was not entirely hypothetical. It seems clear that the jubilee acts as a modification of earlier legislation, and in so doing is cognisant of the viability of the sabbatical year legislation. An instance of this may be seen in the way Lev. 25:6-7 overrides Exod.23:10–11, permitting gleaning over earlier legislation stating that in the sabbatical year only the poor could eat its wild produce. Thus, 'it is Leviticus that makes the Sabbatical law workable' (Milgrom, 2004: 312). Clearly the jubilee legislation contained intended benefits for society in the main, with the promise of social stability and a new, 'clean slate' for all, instead of constant legal wrangles over land ownership. It was however, essentially conservative in outlook, locating the jubilee in a concept of original justice rather than the abstract equality of persons (Houston, 2001).

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<sup>10</sup> Kiuchi (2007: 461) mentions the possibility that houses in walled cities were not regarded as family inheritance property and thus irrelevant to matters of economic survival.

## Problems associated with the jubilee legislation

There is widespread disagreement of opinion regarding the extent to which the sabbatical and jubilee years were actually observed. Whilst there is clear evidence of debt-release in other parts of the ancient near east (though never on a regular basis), there is no firm evidence in historical records of instances indicating that the jubilee year was ever enacted in Israel. The Hebrew Scriptures and the New Testament are noticeably silent on the matter, with the possible exception of Neh. 5 and Jer. 34 (discussed below). There are suggestions of particular years during the period of the Greek wars, but this evidence is far from clear. However, there are other indications that sabbatical years may have been observed – at least in part, for there is evidence that the Romans did not tax Jews during their sabbatical years as late as 66CE, for instance, and Josephus refers to the custom of the fallow year in Israel. Feliks (1997)<sup>11</sup> affirms that during the period of the second temple the rules concerning the sabbatical year were observed, and cites Hillel's introduction of the *prosbul* (see below) as evidence that the sabbatical year was actively in force.

The only clear instance of debt release in Scripture is found in Nehemiah 5, though most commentators see no direct connection between this account of and the Levitical legislation, despite their apparent similarities. The people complained that they were being forced to give up their goods, even children,

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<sup>11</sup> De Vaux's contrasting opinion has already been mentioned in the previous section.

due to the increase in taxation – not least to the Persian empire. Nehemiah's edict did not occur in order to comply with divine law, but was prompted rather by the critical economic circumstances at the time. Nehemiah's reform was therefore intended as a once-only measure, not the institution of the jubilee cycle. There are some (Croatto, 1997; Kandanyago, 2002) who, however, see great significance in this account and find it paradigmatic, not least since it occurs due to popular pressure rather than legislative processes. Croatto (1997) takes issue with some renderings of Neh. 5:11, in which the creditors are urged to repay one hundredth of the amount extracted from the poor; he argues instead for a translation meaning 'hundredfold'<sup>12</sup>. In this view, the text would indicate that the creditors had indeed become wealthy and could afford this cancellation. Against this, it must be said that Nehemiah does not refer to the jubilee explicitly, and this is an indication that the jubilee legislation might have been framed after this period. Nehemiah would presumably have referred to such a powerful theological resource had he been aware of it.

Some theologians immersed in the Church in Latin America, such as Opiyo (1987) and Kinsler & Kinsler (1999) contend that there are many references indicating that the jubilee occurred, at the very least, on an occasional or partial basis. However, their logic is undermined by the very admission that these incidents are responses to local crises rather than due to the Levitical legislative timescale. Thus they cite, in addition to Nehemiah and Jubilees, Zedekiah's

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<sup>12</sup> For example, earlier versions of the Jerusalem Bible, also the New International Version and the Revised Standard Version.

release of slaves (Jer. 34) and Ezekiel's 'year of liberty' (Ezek 46:16-18) (Opiyo, 1987: 8; Kinsler and Kinsler, 1999: 80). The release of slaves by Zedekiah may well have been instigated due to the military demands of the time in the face of Babylonian hostilities. Faced with the prospect of siege it may well have been prudent to release slaves in order to bolster the army (Lemche 1976: 51).

Furthermore, although Zedekiah authorises the release of all the slaves and without reference to their longevity of service, this act in itself is not a firm indication of jubilee practice.

There are rabbinical statements that the jubilee was suspended after the fall of Samaria, and it is clear that there is no direct evidence that the jubilee year, unlike the sabbatical year, was ever practised (Milgrom, 2004: 307-8). The fact that the jubilee was probably never practised is not shirked by modern proponents of jubilee but this is not regarded as necessarily problematic, for its value lies not in its historicity but its symbolism, and its broader intentions to ameliorate the conditions of those who inevitably suffer from natural disaster or economic failure. The problems of its implementation – not least under foreign rulers - are countered by the evident practical realism of the legislation. The extension to forty-nine years and the exception concerning walled cities are examples of earlier legislation being altered to take later circumstances into account. Thus the Levitical legislation can be viewed as a corrective measure concerning matters such as slaves and debt, and reveals how this has been an ongoing tradition, adapting to changing circumstances.

The most significant development of the jubilee legislation in Israel was the invention by Hillel of the *prosbul*, a technical device to avoid the problems caused by lack of credit as the sabbatical year approached. This is not necessarily any indication that the jubilee ever occurred, although its invention has been regarded as indicating some observance of jubilee regulations. North (1954: 91) comments that the *prosbul* was so widely praised by rabbis that it may be an indication that they saw the legislation as at least containing some relevance related to actual practice.<sup>13</sup> Hillel realised that few people would have any incentive to lend money or buy land near the time of the sabbatical year, as they would have little chance of ever getting it back. The *prosbul* was therefore a legal mechanism that authorised the eventual repayment of a debt, whereby the contract is not between debtor and creditor, but between debtor and a special court. The word *prosbul* itself means 'for the court', (Cohn-Sherbok, 1992; Wigoder, 1989: 624) thus the jubilee legislation – which applied only to individuals – was deemed irrelevant in such procedures. The court acted in effect on behalf of the interests of the creditor for the purpose of collecting the debt. The rabbis had the authority to perform such modifications since the sabbath year legislation was rabbinical, not biblical; the rules concerning sabbatical and jubilee years were considered only valid for Israelites living in the land of Israel. By the time of the late first-Temple, some tribes east of the Jordan had already been exiled and these regulations no longer obtained. Thus Raiser (1997: 92) concludes that 'subsequent observance of the sabbatical and jubilee years could

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<sup>13</sup> As stated earlier, North is convinced, unlike many others, that the Sabbatical and Jubilee Years were not enacted at the same time across the nation.

only be on the basis of rabbinical authority.' During the sabbatical and jubilee years, the prohibitions on working the land might have exacerbated the vulnerability of the poor and exposed them to loan sharks (who were presumably not fellow Israelites). In such circumstances the *prosbul* could have been beneficial for the poor, in that it ensured a more acceptable source of obtaining credit in the face of hunger and starvation (Green, 1997: 7-9).

Present Jewish practice (excluding extreme Zionists) does not enforce the sabbatical year on the grounds that it applies only to Israel as portrayed in Lev. 25. The jubilee regulations are understood either to refer to a past era (for example, the Davidic kingdom) or to be considered as eschatological; that is, directed at a future messianic age. This debate continues within Judaism today, but in any case the jubilee is now placed within private spiritual contemplation, in the practice of the sabbath.

One striking insight of the jubilee year legislation is gained by consideration of the intended timescale. Fifty years was approximately the length of an adult life, and hence such a span would be sufficient to ensure that debts incurred by one man were not transferred to his children (Logan, 1997: 15). Future generations would remain on the ancestral land, and not have to bear the consequence of their forebears' failure or lack of fortune. Hence, one can surmise that an important element of the legislation was the view that people should not bear the

'sins' of their ancestors, and that each generation ought to be allowed to begin afresh.

### **Contemporary uses of the jubilee and Sabbath economics**

#### *(a) The radical hypothesis: jubilee as the beginning of a new social order*

One strand of jubilee usage within the campaign was the emphasis on the jubilee as a set of principles to be applied, chiefly concerned with the redistribution of wealth. In general, sources that clearly bear the influence of Liberation Theology were particularly prone to this. Here the jubilee is described more prescriptively as a manifesto for action, however seemingly impractical, in that the Church is called to proclaim the jubilee and the new dawn it heralds of God's eschatological reign, with its promise of peace, justice, renewal and liberty. In this approach Jesus' ministry is regarded as clearly jubilatic in character, with the prophecies concerning the jubilee becoming realized in him. Thus the ministry of Jesus is a call for jubilee to be enacted; it comprises a radical call for the equalising of economic disparities and the return of economic life to its basic principles once again. This has been the approach of Yoder (1994), whose work *The Politics of Jesus*, first published in 1972, can be credited with first bringing the jubilee to prominence within New Testament studies. This notion of equalisation in the jubilee is described by Pope John Paul II (1994: 20) as a 'social doctrine', though it is more typically a feature of those whose approach is in sympathy with that of Liberation Theology. For instance, Padilla (1976), like Yoder (1994 and Green

(1997), understands the jubilee simply as demonstrating absolute equality between people as an ethical demand, not just a theoretical statement. The same applies to many pronouncements of Jubilee South.

Equality was also a theme in the Jubilee 2000 coalition's own publications. The first edition of the *Debt Cutter's Handbook* (1996) contained six pages of biblical and liturgical material reflecting on debt (Hanson, 1996: 38-43). Interestingly, the first section in this is headed 'Jubilee' but the key reference is to Deut. 15, not Lev. 25. Indeed, there is no explanation of what the jubilee year involved, other than that it ensured that nobody would be left in debt slavery for ever. Forster's following article (1996: 40-41) described the jubilee year as a '50<sup>th</sup> year regeneration programme' which comprised 'a total redistribution of wealth and capital back to the equalities of capital shared among the families at the beginning of their occupation of the land'. This may have been the hope of those framing the jubilee legislation, but the text does not say so. Conflating jubilee and notions of equality is an inaccurate rendering of external ideas on to the text.

A method of deductive theological reasoning was a feature of the Jubilee 2000 campaign, yet this was not as major a component as might first seem; many of the references to jubilee did not make explicit the link between the biblical text and particular application, but were used rather to establish connections with debt relief and encourage the notion of a new beginning. Most notable in Jubilee South, jubilee was not confined to matters of debt release, but embraced a

comprehensive hope for a new social order based on constraints upon power and the upholding of life. This vision encompassed social and global aspects, including the call to conversion and reparation:

‘...jubilee signifies freedom from debt and all forms of domination together with the restoration of land and a dignified livelihood to all the oppressed...’ (Jubilee South, 2000a)

Another instance of this also shows a clear debt to the work of Meeks:

‘our concept of Jubilee.... is a concept of justice, in this economic (oikonomia) justice. It embraces, apart from debt cancellation, the restoration and reparation concepts.’ (Jubilee South, 1999b)

There are several problems with this way of translating the jubilee legislation into contemporary Christian social ethics. One of these is concerned with the historicity of the jubilee, the likelihood of its non-implementation, the uncertainty over its period and the debate over whether it was intended as a once-only event or as a regular occurrence. Radicals rarely consider this issue: as we noted at the beginning of this chapter, Green even inferred that the jubilee had been a historical occurrence. Attention to the text of the jubilee legislation reveals caveat and limitations, such as the exemptions for walled cities; although the release of debt slaves involves economic redistribution, the legislation does not call for a change to economic patterns nor does it challenge the institution of debt-slavery, which is assumed to be an acceptable feature in society.

In addition, a problem arises from the original context of the regulations, concerned with the various assumptions about economic life limited to the world of an ancient, agrarian society. Such an understanding of economic relations was confined to private debt, against which the fields of commercial borrowing on behalf of a collective in an industrial, capitalist society have no parallel. Clearly then, there are questions as to the applicability of any of the issues to which the jubilee points. The population is assumed to be stable and the economy to be static, subject neither to growth or change, though the background to the taking on of debt was often famine or disaster (e.g. Neh. 5). In a cyclical, agrarian economy, new beginnings are conceivable; in the global economy of today the notion of re-starting the economy is inconceivable because it is premised on capital growth using money.

Perhaps most critical to an ongoing understanding of the jubilee, is the assumption in the legislation that despite the best of motives and intentions there will be some who will inevitably suffer from natural economic processes; their plight is not normally redeemable through such processes, but requires something extraneous, such as political action. However, a further problem with the radical hypothesis is that the jubilee was instigated by the priests and other governing classes; while their motives might have included consideration for the fabric of the society as a whole, the impetus for socio-economic change came not from the victims of the economic arrangements, but from those at the other end of the social scale. Thus the jubilee can be viewed as a means of

maintaining the status quo for the powerful, through appeasing the poorest, rather than challenging the economic structures in society. It has been pointed out that, today, it is also the clergy who are – perhaps uniquely - placed between powerless and powerful to point to matters of ‘common interest’ (Logan, 1998b: 62). The danger of approaches based on moral exhortations to the consciences of the powerful is that they absolve most people of their responsibilities. There is the potential for this to happen with the use of jubilee imagery, because it is based upon legislation enacted by the powerful on behalf of society. In other words, jubilee imagery does not regard the poor as agents of social change but as passive recipients of divinely authorised legislation enforced by the ruling class.

We may therefore conclude that the jubilee cannot be regarded unequivocally as a radical concept since it also contains significant conservative elements and exceptions; nor can those elements of its genuinely radical character be readily applied, since the economic and social context of the legislation is so markedly different from that of today.

*(b) Jubilee as metaphorical imagery of ‘release’*

The jubilee theme may also be utilised as symbolical imagery, concerned not so much with the detail of the legislation but how its meaning has been employed since then, not least by Jesus, and how such imagery might continue to function

today. In large part this is due to the work of Sharon Ringe (1985), who in turn adapted the work of Sloan (1977); Ringe's work was influential for many of the campaign's writers, such as Logan and Selby. Sloan stated that the eschatological character of the jubilee became significant through its interpretation and usage by commentators in the centuries following the exile; Ringe also understands the jubilee and its content in the New Testament as being eschatological and symbolic but, critically, she uses the eschatological imagery in a way different to the prescriptive approach.

Ringe's *Jesus, Liberation and the Biblical Jubilee* (1985) is an important work developing further the connections between biblical exegesis and the ministry of Jesus. Her work is typical, though with far greater depth, of those who perceive the message of Jesus as incorporating explicitly the message of the jubilee. According to Ringe, the jubilee motif is useful as a metaphor, a symbol of release into liberty for the poor, though the foundational concept underpinning the jubilee - of God's sovereignty - is not metaphorical but understood both factually and as eschatological hope. As Brueggemann puts it in his introduction to her work:

'[the metaphor of jubilee]... is no longer a flat social process to be implemented or rejected, but it is now a linguistic act that continues to have dangerous power in all sorts of contexts.' (Ringe, 1985: x)

Indeed, metaphorical imagery is here described as the way in which we encounter Scripture, and whose purpose is to provoke responses rather than prescribe particular courses of action: (Ringe, 1985: 91) this is a crucial

methodological point. Ringe's approach to Christian ethics understands such imagery as helping to 'establish the contours of the world in which one's action takes place' (1985: 10) rather than direct application or transliteration. Such images transcend the particularities of cultural and social context, and need to be opened up by each generation (1985: 97, 10). In this way Ringe seems to have found a way of obviating the difficulties discussed in the previous chapter, concerning the practicalities of devising ethics in a plural society where universally agreed concepts are absent.

Sloan contends there is a close tie linking Jesus' announcement and jubilaic imagery, and, furthermore, that in the words of Jesus, forgiveness contains a 'jubiliary import'. He argues that the word *aphesis*, the translation of the Hebrew *děror* (Lev. 25:10), in the Septuagint suggests a primary meaning of liberation, and is thus connected strongly to 'dektos' ('acceptable', Lk.4:19) (Sloan, 1977: 34-38). Ringe is more cautious than Sloan in her approach to finding jubilee typologies in the New Testament, remarking that Greek makes less distinction between terms than does Hebrew. She takes particular issue with Yoder (1994: 62), and by implication, Sloan, who have made much of such linguistic similarities, and whose approach she accuses of being based on inadequate textual analysis. She argues that not only has *aphesis* a wider range of meanings than jubilaic ones, but a more fruitful identification of jubilee traditions lies in the clustering of jubilaic imagery within a short passage of the Gospels (Ringe, 1985: 34-35).

In Ringe's use of the jubilee theme the text of Is. 61 is pivotal, perhaps more so than Lev. 25. because in Lk. 4 Jesus quotes Is.61 and makes connections between it and his own person and ministry. According to Ringe, jubilee is fundamentally about liberty, and its features can be elucidated from consideration of the Isaiah text: the announcement of God's reign, the proclamation of good news to the poor, and the declaration of 'release'. This compares favourably with the Levitical format of announcement: measures to enact the redemption of land, and the reminders of God's sovereignty over the land. The Isaiah text contains the jubilee imagery that points to a 'boundary movement' of God's eschatological and sovereign rule, where the new order breaks in upon the old.

The weakness of Ringe's exegesis is that she bases the jubilee theme on *děřōr*, but in effect, the main source of jubilee information is taken from Is. 61 and not Lev. 25. Although the prophecy in Is. 61 can be seen as superficially similar to Lev. 25, much still hinges on the exegesis of one Hebrew word. This explains how, for instance, forgiveness can play a major part in the jubilee imagery, despite its complete absence from the Levitical text. The problematic link is between Is. 61 and Lev. 25, not between Isaiah and Luke. Others beside Ringe have asserted that Lev. 25 and Is. 61:1-2 are virtually identical in terminology and typology: 'The combination of "proclaim", *derōr* [sic], and "year of Yahweh" would almost certainly have recalled to Israelite hearers the jubilee year...' (North, 1954: 228) North states that although there are no certain grounds for linking Is. 61 and Lk. 4, nonetheless the circumstances indicate that Jesus was saying that

these lines of Is. 61 are fulfilled in him. This may indeed be so, but this does not mean that necessarily the teachings of Jesus embraced jubilee motifs if we understand these as being the spirit of the regulations found in Lev. 25; one can affirm that Jesus offered forgiveness and proclaimed the inauguration of the liberating kingdom of God, without necessarily including that his message has the jubilee at its heart.

Ringe finds many aspects of the message and ministry of Jesus consonant with Is. 61:1 and 58:6 (which is also translated by *aphesis*). She sees the whole of Luke 4 (synagogue proclamation, deliverances) and Luke 7 (forgiveness) as mediating the 'transformative events outlined in the Isaianic passages' (Ringe, 1985: 48). She finds such jubilee imagery in the recognition Jesus gives to the poor (the beatitudes, banquets) and to those who respond to them (Zacchaeus, the woman at Bethany, the rich young man). She describes the Lucan Lord's Prayer as eschatological in that it looks forward to the coming of God's kingdom - which is, itself, described in imagery reminiscent of the jubilee traditions; its focus is on that boundary movement described above:

'While it is not appropriate to call the Lord's Prayer a Jubilee prayer in the strict sense of being able to trace each of its petitions to specific Jubilee texts, it is nonetheless a Jubilee prayer in that it expresses ... images in common with the Jubilee traditions of Hebrew Scriptures as elaborated elsewhere in the Synoptic Gospels.' (Ringe, 1985: 84)

Ringe proceeds to identify nine jubilee images in eighteen instances in the Synoptics, including forgiveness, repentance, healing and exorcism as well as

the proclamation of good news to the poor. While Ringe asserts that she finds it 'quite likely' that jubilee images figured in the teachings of Jesus, she admits that little can be known about how these featured. Jubilee imagery is woven into the Synoptics, but she doubts whether those gospel writers were cognisant of perpetuating the jubilee tradition. Ringe seems to be saying that although jubilee themes are undoubtedly present, they have been so detached from their original source of inspiration as to be no longer readily obvious. This is a little puzzling, for one could argue that if jubilee was so important then one might assume it would have been mentioned a little more overtly, even if one accepts that this imagery is subsumed into Jesus' eschatological kingdom of God announced as the 'acceptable year of the Lord'. Nonetheless, Ringe's approach does provide a better response than Yoder to the question of why jubilee is not referred to explicitly in the gospels. There is more to jubilee than release from bondage however, the work of Sloan and Ringe may thus be regarded as insufficient for wider theological reflection on debt rather than inappropriate: jubilee is also about repentance, and the conservative elements of its practice also need to be taken into consideration.

One significant feature of jubilee imagery has been to provide an ideal against which to posit the contemporary situation, helping to throw into sharp relief the assumptions and power relations that lie underneath. The concept of radical debt release, though impractical, can thus serve to provoke wider questions about economic and political structures and the kind of social vision for which

Christians hope. It is in this sense that Fager (1993: 34, 121) maintains that the jubilee theme developed from an increasingly problem-ridden piece of legislation into theological symbolism 'not in the sense of unreal but in the sense of truly real'. He denies that the practical difficulties of enacting the jubilee legislation mean that it is necessarily utopian: rather, the jubilee lays claim to an underlying reality which contrasts with appearance. The jubilee is thus both descriptive and normative, it states what (really) is, and what ought to be. The jubilee can therefore be regarded as a didactic resource whose purpose is to hold up a set of values, rather than a set of statutes (Houston, 2001);<sup>14</sup> such a description is broadly consonant with Ringe's view of the metaphor of jubilee helping to establish contours rather than specifics. Raiser observes that in holding up a vision of the future against the present economic order, the jubilee is able to prompt questions about the ideologies that distort our sense of what is happening, and may blind us to their consequences. Utopian projections such as the jubilee 'may assume the role of a critical test for the existing reality, unmasking the ideological element' (Raiser, 1997: 20). The jubilee can thus be regarded as prophetic, contradicting the realities of economic practice and philosophy. It is indeed true that through conversations with the likes of the Jubilee campaign, some economists were made aware of the devastating human impact of their policies - to their surprise. It is also true that in consultations the WCC has preferred to lecture the World Bank with the worst examples of World Bank-aided projects, rather than a manifest desire to enter into meaningful

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<sup>14</sup> However, Soelle (1991: 20) describes the jubilee laws as visionary, realistic proposals and 'concrete socio-historical concepts of a better order'

dialogue.<sup>15</sup> The jubilee as a utopian, idealist image can perform a valuable function helping people to realise the extent to which contemporary economics and politics continue to fail the poor, and to articulate a vision of the nature of the good society:

‘At best, the jubilee, like love, is an impossible possibility. It is always there to question our self-satisfied achievements and call us to new heights. It is highly useful as a goad [sic] but never realizable.’ (M. Taylor, 1995: 169)<sup>16</sup>

One is reminded here of Bonhoeffer’s concept of the dependent relationship between ultimate and penultimate, for in the ultimate of the jubilee the penultimate issues of practical debt relief derive inspiration and guidance; in the penultimate there is the focus is on the ultimate yet without expectation of actually achieving it fully.

(c) *Jubilee as a worked example of practical faith*

Here the concept of jubilee is appraised as neither principled legislation nor symbolical imagery alone, but emerges from a reflection upon both. In this way the problems in the legislation detail such as the exemptions of walled cities, and issues of contextual difference are brought fully into the discussion. Logan (1997), for example, has developed Ringe’s approach using the jubilee image as a tool for discovering the nature of divine salvation for the present situation, and asking the question of what we mean by ‘release’ today. He states that the

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<sup>15</sup> I am grateful to Wendy Tyndale, former Co-ordinator of the World Faiths Development Dialogue, for this observation (2003).

<sup>16</sup> Niebuhr’s phrase ‘impossible possibility’ was also used by Spray (1999)

important factor is not how Jesus may have used the jubilee image – if at all – but how the powerfulness of its imagery can reveal to human beings other possibilities of living beside the status quo.

Like Ringe, Logan avoids direct application of jubilee practices, but uses the imagery of release to address the nature of economic dependency, such as wage slavery and debt. Rather than based upon land, as in the Levitical jubilee, Logan is concerned with money and the way power is related to it, determining availabilities and conditions of credit, for instance. As with his understanding of the Levitical jubilee, Logan sees the practice of jubilee release as one which is reformist, benefiting all sectors of society. He does this not by imposing a particular doctrine of release on to economic circumstances, but positing the questions of power and dependency alongside matters of political and economic realism.

Atherton (1997) describes the jubilee as combining both idealism and realism, hope and economics, but without the utopianism expectation of a revolutionary, new economic and social order. Here the recurrent fifty-year cycle in the jubilee legislation is viewed as evidence of its rejection of revolutionary intent, recognising that, as we saw earlier, economic systems will inevitably all fail. Atherton sees this as examples of sin and finitude within the jubilee as the legislation was being framed: the principle of the jubilee is not therefore a simple

one of release from debt bondage, rather a set of insights about human systems and organisations.

This realism is manifest in the campaign's awareness of the problem of moral hazard: jubilee remission in Leviticus is unconditional, and therefore the jubilee is open to the accusation that it rewards laziness as well as thrift. The *prosbul* serves here as a pertinent indication of how the availability of credit would dry up if incentives were removed. The campaign's rhetoric, in the UK, in Zambia and as a coalition, firmly stated that remission should not be allowed to reward corruption and waste; its endorsement of conditionality from below was one attempt to obviate this possibility.

### **Summary: the jubilee in theological reflection on debt**

Jubilee 2000 used the theme of jubilee primarily as a symbol for a new start, free from the bondage of debt slavery. This chimed brilliantly with the *zeitgeist* of the 1990s. As a political device, jubilee was invaluable to the campaign; as a theological resource its main function was, with the exception of Jubilee South and a few other radicals, to develop the broad theme of release for a very different context, rather than doctrinal imposition. It is therefore little surprise that technical difficulties of the jubilee legislation, such as the exemption for walled cities, or slaves for that matter, rarely appeared in the advocacy material of the Jubilee 2000 campaign or the theological reflections of its supporters. We have

considered how the jubilee image functions, but we need to ask questions of the content of that vision also.

The jubilee year was not directly aimed at the remission of debts, unlike the sabbatical year, but was concerned with the restoration of sold and lost land, and the remission of certain types of slaves. Thus the jubilee did posit the consideration of financial obligations within a wider economic perspective. As many commentators have attested (Fager 1993: 26; Ringe, 1985: 95; Logan, 1997; Selby, 1997), power relations are the issue, not debt, for debt is not itself detrimental. The destructive element lies in the taking out of debt, as with any other economic contract or transaction, where one party has much greater power than the other. In contrast to those who see the jubilee as unrealistic, the very realism of the legislation – for example the exceptions due to practical considerations – can itself be inspirational. We see that struggle between idealism and social realities in the way the legislation was framed; the jubilee is illustrative of the compromises and caveats that were granted in order to make the legislation appear workable. There is a strong case for claiming that the jubilee, in its evolving tradition as recorded in Leviticus, is consistent with Brown's 'dialogical traditionalism' discussed in the previous chapter. The jubilee therefore offers clues about the extent to which visionary programmes can be incorporated, if not translated, into more contemporary considerations on economic matters. Its ethics are not limited to considerations of individual justice and rehabilitation but towards the general welfare of society as a whole.

Preston (1994: 132) argued that the text of Leviticus does not lend itself to the extraction of a particular principle, other than perhaps the divine sovereignty of the land, yet it is abundantly clear that there is a fundamental underpinning the jubilee: this is to do with the contingency of human possessions and systems. One aspect of this is that property rights are not absolute but conditional, a reflection that 'the earth is the Lord's (Ps. 24:1); the other is the realisation that there are limitations to the concept of possession, that human systems will fail, the 'poor will always be with you' (Deut. 15:11) and hence, extraneous, corrective measures will always be required from time to time.

Preston moreover warned that the use of symbolic actions and eschatological realism is inadequate to formulate decisions on contemporary economics (M. Taylor, 2004b: 205). He is right that these are insufficient, though as we have seen, the jubilee offers more than mere statutes or symbolism, for it functions well at the emotional and imaginative levels of Christian prophetic action. This is a most important aspect of theological ethics, the expression of the vision of the future in such a way as to condition our present actions (Forrester, 2004: 14). As a metaphor for liberation it is extremely powerful, and as an ideal of what can be, it calls the world to judgment and repentance. It recognises the damage to social relationships and the wider society caused by the long-term skewing of inequalities, and calls into question the way in which power and wealth become distributed. It is able to combine both devotional and practical matters:

‘The Jubilee paradigm... seems to have a tremendous potential to bring into common focus ... creation and redemption, God’s grace and human action, the spiritual and the social, justification and justice, human liberation and the liberation of life and nature, the kingdom of God and the city of man, mission and world tasks of construction and reconstruction.’ (Arias, 1984: 34)

Indeed, the liturgical and devotional aspects of jubilee are often ignored by commentators.<sup>17</sup> North’s work is a major exception to this and he locates the jubilee in the context of family and national life. Surprisingly, the link between the proclamation of jubilee and the commemoration of the Day of Atonement has gone relatively unacknowledged,<sup>18</sup> which has consequences for the way the concept of forgiveness was marginalised, as discussed in our next chapter.

Jubilee was both radical and conservative, and it managed successfully to combine both idealism and realism (Spray, 1999: 37-8). It was radical in its call for the redistribution of property, but reformist in its attitude to the system that enabled inequalities to emerge. Indeed, the jubilee assumed that the system would not change, and hence it would be required every generation or two. It did not call for a new social order but rather for modifications to the existing one, and it relied not on the actions of the poor but adherence to priestly legislation by the powerful. Its weakness for contemporary Christian ethics lies in its location of the ideal society in the past; in the details of significant exclusions allowed to walled cities, Levites and to foreigners; and in the lack of clear, unequivocal linkage to the ministry of Jesus. One cannot dispute the distinct possibility that the

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<sup>17</sup> A notable exception to this is Harris (1996)

<sup>18</sup> Logan and Dent are notable exceptions

'acceptable year of the Lord' in Lk. 4 may be a reference to echoes of jubilee found in Is. 61, but the case is not proved beyond reasonable doubt. There are dangers in the desire to return to a former golden age (Houston, 2001: 45), and these are exacerbated by the dissimilarities in economic conditions and processes between the ancient world and the present day. Today's economies are not static, and one cannot simply re-start such processes.

The main potency of jubilee lies in its being fuel for the imaginative dimension of Christian social ethics, but there are also some pertinent insights into the progressive imbalances in wealth that lead to entrenched poverty, and the means by which these might be redressed. However, the jubilee presents important difficulties in establishing specific courses of action leading towards a world devoid of debt slavery, and the dangers of reading into the text from a later perspective are significant. The jubilee is more a call to repentance on the part of the oppressors than a call for revolution on behalf of the oppressed (Logan: 1997: 26); it represents an important contribution to reflection on debt, but does not enable us to attend to the matter in all its dimensions. Accordingly, we find that jubilee alone presents insufficient resources for theological engagement with the issues of debt, individual or collective, although many helpful insights emerge nonetheless. We therefore need to turn now to consider more comprehensive approaches to the problem of debt from a theological perspective that are cognisant of jubilee, but not dependent on it.

## Chapter 7

### **Grace and Forgiveness: theology and political economy in a wider context**

One of the foundational themes of the Jubilee 2000 campaign was that ultimately, human needs should have priority over economic demands. In this chapter we shall examine attempts to frame theological responses to debt in a wider context, developing the themes of grace and forgiveness, in order to see how a continued, meaningful reflection on debt might further be developed. In each of these we see how an alternative economics is placed alongside the prevailing system of economic exchange. The location for this reflection begins with international debt but is not confined to it, for it also introduces concepts of exchange that involve non-monetary aspects of human life, such as cultural and social ties. In other words, human beings are viewed not in isolation but as integral parts of a wider society: mutuality and reciprocity therefore emerge as important features of this reflection. We will consider the extent to which these themes are helpful in theological engagement on debt, and how they may be used constructively, drawing on Atherton's framework in chapter 5

We saw in chapter 3 that the campaign opposed SAPs on the grounds that human needs - the basic conditions of life, food, shelter, education and health care - were essential requirements and had moral priority over the legal obligations of debt repayment. A common refrain in the campaign as well as in this chapter, is the view that economic tools such as money and interest

rates, as purely human constructs, are not immutable but open to transformation through popular support in order to improve the lives of the poor (M. Taylor, 2000).<sup>1</sup> We shall investigate what is meant by this prior demand, the weight it is given, and the implications it presents for theological engagement. The popular campaign for debt cancellation inevitably portrayed a simplified argument, but despite appearances, the underlying dynamics are those of theological attempts to posit human and political economy in some kind of constructive interface.

In order to discern material for fruitful theological reflection we need to look beyond the campaign materials to the work of a few select theologians who have made distinctive contributions or highlighted significant issues. We need to enquire: what are the contours of a theological engagement with debt, and to what extent are these approaches genuinely dialogical? How can grace, forgiveness and political economy be correlated, and what theological insights emerge through the interaction?

First, we consider the work of Michael Northcott, a leading theologian and ethicist whose main academic work in recent years has been on environmental ethics. He supported the campaign and wrote the most popularly accessible book advocating debt cancellation, in 1999 (Northcott, 1999a). His approach is rooted in the concept of divine sovereignty that calls into question all other forms of knowledge and obligation. Secondly, we examine the work of Selby, the former Bishop of Worcester and leading

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<sup>1</sup> In addition see Jenkins (2000), Cowley (2006), Pettifor (1998b). Many other instances could be mentioned.

campaigner within the Church of England. It was his initiative that led to the presentation on Jubilee 2000 at the General Synod of the Church of England in 1999. His work is the most detailed and profound on the issues to date. He is as committed to the plight of the suffering as is Northcott, but offers a method based on discerning points of interaction in which theology and economics can engage in dialogue. His attempt to formulate a theological ethic for the economy based upon divine grace is also a feature of the work of Tanner, whose approach is not dissimilar. Her work postdates the campaign but, nonetheless, offers fruitful insight. Simon Taylor's advocacy of forgiveness was contentious among campaign supporters, yet raises wider issues concerning the role and nature of justice in such engagement. Daniel Bell in turn offers a contrasting approach to forgiveness that goes beyond human conceptions of justice and is rooted in the extravagant grace of God.

### **Michael Northcott : the divine sovereignty of grace**

Northcott grounds his theological approach in the experience of the poorest affected by the debt crisis, affording prominence to the experiences of the victims of the debt crisis rather than to economic theory. He calls for the return of divine sovereignty over money, for the IFIs to pursue the common good rather than private gain, for the regulation of the financial and trading systems, and for a return to the physical link between money and commodities such as gold or land (Northcott 1999a: 157, 1999b: 14). The key feature of Northcott's theology is the sovereignty of God's kingdom and the Lordship of Jesus Christ; the cross and resurrection represent Christ's victory over the powers in

both the spiritual and earthly realms. Thus all earthly power – not least that of economists and politicians - is provisional, derivative and secondary to God's: secular authority is 'accountable to the moral laws and commands of the Bible, and ... to the living people of God' (Northcott 199a: 91). In theological terms, the cause of the debt crisis lies in giving to financial systems an authoritative status above divinely teaching. By contrast, divine sovereignty over human affairs is manifest when those debts are cancelled whose consequences endanger human life. For Northcott, therefore, the touchstone for judging the morality of economic policies is their effects upon people's welfare.

Northcott links Christ's triumph over the forces of sin and evil to the moral responsibility of Christians to acknowledge that victory by submitting to the divine authority:

'Christians have a duty to name this evil for what it is, and against it to continue to affirm the authority of the ascended Christ who is Lord of Lords and who has dethroned the principalities and powers of this world.'(Northcott, 1999a: 179)

The prior 'gift' has been 'paid' by Christ and the world stands in his debt.

Therefore, as part of the obligation to that act of grace, the West should forgive the poor, indebted nations of the world:

'If the sacrifice of Africa's people...[is] to come to an end the power of debt in Africa must be dethroned, and the power of the external agencies which impose this debt on Africa must be challenged and overturned..... Christ has paid the debts of the peoples of Africa in his sacrifice on the cross. Debt forgiveness is not only the moral but the spiritual response which the desperate plight of Africa's peoples requires.' (Northcott, 1999a: 92)

Northcott views the present form of capitalism as a clear evil, a manifestation of idolatry, a representation of Antichrist, for in its own interests its inexorable domination has brought untold misery and chaos to the majority of Earth's inhabitants. The source of this evil lies in the free market's basis on a 'false theology of humanness' that bases its understanding of human satisfaction upon people in isolation. According to this view, one can separate the economic component from other aspects of human affairs, and consider people as lone individuals dissociated from social networks, cultural ties or obligations. Indeed, such social and cultural factors act as potential obstacles to freedom of individual choice, and in so doing, confine people in poverty. Northcott is clear that such an individualist view denies the essential, relational nature of humankind.

Northcott's analysis of global capitalism betrays the heavy influence of Liberation Theology, especially the work of Gutiérrez and Sobrino, and his economic analysis owes much to dependency theory and Marxism. This helps to explain his understanding of how the rich become richer and the poor become poorer as one process, reducible to a single cause. The debt crisis in Africa is, therefore for him, not the result of unpredictable events, but the direct consequence of deliberate policy decisions in that the IFI advisors and policy-makers on debt were well aware of the likely outcomes of their actions and guidance. The effects of Structural Adjustment Programmes - hunger and homelessness, environmental devastation, drugs and war - are 'clearly a denial of God' who cares for the poor and who demands an equitable distribution of the earth's resources (Northcott, 1999a: 47).

Northcott's strength lies in the way he explores the political consequences of debt. He draws causal links between the drastic effects of debt repayments in the former Yugoslavia and Rwanda, and their ensuing civil wars (1999b: 11-12). Yugoslavia was the twelfth most indebted nation in 1981 and adopted austerity measures on the instruction of the IMF and the World Bank. The effect of these measures on unemployment and public services, added to the withdrawal of funds allocated to some republics, fuelled the secessionist process and ethnic tensions, as happened in Germany in the 1920s and 1930s. Northcott claims that in Rwanda, although ethnic tensions were present, it was the austerity measures of the World Bank, introduced in 1990, that ignited the genocide four years later.<sup>2</sup> Such measures were indeed factors that exacerbated economic and ethnic tensions, although Diamond (2006) and Gourevitch (2000) do not consider this a dominant theme.

Northcott's tendency to describe matters in stark, polar opposites means he devotes little attention to ambiguities and exceptions. This leads him to generalise in ways that are not always helpful or accurate. He is right to claim that SAPs have resulted in austerity measures which, in turn, make governments unpopular, leading them to purchase Western armaments to suppress civil disturbances. Yet not all arms purchases can be explained in this way. Northcott does not address the problem of inter-African struggle, not all of which can be assigned to strife promoted by debt-induced poverty. For example, the Ivory Coast's purchase of French Mirage fighter aircraft<sup>3</sup> had

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<sup>2</sup> Ndungane (2003: 24-5) also supports Northcott here. Gray (2002: xvii) contends that conflict over scarce natural resources – in this case water, was a factor.

<sup>3</sup> I am grateful to Nicholas Cournoyer, Managing Director of Montpellier Asset Management Limited, a company which specialises in the secondary debt market trade, for this information.

little to do with the prevention of internal unrest, though one could argue that it did represent a prestige project.

In terms of economic alternatives, Northcott rejects the orthodox one-size-fits-all approach that the route from poverty occurs through growth-led models of economic development, recognising that Africa's economy is sufficiently distinctive that the prevailing market economics of the IFIs cannot apply. It is highly vulnerable to primary commodity price fluctuations, its internal patterns of trade are weak, and for cultural reasons it is particularly vulnerable to external manipulation. Northcott (1999a: 68ff.) draws on the work of the anthropologist Mauss, who developed an understanding of the centrality of gift-giving in primitive human society. In contrast to modern processes of exchange and money, Mauss contends that early societies viewed gift-giving as a reciprocal process, involving obligations upon the recipient. Northcott contrasts contemporary practice with the primal gift economy of earlier societies (including ancient Israel) in which the bonds of care and respect were integral, were seen as acts both between people and between people and God, and which prevented severe inequalities of wealth. Such a system was designed to keep the common wealth in perpetual circulation, that is, through the absence of hoarding or saving. By drawing such a contrast, Northcott exposes the moral bankruptcy of current trade and financial operations, in which money has become a commodity in itself and networks of relationships are severed. Yet Mauss' examples which Northcott quotes are all taken from primitive societies (even pre-agrarian ones), and Northcott does not discuss how the value of such evidence might translate to an entirely different set of social and economic relations. Such an omission betrays the

hallmarks of an approach based on imposition of principles rather than dialogue.

Northcott's maxims for ethical development advocate 'non-economic' criteria for measuring the quality of life (1999a: 165-7). He argues for a greater value to be afforded to creativity rather than to consumption, though he does not indicate how such creativity can be assessed. Preference should also be given to economic interaction that lies between people belonging to 'morally charged networks' of local people or communities, rather than free-standing networks with little sense of community or kinship. His approach is one which attempts to return power to local, self-reliant communities and adopted through smaller-scale patterns of trade. Northcott advocates more locally based solutions to the relief of poverty, citing the examples of Kerala and Eritrea, who have each pursued alternative directions to that of the Western, growth-led practices, through land redistribution and locally sustainable agriculture. Such examples are illuminating and afford evidence that such alternatives can be remarkably successful. Yet it is hard to see how these very particular instances can be instructive for contexts so environmentally different. Northcott makes no suggestions for the wider, international dimension of financial trade, nor - crucially - does he address issues of economic growth. He challenges the view of conventional development that human needs are insatiable and argues instead that our needs require finite resources, not ever expanding ones. Although the latter point is strictly true, one cannot equate the finite nature of needs with the abandonment of

economic growth. We are given the impression that Northcott's view of the economy is essentially static.

Northcott's view of economics is shaped by his conviction that it is a social construct created in a network of social relations, and does not reflect natural processes, nor is it 'governed by invisible and incontrovertible laws'(1999a: 169). Because of this human origination and dependence, the way to poverty relief lies in the re-assertion of politics over the discipline of economics in order to produce all kinds of goods for the benefit of all. Thus Northcott affirms state provision for shelter, employment, taxation and welfare systems. In so doing, he does not base his ethics on the concept of human rights, because the true source of morality is God, from whom all rights are derived (1999a: 176). Secular, human rights lack any moral foundation and are open to abuse and manipulation by powerful interests (1999a: 176). In positing his case so starkly, Northcott implies, like Pettifor, that there are no economic 'facts' of life which politics and theology need to take into account. We find no acknowledgement of the experience that sudden economic change is always traumatic and socially divisive;<sup>4</sup> that some system of allocating scarce goods needs to operate; that growth is necessary, and involves calculated incentives, loans and associated risks.

Northcott's approach is to confront economic and political processes where the poor are suffering greatly, with the demands of God's kingdom. In his view, it is through such reflection that theology can recapture its former role as

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<sup>4</sup> This is discussed by Alkire (2001)

genuinely authoritative.<sup>5</sup> He is very clear about the nature of the ideal society and the Christian principles and elements that constitute this. His method is very good at exposing the inadequacies and contradictions of global capitalism and its effects on the world's poorest; he reveals clearly the way in which globalisation and debt erode the capability of national governments, and how poverty undermines democracy, for example, through corruption. However, although his work is directed at a popular audience, his arguments require more thorough rigour and tend to reduce matters to polarised goods and evils. His view of capitalism and economic processes is too narrow, and in emphasising the softer, social aspects of economic considerations, he omits any of the technical insights. It is the totality of the way economics is subservient to politics (itself dependent on theology) that is problematic, for there is no appreciation of any distinctive insight from economic practice. Northcott does not consider issues of scarcity, nor many of the moral hazards involved in debt cancellation, although he is aware of the extent of corruption and the urgent need for internal political reform in indebted nations. Moreover, it is not easy to see how to progress from Northcott's principles to specific courses of action, nor what criteria can be used to ascertain clearly when government proposals do indeed endanger the lives of the poorest. It would appear that for Northcott, in those apocalyptic contexts where debt-related poverty is extreme, such criteria are all too evident.

Essentially, Northcott eschews economics for a consciously aneconomic approach. For more general application, his approach is inadequate.

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<sup>5</sup> Here Northcott shows his debt to O'Donovan: O'Donovan (1990: 19)

Northcott's work is highly polemic and valuable as a campaigning tool, but less useful from the point of ethical discernment. Precisely because the issues are too starkly delineated, theological engagement is reduced to prophetic condemnation alone. His contribution is most useful in his engagement with political matters, but his economic analysis and assumptions undermine aspects of this. His theological understanding is apparently unaffected by encounters with international debt in its various guises, and does not offer guidance as to how his ideals might be attained. He appears unaware that in many cases the practical issues faced are ones of balance between competing convictions, interests and principles.

### **Peter Selby: introducing grace into economics**

Peter Selby was a key figure for Jubilee 2000 within the Church of England. As Bishop of Worcester and a keen supporter of the movement, he was responsible for getting the matter of debt cancellation on the 1998 Lambeth Conference agenda. He has long been fascinated by the changing role and nature of money in society, and his treatise on debt *Grace and Mortgage* (1997), remains the most articulate, theological engagement with this issue to date. A world without debt is not what Selby envisions; rather, one in which the experience of indebtedness is not one of domination but thankfulness and freedom for all. He would like the world to be characterised by grace and reciprocity, where debts can be 'occasions of delight and thankfulness' rather than means of degradation and enslavement.

Selby constructs a framework from the writing of Bonhoeffer, indicating its two key foundations: the need for the Christian apologetic in a secular world, and the call for the gospel to address humanity at its points of strength rather than weakness.<sup>6</sup> By 'address', he means not so much the notion of cultural or contemporary relevance, but rather identifying points of connection - those aspects of human life and society that need the gospel message. This is a key methodological feature of Selby's approach. One area of strength is the international financial community, and Selby identifies debt (and credit), particularly the language of debt and redemption, as an issue touching this deeply. In this arena, speaking of Christ with authenticity requires an emphasis not so much that the secular economic insights must be afforded equal regard as theological ones, but rather that theological insight needs to be able to make meaningful connections in this field. Neither dialogue nor prophecy are excluded. With the matter of debt, Selby believes he has found an issue which addresses both communities, and which finds its resolution in the gospel of Jesus Christ.

In this dialogical task, Selby stresses the critical task of discernment in sifting the competing perspectives and opinions. He detects two important voices: that of the strong, powerful and agenda-setting, and which expects to fit Christ into their world-view. The other is that of the weak, powerless and vulnerable, in which the crucified Christ is located. Significantly, among this latter category Selby includes the unborn generations of the future, who naturally have no say now on matters such as debt and the environment, whose

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<sup>6</sup> Selby has also employed this approach in his response to the terrorist attacks in the US on 11<sup>th</sup> September 2001.

consequences of present decisions they will bear in the future. Selby clearly favours the perspective of the weak, but he does not want to dismiss entirely the insights of the strong even as he positions himself elsewhere. Not unrelated to this process of discernment is Selby's consideration of whom the Church should stand alongside, and who should be its partners. The distinction between allies and opponents is framed through the lens of Christian solidarity. We shall only know what we mean by 'we' when we know who Christ is:

'... on the basis that Jesus Christ is not the one who accommodates himself to prior decisions... about who 'us' is, but on the basis that only in and through him is the decision about the boundaries of our solidarity to be made...'

'... We shall need to assert, for our time, the unique right of Christ to the definition of 'us', and that means refusing that right to institutions in society, however useful they may seem to be for certain purposes.'  
(Selby, 1997: 25-6)

In other words, 'us' is shaped by our understanding of the nature and gospel of Christ, and our engagement in his work, rather than our own parochial, detached notions. Selby (1997: 143) asks: 'With whom do we locate ourselves in a world of injustice – with those who have or those who have not?'

Selby is apposite in his observation that global capitalism has made the world 'smaller', both through information technology and the way economies have global implications. He is acutely aware of the increased number, faster and more complex nature of human interactions through the use of money in the globalised economy. The nature of 'us' is now much narrower, yet

simultaneously more all-embracing, as for instance with the global nature of current environmental issues:

'We have... grown out of our village life, only to find that the global village has enclosed us again. We have supposed that we could all be winners in a process of wealth creation that would produce gains for all and losses for none, only to find not only an ever-increasing army of losers, but that loss is quite evidently threatening us all.' (Selby, 1997: 141)<sup>7</sup>

Selby is particularly astute on the often unequal power relations that debt contracts entail. Most commonly the debtor is the weaker party, though there are occasions where the creditors themselves feel under obligation (for example, to their shareholders) to reschedule payments or run the risk of greater losses.<sup>8</sup> Since many people borrow money out of a sense of desperation rather than greed or opportunity, in such cases the inequality of the power relation is considerable and the debtor is in a very weak bargaining position. Selby has no problem with credit issued when the participants are 'voluntary and equal'. Presumably he is thinking of loans that are not for emergency relief, but he does not develop his argument to describe what would constitute equality in such a situation. One particular factor likely to upset the power balance is poverty, for it drives people to desperation and, in so doing, to underestimate the true value of the debt. Selby calls for the equalisation of power within economic exchange, but he does not develop this with guidance as to how such equality might be recognised, nor how it could be achieved, nor the processes that could be involved. Such imbalances of power lead Selby to suggest a solution based on the Biblical tradition, that the

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<sup>7</sup> The 'all' is a reference to environmental issues

<sup>8</sup> Examples of this would be Eurotunnel, or Argentina's recent negotiating policy with the IMF, or the UK and US government bailouts of the banks during the 'credit crunch' begun in 2008.

dangerous power of money should be restricted in some way, by placing controls upon it. He does not wish to replace the basis of the economy, unlike Northcott's aneconomic approach, but rather to reform it:

'... what is fundamentally at stake is the rehabilitation and control of the economy of debt: to bring it within the bounds of mutuality, equality and concern for its effects.' (Selby, 1997: 72)

In so doing, Selby highlights key concerns for reflection on debt: issues of power, justice, and outcomes.

Selby explores the phenomenon of domestic debt with insight, remarking that there is an important link between troublesome debt and poverty. Serious debts occur when desperate people borrow in order to survive, not to purchase time for the development of enterprises. What generally drives people into serious debt is not personal irresponsibility, but the toxic combination of desperation amid a society in which obtaining credit is lauded as the only route to prosperity. Selby questions the morality of this prevailing view, and contends that the source of 'bad' debt is located within 'good' debt. That is, Selby raises the issue of whether even non-exploitative, safe debt is genuinely beneficial to the wider economy. Selby's view is that the credit system is unsatisfactory because the scale and depth of the social costs outweigh the benefits that are derived for some; his criteria are determined by the fact that people suffer as a result of such economic processes, but he does not weigh this against the potential effects of alternatives. He is fascinated by the processes through which money operates in the global economy today, and emphasises the power that money exerts, now becoming

elevated to 'a divinity'. Selby is also aware of the extent to which the deleterious effects of the debt economy are masked from the sight of the prosperous. There is, it would seem, a deeply seductive aspect to credit that plays on human vulnerabilities, and fosters the belief that, in general, gain can be the only outcome. He is in no doubt that the global economy is manifestly sinful: 'the world and national economies cannot be declared just, let alone Christian, in their outworking.' (Selby, 1997: 161)

Selby urges a clear distinction between debts that bring positive outcomes and those that cause misery, and sees the person and work of Christ as the means by which that difference is seen. Debts that give 'cause for delight' are non-financial: friendship and support, and the vision of freedom that Christ embodies and offers. However, he seems to regard financial debt as always constraining. Such debt 'binds the future' because the debtor's choices are restricted by the necessity and conditions of repayments. Although Selby does agree with the justification of purchasing credit for investment in business enterprises and mortgages, he does not explicitly mention their benefits. He does not consider the ways in which debt can also be a means to opening the future. Debts effectively buy time and allow the debtor to obtain goods or services otherwise impossible which can benefit society more widely. To be fair, Selby does not suggest that every instance of credit is bad, only those that are taken out unfairly, a concept developed in more detail below.

Selby introduces the biblical idea of regulation to prevent widespread poverty, and which was rooted in the experience of agrarian indebtedness and Israelite slavery. These insights were shaped in an agrarian order in which economic cycles were cyclical rather than linear; however, all matters we consider 'economic' were tied into considerations of kinship and community. Concern for social welfare of the poor was as important as the processes of food production or trade, and hence the need for restrictions on the powers of creditors, should these cause undue suffering to the debtor, were introduced.<sup>9</sup> In such an environment, gain was always at someone else's expense, a zero-sum economy. Although Selby acknowledges the different nature and dynamic of contemporary capitalism, he affirms that the Christian scriptures and tradition have a repository of truth on economic matters that is now often ignored. He argues that such insights are still valid for contemporary contexts because the binding experience of indebtedness retains many common features from that in antiquity. This is a moot point: experiences of poverty and powerlessness may be ones that have plagued human history, but the causes and the dynamics may differ. The critical question here is not just about the impact upon those who suffer through economic practices, but whether any distinction can be made between the dynamic of the economic system itself and its effects. Can an ethic be transposed from one economic system into another simply because the experience of vulnerability is very similar? What is missing is the location of this argument within the wider economic context in which credit and debt now function, in contrast to that of ancient times.

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<sup>9</sup> cf Exod. 22, Deut. 24.

Selby wishes to assert the prior claims of the divine economy, characterised by gracious giving, over the 'exchange' economy of contemporary capitalism. The former does involve obligations, but of a different kind from the latter. The economy of exchange 'debases' everything, not least our relations with each other to a kind of contract; its conditionality - the demands of reciprocity and limitations on what can be offered - excludes notions of gift and grace. By contrast, in the grace economy obligations are left open because the giver is not expecting or demanding anything in return. Such obligations often take a non-financial form, such as in a change of attitude in the recipient, or their willingness to devote time or enthusiasm, or their consequent generosity to someone else. They are, therefore, not always directed back at the original donor, but remain obligations nonetheless. This reveals a flaw in his argument that Selby recognises, but does not attach sufficient weight. That is, some gifts carry particular obligations that are not so open – the social rules surrounding Christmas presents being one example – and one cannot make too firm a distinction between debts and gifts.

The relationship between the two economies of grace and exchange are clear: 'The economy of gift is always an economy of excess, and the economy of exchange is the one which is exceeded' (Selby, 1997: 149). Selby argues that the economy of exchange is, in fact, dependent upon the gift economy, and not, as is often assumed, the other way round. He uses the parable of the workers in the vineyard (Matthew 20:1-16) to show the way in which the gift economy challenges the exchange one (in the form of the arbitrary actions of the vineyard owner), and thus reveals 'which economy has ultimately to

prevail' (Selby, 1997: 151). The word 'ultimately' here is crucial to Selby's argument; it is only from the perspective of the end that the 'real' priority of these economies becomes apparent. Therefore, when the exchange economy produces outcomes that are unjust to the poor, here 'something has to happen to re-establish the priority of the economy of gift and the conditionality of the economy of exchange'(Selby, 1997: 151). In other words, Selby does not use the concept of the grace economy as a clumsy, prescriptive formula for contemporary economics, but as an eschatological statement: the 'truth' of the primacy of the economy of gift 'always remains over and above whatever the economy of exchange may deliver' (1997: 151-2). The provisional nature of the global economy is thus revealed, rather similar to the way utopian ideals can unmask otherwise unseen distortions, as discussed in chapter 6.

It is this eschatological sense of the grace economy that leads Selby to be attracted by the 'divine economy' of St Paul, through which the 'superabundance' of God's generosity leads to a culture of human generosity in return. He quotes approvingly from Paul's instruction (Rom. 13:7) to 'owe nobody anything except to love one another' (Selby, 1997: 71; 1996: 41-2). This represents the living out of the jubilee that Christ declared rather than a culture of acquisition; the advocacy of the economy of gift rather than financial transactions. Yet here as elsewhere, Selby does not describe how these insights might be employed, other than describing a radically different set of values for the life of the world. In Athertonian terms, this reflects a lack of pragmatism and as such is a significant weakness; Brown (2004a: 218) is right to suggest that a 'theology of the interim' would be helpful.

The endemic nature of poverty across the globe is a sign that the economy of exchange denies, or remains ignorant of, its dependent role in relation to the economy of gift. Therefore, the call of Jesus to restore the perspective of the gift economy possesses much relevance, and the Christian community has a distinctive role in this regard. The Church is able to embody the life of the gift economy, comprising as it does people immersed in the global economy but also cognisant of the divine one. In contrast to the way indebtedness forestalls freedom of choice, Selby urges the Christian community to embody a love that endlessly offers new possibilities, that opens up the future. Such a love is both social and transcendental; it exposes the falsehood of the global economy and reveals a different way for the world to pursue.

Selby presents a powerful, insightful critique of the way money has changed the nature of politics and economics, and offers a thorough theological response to the problem of debt. He often sounds like the liberal in whose tradition he stands, as one wanting to avoid the dangers of a stance that posits theology over against the world, for he sees the need for engagement and dialogue with secular insights and authorities. Yet in the end, as Brown (2004a) suggests, he adopts a more confessional position. Scripture and the Christian tradition are more than metaphors, for their content reflect a prophetic challenge to the established order. Selby is persuaded to call for radical transformations of the global economy, but does not regard the biblical evidence as prescriptive. His argument is a sophisticated synthesis of the contemporary experience of indebtedness and the Christian tradition, but it is less like a dialogue, for we have seen how, in effect, he places great

emphasis on experience of indebtedness over the technical arguments over debt relief. Selby's instincts are against the positing of one view over another, but this is what he ultimately performs. Genuine dialogue would allow not only the display of the Christian insight, but also permit some questioning of the Church's own sense of identity and distinctiveness. That examination also needs to be seen against the backdrop of a plural world that includes knowledge on the scarcity of goods for example, but this is not hinted at. Selby's confessional position comes from the requirements of solidarity – that is, in including as 'us' the victims of indebted nations, nothing else will suffice (M. Brown, 2004a: 217). The level of human suffering is such that Selby can ultimately go no other way, and this raises questions about the 'us', for although Selby includes future generations in this solidarity, he does not explore how this suffering might affect his argument. He does not seem to have factored in the possibility of competing needs between different generations. Furthermore, he does not counter one argument used against debt campaigners, that radical change now will make matters worse for the poor in the near future.

Selby's argument is ultimately polemic because it is so eschatological. For all his detailed description of the nature of the debt economy, Selby sees the resolution of debt as a clear issue between two contrasting economies, the global economy and the grace economy, and representing a stark choice between justice and injustice. Yet Selby's approach allows insufficient consideration of the ambiguities of the debt situation, nor does it address how individualist ethics (such as grace) can be articulated collectively. The very

complexity and varieties of collective indebtedness are not drawn out, and we are left with too stark a contrast. Selby also fails to provide an identifiable means of guiding the Christian community to proximate strategies and goals. The gift economy is, like the concept of jubilee, a utopian ideal, but it can inspire and challenge in dramatic ways. Yet Selby's use of it, as with the jubilee in the previous chapter, does not identify the means by which this road can be travelled (other than the campaign to end the idolatrous facets of today's global economy), nor how they might be translated from the Christian treasury into more earthly kingdoms.

### **Kathryn Tanner: grace amid economics**

Kathryn Tanner uses the principle of divine grace in a new direction. Unlike Northcott and Selby, she is dismissive of attempts to base an economy of grace upon concepts of gift exchange: such an economy is built on the transfer of gifts and associated obligations, and so this accumulation of obligations effectively becomes a form of debt without limit. Tanner is reluctant to establish any foundational premises for a theological economy, but rather favours the deployment of Christian insights and guiding factors into critical aspects of the global economy, which she terms 'intervention points'. This at first sight appears similar to Selby's approach, yet there are significant differences between them. Tanner (2005: 1) contends that theological ideas emerge from the interaction with the beliefs and practices of the secular world, originating from the process of critical reflection upon the world, its values, assumptions and imperfections. Since economics is the study of the

production and distribution of goods, and particularly because it offers insight into the way value is created, she asserts there is a sense in which every theological concept could engage with it. On this basis that Tanner explores the way in which correspondence may be made between these two thought-worlds. Like Northcott, Tanner emphasises a view of human persons in the economy not as isolated, rational agents but rather as participants in social networks, with consequent implications for values and obligations. Human life may therefore be viewed as comprising many discrete networks or 'fields' with their own rules about how goods are distributed, their own traditions and cultures, values and methods (Tanner, 2005: 10). The critical task is the identification of arena – the 'correspondence points' - where these fields intersect. One of these points of correspondence is where the notion of non-competition is introduced as a distinctively theological contribution, characterised by the desire to realise an economic system in which goods circulate to the advantage of all, equally, and fully, and produce no disparity of status (Tanner, 2005: 25).

In contrast to Selby's emphasis on mutuality and power-sharing, Tanner believes the key to a theology of grace is the complete lack of reciprocity, giving without conditions or expectations. She articulates three principles for such an approach: unconditional giving, universal giving and non-competitive relations. The key aspect here is not the relationship between donor and recipient, nor the circulation of goods, but the nature of the benefits. The only appropriate response to unconditional giving is the expansion of such grace to others. Grace can extend beyond the social confines of normal gift-giving into

wider society and it can, Tanner (2005: 63) argues, become a broad social force.

From her belief in the universal, unconditional nature of God's grace, Tanner proceeds to derive the premise that such divine gifts, for instance, of life and health, are offered to all as rights. These are rights without condition, simply according to one's need rather than one's ability or desire to reciprocate. Thus one's capacity to work, to be creative, and to care for others are factors quite irrelevant in relation to the possession of these rights. The universality of giving leads to the abandonment of private ownership, for property is not an individual possession, and God's gifts are to be held in common:

'God's primary gift is the gift of a particular sort of community; one without boundaries and organized so as to make common possession rights a reality; a community in which common possession rights are the social priority, a community dedicated to the well-being of all, without exception.'(Tanner, 2005: 74)

Because one cannot rely simply on the social expression of individually gracious behaviour, a framework is required in order to encourage, and establish, unconditional giving in society (Tanner, 2005: 76). As with Niebuhr's remark about justice being the public face of love, Tanner (2005: 76) attempts a parallel with her theology of grace: 'Noncompetitive relations are necessary to set up a social structure that encourages unconditional giving to others.' This corporate expression of grace requires the affirmation of a principle of non-competition in our relations with each other, which embraces an inclusive understanding of property. Because God showers abundant grace upon all creation, goods cannot be regarded as private possessions, but are to be

shared commonly. Such goods do not lose value in their transmission, so that everyone can obtain them in equal and abundant measure. In addition, they can belong to more than person simultaneously, without diminishing the extent to which they belong to any one person. Non-competition also includes the principle of 'least sacrifice', that one should not benefit at another's expense, and that reciprocally one should not benefit others at one's own expense (Tanner, 2005: 134). As a community that seeks to enhance the quality of life for all, rich and poor are bound up with each other, and this is achieved through non-competitive relations, This stands in direct contrast to competitive relations in which, typically, one party benefits at the expense of others. Tanner thus develops the concept of a theological economy that is both non-competitive yet effective at resource delivery. She favours a strong welfare state with an abundance of welfare provision. Public goods, such as the provision of amenities, lighthouses and the emergency services are a striking example of the principle of noncompetitiveness in practice (Tanner, 2005: 137).

Tanner identifies a point of intersection between the fields of theological economy and secular world in the common desire for the global economy to become dedicated to fulfilling the needs of all in ways that are mutually beneficial (2005: 95). This means that change needs to be in the interests of financiers as well as the poor (2005:142). She advocates the search for means of providing full employment, poverty reduction and profits that 'do not come at the expense of people and their ability to realize their capabilities' (2005: 95-6).

Tanner advocates regulation to prevent the non-competitive disequilibrium in capitalism that can result from monopolistic practices. However, she places her stress on the role of international regulatory bodies, whereas many economists would tend to favour greater emphasis on national strategies here. With regard to the debt crisis, Tanner argues for an international mechanism for debt 'forgiveness' on the basis that, otherwise, the in-built disadvantages to the poorest nations will remain, and those relatively powerless nations continue to be at the economic mercy of those much richer.

Tanner is imaginative in the way she draws together the correspondence between theology and economics, seeing both as at least partially dependent on each other; her approach is devoted to a conception of theology 'with' economics rather than theology 'and' economics. She is astute in identifying correspondence points of grace-filled economics in the practice of the capitalist economic system, such as the interdependence brought about by globalisation. Yet she does not appear to appreciate fully the way in which economics operates: she seems to have little regard for the concept of relative scarcity, nor the way in which some phenomena cannot be shared or circulated without diminution. Tanner's proposal that access charges for public goods be prohibited (2005: 138) sits well with her values but is naïve, for she fails to address the counter-arguments, not least the issue of personal responsibility. An example of this might be the debate concerning prescription charges in the UK, where across its constituent nations the practice of charging varies considerably; small access charges may act as a mild deterrent, preventing unnecessary calls on medical facilities.

For all these criticisms, however, Tanner's broad approach is commendable for its recognition of the autonomy of the market economy and the attempt to find correspondence points between it and a theological perspective. Tanner's elucidation of principles from her theology of grace allow her to relate this theology to practical issues because she is able to identify areas in which such principles can be developed from within economics itself. We are not faced, as so often elsewhere, with theological material being imposed *a priori* on to another discipline (Atherton, 2008: 271).

Tanner's approach is thoroughly inter-disciplinary, but is nonetheless inadequate in that it is too wedded to an understanding of competition, and thus of capitalism, which narrowly reduces everything to a win-or-lose scenario. She fails to compare this with alternatives from practice rather than theory, and her illuminating advocacy of public goods cites examples that cannot be derived from private ones. The issues of competition and non-competition are complex and do not reduce easily to a simple equation of strict benefit or loss. Although competition produces winners and losers, one does not need to see the issue in such a polarised fashion, and it would be better for Tanner to concentrate, as Selby does, on the dimensions of that loss rather than the fact that all do not gain equally. In addition, non-competitive practices do not necessarily lead to mutual benefit, for it may be that the outcome is loss for all parties.

## Forgiveness

We saw in chapter 3 that the Jubilee campaign quickly rejected the language of debt forgiveness in favour of debt cancellation. This was because forgiveness was felt to be too closely linked with conceptions of blame, and campaigns in indebted countries were clear that this would be most unhelpful. Indeed, they felt they were the sinned against rather than those who had inflicted wrong on others:

‘The Third World is already burdened with the sin of the First World... It is up to the Third World to forgive, not the other way round.’ (Sobrino, 1987: 31)

This was founded on a long-standing reservation concerning the use of forgiveness terminology among liberation theologians, who have long criticised the perceived naivety about sinful structures and the implied permission for sin to continue. Although the principle of forgiveness is to do with power dispensed to enable rather than dominate, its practice often implies a relationship between a superior forgiver and a dependent recipient (Peters, 1996: 8-9). Furthermore, in the context of endemic poverty and gross exploitation, Christian forgiveness demands the exposure of the reality of human suffering and its removal; forgiveness requires the conversion of the sin of oppression, so that injustice is transformed into justice (Sobrino, 1986: 48).

Few references to debt ‘forgiveness’ - in any theological sense, at least - emerged during the brief history of the campaign. Those that occurred did so to oppose the concept of *unconditional* debt forgiveness and to argue for

conditionality to avert moral hazard. A symposium of the Association of Christian Economists in the United States in 2000 expressed this caution:

‘What’s striking about the Biblical concept of forgiveness is that it is never understood conditionally. God’s *love* is unconditional, and individuals are exhorted to love one another in that manner as well. But forgiveness is always linked to repentance and the restoration of right relationships between the parties involved...’

‘... Christian teaching offers no support for unconditional debt forgiveness.’(Smith, 20002: 10,12)

More positively, Hoksbergen (2000: 18) argued that the critical issue regarding debt forgiveness was its efficacy, not its principle; Jesus was interested not in explanations but in solutions:

‘Forgiving debts without regard to the consequences is irresponsible, though forgiving debts with discernment and purpose can be a powerful force for good.’

One significant move to draw the concept of forgiveness into the arena of debt relief was by Simon Taylor, whose attempt to reassert its importance was met with opposition from activists in the South.<sup>10</sup> They argued that the use of the term gave the moral high ground to the creditor and removed issues of justice from the debate, despite Taylor’s unequivocal assertion that forgiveness necessarily entails justice. He argues (S. Taylor, 2000: 5-6):

‘Forgiveness... is a constituent part of Christian faith, centred on and shaped by the cross and resurrection of Christ. Forgiveness is therefore inescapably concerned with, and rooted in, the nature of God as revealed in Christ.’

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<sup>10</sup> Taylor’s lecture, ‘Debt Forgiveness’ at the Modern Churchpeople’s Union Conference in 1999 generated voluble opposition to the term, particularly from delegates from developing countries.

Taylor develops a parallel analogous to Bonhoeffer's 'cheap grace', the notion of a 'cheap forgiveness' that is devoid of judgment and repentance. By contrast, a 'too-costly forgiveness' is that in which judgment, sin and the requirements of repentance dominate, rather than grace.' In the context of developing country debt, this corresponds to an undue emphasis on the failings and injustices of both creditors and debtors; it represents burdensome conditionality requirements, or insufficient debt relief to make much of an impact, and comes at the expense of effective debt cancellation and a new beginning for both parties. Taylor accurately describes the dynamic of power in forgiveness, but suggests that the key question concerns not the 'ifs' of forgiveness but identifying those who will bear its cost. He argues that true forgiveness is necessarily mutual, and that the cost must be shared. Moral hazard must therefore be 'addressed in both directions' not only to debtors, but crucially also to creditors for irresponsible lending. Taylor's emphasis on a costly, but not too-costly, forgiveness leads naturally to a call for the wider acknowledgement of the role of creditors in the debt crisis (repentance), and for new systems of lending (discipleship). It moves beyond simple restoration of error into discussion of how future errors might be prevented.

Taylor has been accused of misunderstanding the debt situation, laying responsibility for the situation on both sides whereas in fact the blame lies with only one party (Selby, 2001a). Selby feels that Taylor has sacrificed the demands of justice and failed to acknowledge that many in indebted countries feel deeply wronged by debt repayments imposed by an unforgiving system:

'... we generally accept that justice demands recompense for wrongs done and that forgiveness is not a burden to be laid upon those whose suffering at the hands of others has not been adequately recognised.'  
(Selby, 2001a: 112)

This is a harsh criticism, and Selby is inaccurate to imply Taylor is even-handed in his assignation of blame. The key difference between them is that Taylor strives for a position in which responsibility lies with both parties – though not equally – whereas Selby is impelled to opt for a more exclusive position. According to Selby, the debts that need to be forgiven are those of the economic system: 'fundamentally, the debt is owed by the economy as a whole to the economy as a whole' (Selby, 2001a: 114). Taylor's weakness is his failure to acknowledge the underlying causes of debt, and thus the redemption he proposes can only address matters in a rather piecemeal fashion.

Taylor's approach is pragmatic, however, and his notion of forgiveness does incorporate justice, and he emphasises the requirement for judgment in order that forgiveness be both effective and costly; he sees forgiveness as a means of moving the debt issue beyond mere restorative measures toward a new framework between creditor and debtor based upon mutuality of shared risk, and the willingness to re-examine economic conventions and models. In this way Taylor is able to address the vexed issue of conditionality, accepting the criteria of sustainability and poverty reduction for debt relief, but condemning the overly burdensome conditions of SAPs.

A contrasting approach to, and understanding of, forgiveness, is found in the work of Bell (2001), who argues that it is a more appropriate concept to use

than justice. Rather than demand their 'rights', the poor should offer the 'gift' of forgiveness to those who have harmed them; in the context of poverty in developing countries, this refers to the creditors. Bell's reluctance to base his ethics on the concept of justice lies in its inability to solve the cycles of violence and conflict; justice effectively replaces one kind of 'terror' with another (Bell, 2001: 149). The view of justice Bell opposes is a rights-based one premised on 'what is due'. He argues that such an abstracted approach is incapable of producing any new solution to counter sin, or of transforming the existing social order, for justice merely represents a 'counter-force', limited to producing, at best, equilibrium. Such a weak justice represents the refusal to take up the cross of Christ and relies instead on means that are incompatible with the gospel:

'... the atoning grace of God in Christ displaces such justice as the modality of God's overcoming of sin and sets in its place forgiveness. God confronts sin, injustice, capitalism, not with justice conceived in the liberationists' terms, but with the gift of forgiveness.' (Bell, 2001: 146)

Forgiveness represents the redemption of justice. Christ's acceptance of the cross and his refusal to advocate violence or force are critical. His unwillingness to impose his will on others in this way marks the defeat of sin; it is a newly creative act, and gives rise to hope (Bell, 2001: 152). Forgiveness represents not passivity but the refusal to cease suffering: 'an instantiation of a crucified power and of a suffering against suffering' (Bell, 2001: 5). Acts of forgiveness thus embody the resistance to capitalism.

The problem Bell has with justice is that it makes forgiveness conditional upon repairing the wrong that has been done and thereby placing this above the efficacy of grace. Rather, forgiveness should come first, for it alone enables repentance and it alone can usher in the reconciliation that is its goal:

‘By making forgiveness contingent upon reparations, it does not faithfully reflect the way God has revealed the Kingdom in and through Christ.’ (Bell, 2001: 181)

In the divine economy, forgiveness returns desire to its source, which is extravagant generosity and an excess rooted in God’s abundance (Bell, 2007: 333). By contrast, the market economy is defined by the notion of scarcity (a ‘contingent reality, the product of sin’ (Bell, 2007: 341)) and assumes a negative view of human beings, trapped in continuous competition and conflict with each other for resources (Bell, 2007: 327-8). The purpose of forgiveness is not to act within the market economy, making small improvements, as in the narrow concept of debt relief; rather, forgiveness is the agent of transformation in which the divine economy becomes superimposed on to market economics (Bell, 2007: 326):

‘Christ’s gift of forgiveness opens an aneconomic space where the plenitude of grace spills over with the result that sacrifice becomes gain...’(Bell, 2007: 340)

In receiving and offering forgiveness, Christians fulfil their calling as Christ’s body:

‘... the gift of forgiveness renews the possibility of a true mutuality and reciprocity of desire through non-possessive participation in the other.’ (Bell, 2001: 151)

'... the poverty of economy is eclipsed as a divine order of gift exchange is enacted, beginning with the people of God.' (Bell, 2007: 337)

The critical question, as Bell acknowledges, is whether forgiveness really does have the capacity to resist capitalism. Here all Bell can do is fall back on the theme of sin being defeated through being borne, that suffering is redeemed through its being entered into rather than avoided, in the 'hope' that it will dissolve. His use of the word 'hope' is deliberate, for he sees forgiveness as an inherently risky approach, but the only credible one. It is, moreover, an act of witness rather than a stratagem, and dependent upon God's faithfulness to renew all creation.

Bell's approach is sophisticated but unsatisfactory on several counts. His premise that justice is nothing more than a rather static demand for rights is questionable, and his view of forgiveness as necessarily unconditional is contentious. The methodology he employs is similar to that of Northcott, positing the divine economy over and above that of the world; it is Christological but not incarnational, absolutist rather than dialogical. His approach offers no guidance on the practical dilemmas over conditionality, other than to suggest an entirely different metric. Most of all, his advocacy of forgiveness as a mode of behaviour is based upon individual responses. Bell does argue that a collective expression of forgiveness may be found in the traditions of 'Works of Mercy' (almsgiving and hospitality), and expressed collectively in the cooperative movement and other alternatives markets. Yet these are unconvincing, for Bell takes too little account of the critical issues

faced in translating individual ethics into collective contexts, and in particular the prevalence of sin in systems. The criticisms made in *Banking on the Poor* still seem apt here:

‘The ethics of Jesus appear to be rather personal. They have much to say about love and forgiveness, for example, virtues which make sense in small-scale inter-personal relations but not in institutional ones... It is less easy, despite the language of ‘forgiving debts’, to see how institutions and governments forgive or love one another...The dynamics of large groups make it far less likely that they will act generously than small groups and individuals.’ (Christian Aid, 1988: 35)

In order for Bell’s approach to relate to the actual contexts of debt forgiveness, a different framework for developing this ethic within the corporate sphere is required.

## Summary

Northcott’s approach is representative of many whose method affords exclusive priority to the poor and marginalised. It provides a powerful critique of how the debt economy fails the poorest, and the way in which any theological engagement must confront the issues of power. However, Northcott’s assumptions about capitalism are too simplistic, and his approach allows no easy method of engagement other than prophetic condemnation, a description of how the economy falls short of the divine order. Here some appreciation of the connection between *ultimate* and *penultimate*, to use Bonhoeffer’s phrase, would be helpful in avoiding the dichotomy of Northcott’s position, yet without ever losing sight of the kingdom of God (Bonhoeffer, 1954: 99-100). It is not so much that Northcott is unaware of the ambiguities

in the global financial institutions and the phenomenon of international debt in general, but rather that, from the perspective of the poor, such matters appear peripheral in contrast to the extreme nature of the issues they themselves face. Nonetheless, his approach cannot be considered helpful in terms of encouraging engagement with specific issues that debt relief raises, for there is no import from the world of economics and politics into the realm of theological discourse. One key issue this discussion raises is the point at which the extent of human suffering becomes the central foundation for the ethic, rather than a major factor. For most commentators, the dialogic process breaks down at some point when confronted with the critical, extreme poverty in indebted countries.

Selby and Tanner base their approach on the search for points of connectivity between the theological and the economic, though in each case this is done by identifying areas of convergence, where the theological and the economic issues are already embedded each within the other. In Athertonian terms, such an approach is commendable, for it enables dialogue whilst simultaneously staying rooted in the experience of the poor. Selby's analysis of the power of money is astute, and his work represents the most articulate and thorough approach to international debt to date. Ultimately, however, he is not able to hold together the dialogic stance with his more radical call for a new economic order. Like Selby, Tanner rests on a theology of abundant grace, yet this needs to be balanced with an acknowledgement of sin and finitude. What are required here are theological insights that not only reflect the ideal society and the desire of God for humankind, but which are also

perceptive about the weaknesses of the human condition and the prevalence of sin at both an individual and institutional level. This might lead, for instance, to a more satisfactory attempt to deal with the questions of moral hazard.

Any discussion of forgiveness among debt campaigners is likely to become fraught, yet Taylor and Bell, in their very different ways, indicate that the concept has much to offer. Here I agree with Taylor and disagree with Bell, in that forgiveness does not so much enact justice but rather requires justice ('conversion' (Duquoc, 1986: 42)); forgiveness does, however, lead beyond justice. Unfortunately, Bell does not translate an individual ethic of forgiveness into the corporate sphere, and his insistence on its unconditional nature raises the same kinds of difficulties mentioned in the previous paragraph, namely the deep-seated reality of sin.

The strength of forgiveness is that it acknowledges that the world is a place of sinfulness and finitude, of weakness and vulnerability in its recognition that there will always be a need to make amends, similar to an understanding we found with jubilee. Niebuhr famously referred to forgiveness being the 'final form of love' due to the prevalence of conceit even in our most virtuous acts (Rasmussen, 1989: 282).<sup>11</sup> Following Bell, forgiveness is genuinely transformative and desiring of reconciliation between all people. Furthermore, it opens up a space in which new, creative solutions might emerge:

'Forgiveness is not a forgetfulness of the past, it is the risk of a future other than the one imposed by the past or by the memory. It is an invitation to the imagination.' (Duquoc, 1986: 40)

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<sup>11</sup> The reference comes from Niebuhr's 'The Irony of American History'

In an Athertonian framework, the use of forgiveness might lead to greater possibilities for a pragmatic theology, fragmented but focused on the contingent, than the use of grace. Again, like jubilee, it also has significant potential for the imaginative aspects of theological engagement.

Our next chapter focuses on one source of immense benefit, temptation, and poverty: a discussion on money, credit and interest.

## Chapter 8

### Usury

For much of the history of the Christian Church, ethical thought on debt was devoted principally to the theory of usury. We saw in chapter 3 that one of the main arguments deployed in favour of debt cancellation was the Christian Church's opposition to usury, and that debt repayments from impoverished, indebted nations constituted this.<sup>1</sup> The campaign attempted to claim clear moral authority and to expose the extortionate aspects of the loan repayments. The theme of usury was not particularly prominent, however, and was more implicit than explicit. Although several debt campaign supporters referred to usury, most gave it scant attention; the campaign literature did not employ the term either, not even in its theological section in *The Debt Cutter's Handbook*, nor in any of the contributions to *Proclaim Liberty*. The exception to this is the frequent but thin polemic in the pronouncements of Jubilee South; it featured in many articles published in the name of Jubilee-Zambia. As a political resource, usury had little resonance and thus references to it were confined to more theological works; this is an indication of the way campaigners focused too narrowly on justice issues to the exclusion of others. In the past few centuries the notion of usury had become discarded, consigned to the realms of church history. Nonetheless it constituted a major role in the development of ethical objections to the international debts. The debt crisis provided the fertile ground for a revised appreciation of its wisdom and relevance, and a topic that was formerly the predominant theme in medieval times was able to reassert itself (Buckley, 2000: 328; Valley, 1990: 235) even to the extent that usury could be regarded as the 'primary

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<sup>1</sup> For example: Pettifor (2002: 13)

cause of economic injustice' today (Van de Weyer, 2010: 58). Indeed, through our discussion on usury we shall see that despite the limitations of usury theory, it contains valuable insights. I shall argue that the capacity of theological reflection to deal adequately with debt is dependent on its ability to develop the issues that usury raises, consonant with the Athertonian approach developed in chapter 5. In particular, these issues are changes in the conceptual understanding of money, the dynamics of risk, and the interaction between past, present and future responsibilities.

### **Historical overview**

We begin with a historical summary in order to show the reactive nature of much theological thought in relation to the legitimacy of interest charges. We see the eventual marginalisation and moribund nature of Christian ethics in this field as theologians attempted to relate to the changing economic contexts but failed to engage in dialogue to any meaningful extent. As political economy and, subsequently, economics emerged as disciplines within their own right, theology gave insufficient scrutiny to their insight and authority. The role that changing economic patterns played in the demise of prohibitions on usury is still the subject of argument, though it is clear to many that it was a causal factor. In addition, the rise of humanist Renaissance thinking helped to engineer huge changes in the Church's approach to its understanding of usury, though commercial factors accelerated the rate of change.

The history of usury is a complex one, witnessing significant changes as a theoretical basis became established and was then adapted. It is not our place here to rehearse this history in detail, but rather to outline the trends and their reasons, which can often be summarised as an adaptive reaction to a changing economic context. One key feature here was the rise in usury prohibition that accompanies a growing mercantilism in Western Europe during the Middle Ages, followed by an increasing plethora of exemptions that effectively permitted the charging of interest as capitalism became a dominant feature of social relations. The demise of usury prohibitions was complete by the nineteenth century, by which time usury had become redundant in all but name, leaving its remaining force as an expression for the levying of rates of interest so high as to be deemed exploitative. However, in making too rigid a causal connection between the development of usury theory and economic events, one should exercise due caution, for the picture is indeed a multi-faceted one. No one simple explanation emerges and one cannot automatically apply inferences garnered from one period onto another one. For instance, of equal significance is another key feature during the same period; the shift from usury understood as greed or lack of charity to its being one of injustice - no 'just title' to profit.

For much of its history the practice of charging interest has been regarded as inherently sinful. The Biblical basis for understanding usury is Deut. 23:19-20, which clearly prohibits usury of money, provisions or anything else that is lent to one's 'brother', but permits it to the stranger. Usury here refers to any kind of interest at all – not just those attracting high rates (Buckley, 1998: 10). The word used for 'stranger', *nokri*, is distinctive from terms referring to resident aliens or protected

travellers, and refers to the foreigner who is external, with whom there is no bond. Thus the Biblical restrictions on lending money to foreigners resulted in a two-tier economic system; interest on loans to fellow Israelites was forbidden but permitted for outsiders. Although the original emphasis may have been more on the forbidding of interest toward fellow Israelites rather than what may be allowed toward others, the implication nonetheless is that one may extort from the foreigner, but an Israelite is a 'brother' who should be regarded differently.<sup>2</sup> The charging of interest was clearly an everyday reality for people living in the time of Jesus and was illustrated in the parables; 12% was the commonly understood maximum rate of interest (Homer and Sylla, 1996: 54; Preston, 1991: 135; Selby, 1997: 124).<sup>3</sup> The Church understood the New Testament to show that distinctions between Israelite and Gentile were no longer valid, and therefore regarded the practice of charging interest with suspicion.

It is clear that the first few centuries of the Church saw little interest in usury, restricting its use among clergy but not others. A letter by Pope Leo the Great stated that usury was 'shameful gain'; the Council at Nicea forbade interest to clergy on the basis of Ps.15:5, where the characteristics of the 'just' include the refraining from lending money at interest, and from receiving a bribe against the innocent; both clauses are linked by their concern for the exploitation of the vulnerable. The Early Church Fathers viewed usury as contrary to the obligation to love neighbours as oneself, rather than as any contractual sense of justice denoting fair exchange (Ruston, 1993: 174). Usury became consonant with gain at the expense of others' suffering. Prior to the eighth century, clergy were prohibited from taking interest by the Church, but no theory had been developed, and hence the basis of Christian

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<sup>2</sup> Lister (2006: 124) disagrees, and claims that 'interest could only be used for mercantile purposes, and not when the non-Jew needed funds for subsistence.

<sup>3</sup> This was calculated at the rate of 1% per month as simple interest, not compound interest.

thinking on usury was predominantly the views and activities of the Early Church Fathers rather than the injunctions contained in Scripture (Noonan, 1957: 11). For instance, Ambrose of Milan extended the Deuteronomical conditions for charging interest from Jews to the Christians; within the Church interest should be forbidden, but it was legitimate – even desirable – to charge interest to its enemies.

Usury restrictions grew during the reign of Charlemagne in the eighth century and usury became prohibited and criminalised. Further biblical references were added to bolster a movement gathering momentum. However, penalties were mild, other than Church punishments on clergy. Such prohibitions on usury were extended gradually during the eleventh and twelfth centuries, from the internal matters of the Church to wider society, and in so doing, became systematised. Although there was still no single theory of usury, the intention to gain from loaning money became the signature of usury, rather than technical matters concerning actual fiscal outcomes. This period witnessed considerable growth in commercial activity. Usury merely as a lack of charity seemed to have lost its force. St Anselm declared instead that usury was a form of theft. With increasing concern among influential Church leaders, in 1139 the Second Lateran Council prohibited usury to ‘all men’ and declared usurers to be wicked.

Restrictions were tightened further during the second half of the twelfth century. Pope Alexander III declared that usury included not only interest on loans but included sales of credit at prices higher than cash value. The Third Lateran Council (1179) extended the restrictions further and went so far as to deny the right of

Christian burial to known usurers. Urban's quotation of Luke 6:35<sup>4</sup> was to have enormous influence on the theory of usury, for here we see for the first time the emergence of motive, for the intention of financial gain itself now constituted usury. By the thirteenth and fourteenth centuries the Church regarded usury as a matter of major social concern. In 1311 Clement V declared an absolute prohibition on usury, and this represented the high watermark of usury restrictions which were to last, more or less, for some three hundred years.

By medieval times the position on usury was therefore highly detailed. Usury comprised any addition to the principal: any recompense that was demanded as part of a loan agreement that was not the loan itself. Usurers should accordingly repay their usury in full; high prices for sales of credit were denounced as implicitly usurious. Interestingly, the levying of interest was permitted, but as compensation on a loan extended for solely charitable purposes. The 'scholastic theory' of usury, was clear that usury was a sin of injustice, in effect a violation of property rights. The charging of interest was equivalent to the stealing of money, for one could not add value to a metal coin: its value and its metallic nature were one and the same. This line of reasoning was based on not only the damaging social consequences of usury, but moreover on two interacting principles. The first was that the use and the ownership of money were indistinguishable; the second was that the value of money did not change over time. Much of this was due to the legacy of Aristotle, whose teaching became particularly significant in the Middle Ages and helped to form the basis of usury theory. Aristotle regarded money simply as exchange-value, a sterile entity, and its use to generate additional money was thus essentially unnatural. As a

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<sup>4</sup> 'lend without expecting any return.' (Revised English Bible)

result of these principles, considerations concerning the *value* of money did not intrude into the ethics of exchange, sales or loans. A just exchange (the 'just price') was dependent on the equality of the goods exchanged, and since one could not separate use and ownership, and since money would neither increase nor decrease in value during the period of a loan, to make any charge would be manifestly unjust. Usury was unjust because it effectively charged rent for money loaned – rent which continued even when the money loaned had been spent.

The rise of mercantilism saw the beginning of the erosion of usury restrictions, as increasingly credit was issued for the purposes of establishing a business or venture, rather than for emergency relief (consumption). Although Luther and other early Reformers were strongly defensive of usury prohibitions, the first major reforms to the scholastic theory were advocated by Calvin. He understood the Biblical injunctions to be based on the commands to demonstrate charity and justice toward the poor and destitute,<sup>5</sup> and urged modifications to the theory of usury rather than its complete abandonment, though these caveats were widely ignored. Calvin (1616: 46-7) understood Christ's injunction in Lk. 6:35 to be an instruction to lend to the poor rather than to the rich. Calvin realised money used in commercial activity was not generally sterile, and redefined usury away from the technical matters of the scholastic theory, basing the defining criteria for usury upon the possibility of injury to the other person through financial arrangements. He did not, however, extend this notion of damage to the way in which the burden of loss can fall disproportionately between creditor and debtor, so that the former can make gains while the latter is impoverished (Pettifor, 2009). Calvin, however, for all his relaxation of usury prohibitions, was instinctively against the taking of interest in general (Calvin, 1616:

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<sup>5</sup> Usury is only forbidden when it is 'repugnant to equitie and charitie.' Calvin, (1616: 48)

51; Noonan, 1957: 366). He criticised the former Church authorities that permitted some exceptions to the usury regulations, such as the idea of interest as compensation for the possibility of late payment or for the risk of default.

The demise of prohibitions on usury came through application of insurance to loans. The Church's understanding of money moved from the confines of the Aristotelian assumptions that money was sterile, dead value and unproductive in itself, to embrace the realisation that where investment is open to financial risk, profits could be achieved legitimately. The scholastic theory thus first became undermined through the acceptance that insurance could legitimately be applied to loan contracts (Noonan, 1957: 202). Financial risk had become acceptable, and a new understanding began to emerge that money could, under certain circumstances, be a productive agent – of more money. Typically the means of circumventing the strict letter of the usury prohibitions was the 'triple contract' in which three distinct financial contracts were made. The lender would invest (not loan) the sum with the borrower, make the borrower pay the cost of the insurance for the 'investment', and finally sell to them the rights to any profit made above a certain percentage of the investment. These three elements combined to effect the equivalent of a loan contract, which the Church was unable to prohibit. In consequence, the credit business developed significantly to incorporate bonds and stocks (Noonan, 1957: 202). The result of these changes can be seen in the formation of a consensus that certain rates of interest, commonly 5%, could be charged without being considered usurious. With this development, interest had become justified on several counts; to offset any losses by the lender for not having used the money elsewhere, for the risk of lending in the first place, and for expenses incurred in the loan arrangement. Usury became,

in effect, relegated to any gain from the loan contraction process to which the lender had no just title (Nelson, 1969: 406). From this original idea of 'just price', what emerged in practice from these revisions was the acceptance of interest unless it was at an exorbitant rate. The doctrine of usury had therefore moved from the public realm to the private conscience (Jones, 1989: 199). However, these developments did not make the necessary distinction between loans for investment purposes and those to help subsistence in times of emergency – and thus the charging of interest remained potentially exploitative (Ruston, 1993: 173). During the following centuries Church pronouncements and encyclicals on usury declined markedly both in number and in clarity as the gap between the classic scholastic theory and contemporary practice became ever more apparent.

We have seen the concept of usury move from a basis of uncharitableness to one of injustice against nature and God, to injustice against others. Another way of looking at this history is to see the development of usury regulations as representing the expansion of the 'moral community', those whom we regard as our natural neighbours, but at the cost of diminishing the strength of those bonds:

'It is a tragedy of moral history that the expansion of the area of the moral community has ordinarily been gained through the sacrifice of the intensity of the moral bond, or... that all men have become brothers by becoming equally others.' (Nelson 1969: 136)<sup>6</sup>

Hyde (1983) develops Nelson's thesis further, pointing out that the Deuteronomic regulations both prohibit and permit the practice of usury, in different circumstances. Within the tribal community usury is prohibited, but it is permitted when dealing with

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<sup>6</sup> Noonan (1957: 400) argues against Nelson that he has confused interest and usury, and that usury theory always assumed that there were some instances under which interest could be legitimately charged.

strangers. The former community is characterised by gift-exchange among reciprocal, close-knit bonds where people have a strong sense of cohesion and belonging; where there are bonds between people, usury is wrong and acts as violator of the social order. The latter typifies the need for contracts of exchange where trust requires some material reinforcement. The Early Church, with its universalist understanding that all were now one in Christ, accordingly sought to outlaw usury among Christians. The Reformation, however, separated the realms of Church and State, with the effect of narrowing the moral field from the wider society down to people with close personal ties. It no longer made sense to lend to a stranger, with the accompanying uncertainty as to whether the loan would be repaid. Therefore, restrictions against usury began to become more relaxed as that moral field diminished. Calvin's approach can therefore be seen to be based upon reciprocity between neither foreigners or kin but between 'cordial strangers'. It represents an 'ethic of equity' in which there are no victims nor any tangible bonds established through the exchange (Hyde, 1983: chapter 7). Interest has become distinguished from usury.

### **Contemporary views on usury**

The legacy of the above history has been to leave two co-existing views on usury today. One is the view that usury, strictly defined, is now rendered conceptually obsolete due to changing economic circumstances, and that interest charging is perfectly legitimate in the absence of coercion, injury or illegitimacy. The use of credit for enterprise is thus endorsed within the boundaries of reasonableness and fairness. Usury has therefore come to be equated with extortionate rates of interest,

exploitative of the borrowers: the Jubilee campaign did use the term in this sense, with all the moral opprobrium its use conjectured. The other view maintains a distinct unease concerning the charging of interest, for there remains within the Christian tradition a strand that continues to find the notion of interest hard to accommodate. This perspective includes the recognition that such practices can be deeply inimical not only to the participants, but moreover to wider society. For instance, the pace and nature of economic growth is strongly connected to the level of interest rates, which then raises questions about long-term sustainability in both economic and ecological terms. Thus such concerns are linked to the issue of exploitation of both economic agents and environmental resources. The Jubilee campaign reflected this view also, critical of the unquestioning acceptance of interest payments, and in particular the 'nexus of credit and debt' (Selby, 1996: 42). Pettifor (2003b) was not untypical in her view that 'making money out of money is wrong' – though the campaign did not reflect this.

The compounding of interest was also condemned, with the Tegucigalpa Declaration stating firmly: 'Usury and the charging of interest on top of interest should be forbidden' (Jubilee South, 1999a). The damaging effects of interest within the economic system has been highlighted by Mills (2000b) and Van de Weyer (2010): interest performs an amplifying function, where borrowing serves both to heighten economic booms and to deepen recessions when repayments are burdensome. Mills (200b: 187) attempts to expose the 'fallacy' of compound interest, observing that the growth of compounded interest is exponential – and that this cannot be sustained without some opposing force such as bankruptcy or inflation. He is accurate in all this, but the danger of compound interest is not always manifest. Where rates of

interest are low, or where the time scale for repayment is short, the compounded aspect of the interest may not be particularly significant, assuming the loan is generating its own income for the debtor. The real fallacy is that over long periods, and assuming low inflation, the growth of compounded interest will often exceed the rates of productive growth for an enterprise. More significantly, as Mills indicates, when credit is offered it occurs at differential rates according to the risk of default, with the effect of increasing the concentration of wealth among the already wealthy.

Such deeper concerns about the credit process led some to call for a broader approach to the use of usury, to incorporate issues of inequality:

‘Simply talking as if usury were excessive interest in an otherwise fair system will not account for its significance in Christian ethics. Usury both causes and is a consequence of poverty and inequality...it violates our basic duty towards the common good.’ (Ruston, 1993: 175)

An illustration of this revisionist understanding may be found in Pettifor’s own definition:

‘Usury is the practice of exalting money values over human and environmental values; of creating money at no cost and lending at rates of interest not to foster and maintain humanity or the ecosystem; but to accumulate reserves of unearned income; extract wealth from the productive sector in a moment that is parasitic; extract wealth from those who lack wealth (the asset-less) and to transfer this wealth to the already-rich – (those with assets); and make a claim on the future.’ (Pettifor, 2009)

Such a comprehensive statement combines the concern over the disproportionate cost that is inflicted upon the poor, but also displays a principled opposition to the entire process by which credit is derived: the references to ‘creating money at no cost’ and ‘unearned income’ reveal her inability, as with the scholastics, to relate theology and insights concerning interest in a dialogical manner. Ruston’s definition,

that 'Usury... is a failure to accept the God-given purpose of money as a token of worldly goods' (1993: 175) is also deficient, in that his understanding of money is confined to exchange-value – a view that will be discussed in more detail later in this chapter.

Selby's work is, however, more balanced; he is cautious about the use of the usury tradition, but does feel it contains important insights. On the one hand he approves of Gorrings's forceful condemnation of all interest as usury, inimical to the poor, and in need of redemption (Selby, 1997: 122); on the other, he recognises the degree of difference between the practices of debt and credit in history (particularly ancient times) compared to their purpose and dynamics at the turn of the Millennium. This leads him to state that there is both 'truth and self-deception' concerning reservations about the usefulness of the tradition:

'Maybe we cannot return at a stroke to the arena in which that ancient wisdom evolved; but maybe the wisdom is returning to offer us the way forward we need.' (Selby, 1997: 131)

Such truth is founded not so much in the detail of proscriptions, but in the experience of suffering (and consequent social upheaval) that indebtedness has been responsible for. In addition, the phenomenon of globalisation has made the world effectively smaller, and led to a greater sense of the connections between each other and between ourselves and the earth's ecology. In this sense Selby reverses Nelson's dictum, suggesting that the bounds of the earth's moral community may have been reached, and that the bonds are in fact strengthened through an increased sense of our interdependence upon each other and the environment. The core of this tradition lies in the realisation of the dangerous power of money and thus

the need to control that power through regulation (Selby, 1997: 143), for unrestrained lending is inherently dangerous (Selby, 1999b).

Central to the validity of any usury insight today is the issue concerning exploitation of the vulnerable. Therefore, the focus for ethical enquiry will be a means of understanding the circumstances of the loan and the power relations between lender and borrower. One key issue for critical reflection on usury is the distinction between the different purposes of credit: for enterprise or emergency relief. It cannot be reduced to an abstract principle based upon an understanding of the nature of money, for fundamentally the usury legislation in Scripture is concerned with the quality of human relationships.

Two components of usury theory therefore warrant further consideration. The first is a discussion on the changing understanding of money, and how this affects the theory, not least as it considers the phenomenon of risk. The second is a consideration of the moral responsibility between generations, and in particular the sense that the present generation owes a debt to future generations.

### **Money and interest**

We have seen how usury today is understood commonly to refer to unjustifiably high rates of interest, rather than the practices of lending per se. However, as has already been mentioned, there remains a deep suspicion in many theological circles concerning the rightfulness of money to generate further money.<sup>7</sup> Linked strongly to

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<sup>7</sup> For example, Ruston (1993: 175)

this is the view that unearned income is unnatural; that money functions necessarily as a mechanism enabling commercial transactions to take place, but when it becomes elevated to a commodity in its own right, then it has become a 'self-perpetuating power' (Visser and MacIntosh, 1998). It is nonetheless clear that the Church's failure to develop an adequate theory of usury lies in its inadequate understanding concerning money. Church leaders consistently failed to understand the concept of the just price (the market rate set by supply and demand and, therefore, changeable and subjective (Preston, 1991: 139)). Instead, they remained attached to the Aristotelian view that money was fungible, and therefore used up in the process of buying and selling.

We now consider attempts by supporters of the Jubilee campaign to suggest ways of reforming the interest-based economy. Some of these proposed the principle of placing limits on interest that could be charged on loans. Peters, who described himself as suspicious of the 'magic' of compound interest, suggested legislation to place an upper limit on the total amount that could be repaid (Dent and Peters, 1999: 145); Müller-Fahrenheit (1997b) pondered whether there ought to be 'time limits' for the growth of money, for ideally money should be subject to decay, although he admitted he did not know how this might come about. In Müller-Fahrenheit's view, money is a commodity like any other, and hence can be valued, cancelled or written off as other assets are. Again, however, he does not indicate how this writing-off could occur. Such ideas may inspire further attention to the inexorable spiralling of debt repayments under high interest rates, and attempt to place a brake on its damaging consequences, but in their present form they are little more than speculative.

From the theologically conservative flank that affords great emphasis to the role of the family in social, economic and political matters, Mills (2000b) and Schluter (2004) advocate economic systems that are not based upon interest-bearing debt. They are both unequivocal on the Biblical prohibition on charging interest, although they play down the exemptions towards foreigners in Deuteronomy (Schluter, 2004: 68). Mills questions the very purpose of interest, arguing that one should not be rewarded for the voluntary surrender of one's property rights on money. In the face of alternatives, not least those pursued by Islamic financial organisations – such as profit-sharing and the Biblical injunction against lending expecting any return, Mills implies that the levying of interest is unjustified. Instead, he advocates a greater emphasis on profit-sharing and rental arrangements for lending (Mills, 2000b: 189). His proposals are insightful yet his rather intransigent opposition to all forms of interest marginalises the impact of his suggestions. In a not dissimilar vein Buckley suggests a new, broader use of 'usury' terminology which includes a return to its Biblical origins; that is, she poses fundamental questions about the practice of charging interest for the use of money at all, not merely at rates deemed to be extortionate. Her concern is how the practice of lending affects the most poor and vulnerable, and she suggests that a consideration of how they are affected is integral to defining what is usurious, in a similar vein to Calvin centuries earlier (Buckley, 1998: 6). She places usury theory within the wider context of how the poor experience financial pressures, opportunities and practices. She does not therefore advocate an alternative to the credit system for all, but argues that alternatives are required for loans to the powerless and poor, such as power-sharing arrangements (see below) and non-monetary credit schemes (Buckley, 1998: 24). In this regard there is much that the Christian faith can learn from Islamic and Judaic teaching on debt and interest.

Usury is one area which has much potential for multi-faith dialogue, since the three Abrahamic faiths all contain codified instructions on the charging of interest.

In recent years interest has been expressed by theologians such as Schluter, Mills, Buckley and Atherton in the principles behind Islamic finance, and in particular the Islamic restrictions upon lending. Indeed, in Atherton's typology this represents both a type of 'overlapping consensus' (across faiths) and a 'distinctively different' approach to wider society. The legacy of the Christian restrictions upon money-lending are, sadly, all too closely linked with anti-Semitism, since Jews alone were permitted to lend at interest and became despised as a result. Judaic legislation is framed from the perspective of charitable giving – obligations to one's neighbour - rather than of abstract justice. In Islam interest is strictly prohibited and the process of lending has to be done in a different way. Here, the lender makes an investment in the borrower's business for a fixed rate of return. Thus, both parties share in the risk of failure and the profits from success. A central feature of this arrangement is that power is shared more equitably, though it is not without practical difficulties. Sharia-compliant mortgages involve complicated financial arrangements in which charges are levied for the loan, but are not charged as interest. If a venture is successful and profits are considerable, the lender receives substantial remuneration – though it is the borrower who has expended the skill and time. In such circumstances one might argue that such an equitable power-sharing is unjust when one considers the disparity of contribution that each party has made. Furthermore, it is uncertain how easy it might be to obtain credit under such arrangements where the risk is known to be other than low. High rates of interest (however exploitative) act as compensation for creditors in such circumstances, and hence provide the incentive for investment. Some, such as Schluter (2008), see Islamic finance as a challenge to the Christian

faith to respond in similar vein, and there is much to commend it, for it points to a reconnection of economics with theology. Although in Islam there is a theological economy rather than dialogue between two discrete disciplines, it does highlight the significance of relationships through economic activities. Under Islamic lending, creditor and debtor are tied together far more closely than in Western arrangements and, consequently, there is an intrinsic sense of social responsibility governing the entire process, including the question of whether the loan is indeed in the prospective borrower's best interests.

In order to be able to come to theological conclusions over the validity of charging interest, therefore, one must understand the function and role of money in the present economy. To what extent did the debt campaigners appreciate this? The cognisance that money is a social construct - exchange-value - led many to argue against its commodification, but in a way that denies the significant differences in the way that money functions in the contemporary economy. Certainly changes in the role money plays in the world economy were highlighted by supporters of the campaign. They recognised that since the 1970s there has been a massive shift in the patterns of international trade, with the vast majority of trade (in monetary terms) being conducted through financial transactions rather than the actual exchange of goods. Pettifor (1998: 11) frequently quoted the statistic that in 1970, 90% of world trade was in goods and 10% represented financial transactions, whereas by 1990 this pattern had been reversed.<sup>8</sup> Some commentators have given the nature and role of money more reflection, and their position is more nuanced. Selby is perceptive in acknowledging the power that money now exercises in international markets, where

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<sup>8</sup> Gorringe (1994:40) states that 95% of all transactions today are concerned with making money out of money.

– importantly - money ‘drives’ trade rather than follows it, as in the past. A central feature of his analysis is that the astonishing rise in both the quality and power of money has effected a change in the way we understand the world; our view of Truth is affected by changes in the way money now functions (Selby, 1999b). This is a profound observation, but unfortunately one which Selby does not pursue with sufficient vigour, and to which we now turn our attention, in particular as we consider the phenomenon of risk.

We see that a key component in the legitimacy of interest charging, and in much of the way money functions in the economy today, is the notion of risk. In the absence of risk, profits are regarded with suspicion in many theological quarters; for example, Schluter (2004: 68) remarks that: ‘the Bible determines the legitimate return on capital by the amount of risk taken to achieve it’.<sup>9</sup> Risk is inimical to the efficient operation of any economic system. High levels of risk prevent financial exchange altogether, due to the fear that one may have little recourse to legal means if the exchange is fraudulent or the goods are not supplied as promised. Those with wealth will seek to translate their assets into commodities that are least risk-prone, such as gold. Moderate levels of risk are also highly deleterious, making the process and price of credit very high, and preventing long-term planning and investment. From a theological perspective, however, it is the skewing of risk in ways that affect disproportionately the most vulnerable, and in favour of the creditor, that causes greatest concern, leading to the charge of modern usury (Van de Weyer, 2010: 17-8).

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<sup>9</sup> The Fifth Lateran Council in 1512 established one criterion for usury as the gain without risk: Van de Weyer (2010: 12)

A good example of theological reflection upon this changing role of money is found in the work of Cowley, who presents a very considered understanding of money, and in particular the way money is used to obviate risk. Her approach to ethical considerations on money focuses on the societal aspects of monetary exchange. In contrast to reductionist economics, but also moving beyond simplistic characterisations of money as mere tokens of exchange, Cowley acknowledges that money must be appraised in the context of its cultural contexts and symbolic functions. Money is a symbolic reality:

‘There is a tendency to treat money in a polemical way which does not account fully enough for the ambiguity present in power/empowerment.’  
(Cowley, 2006: 105)

Cowley asserts (2006: 96) that money has become not only less of a substance (i.e. metal) but that it is more accurate to regard it as being a function of social relationships. Clearly money requires trust in order to make it acceptable in exchange, and it requires a stable legal framework to guarantee the promise of payment that it represents. The derivation of the term ‘credit’ from the Latin *credo* is a significant indicator of this trust (Ferguson, 2008a: 30). In addition, money needs to keep its value over time, for high inflation destroys its ability to act easily (a point which counters the arguments of Müller-Fahrenholz above.) Financial markets help to smooth the fluctuations and imbalances that occur within society – for example, over long or short-term investments. In so doing, money helps the economy to function more effectively, and thus benefits the common good.

Risk is minimised in various ways by financial markets. The most straightforward is the purchase of insurance against loss. Increasingly, however, producers and

purchasers seek assurances that protect them against other kinds of risk such as currency exchange-rates, for instance by buying guarantees of future trading arrangements at pre-determined prices. Such arrangements make the processes of investment in production much easier. Producers of raw materials, such as minerals, and agricultural producers also find that their interests are well served if they can 'future-proof' the market through the purchase of price guarantees. Derivatives may play a part in this, since they act to spread the exposure to risk among many parties. In such a way very large financial undertakings – such as major infrastructure projects – can be handled. The strange paradox about derivatives is that their purpose is to minimise risk, but they are high-risk products themselves. Typically they are opaque to scrutiny and are supported by a relatively small number of financial institutions. These factors mean that they are more vulnerable to the possibilities of miscalculation and the effects of financial shocks (Cowley, 2006: chapter 8). As we have seen already, the risks are borne disproportionately by certain sectors of society. Cowley's maxim for assessing the moral validity of derivatives is to posit the perceived benefits against the possible dangers; weighing up the possible scenarios and their relative probabilities of occurrence aids ethical decision-making.

Cowley's chief concern about the way money has been functioning in recent years is to do with the way in which it is drawn increasingly to high-risk areas of the financial market which naturally hold out the promise of potential high returns. The phenomenon of investment attracted to the prospects of greatest return is not new, of course, but Cowley discerns a change in its dynamics. She indicates that it is the sums of money involved that are the most significant, as risk-prone business

becomes the dominant source of income for financial institutions and individuals.<sup>10</sup> A major feature of money in modern times has been the extension of means-ends chains, which consist of many links that are not ends in themselves, but merely staging posts on the way to the ultimate goals. This means that money can be used for purposes quite unforeseen by its previous users, completely divorced from the original intentions of the initiators of the chain.<sup>11</sup> Thus money facilitates a convoluted nexus of exchanges between people that are not necessarily reciprocal; the essential 'human-ness' or personhood has been dissipated. In contrast to the process of trading in commodities, where highly developed networks of inter-personal bonds are required, money exchanges are characterised by impersonality and detachment: 'Possession of money loosens the individual from the unifying bonds of other economic and social relations' (Cowley, 2006: 102). Exchanges are no longer between people, or even people and objects, but between inanimate objects. Money is therefore defined by what it symbolises rather than its innate properties. Cowley gives the example of the investment in stocks; one is making no personal commitment other than the financial cost of the purchase and one may be utterly uninterested in the actual company's sphere of operations. What matters to the investor will be the value of the stocks and their dividends. She concludes: 'the growth of capital in itself has become the priority' (Cowley, 2006: 103). This 'rootlessness' of money is the central feature in thinking about risk. Money has no attachment to any 'real' (productive) economic activity, rather risk-prone business has become the chief source of financial activity. Furthermore, the consequences of risk-prone investment – such as derivatives – are borne by certain groups

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<sup>10</sup> This point is also made by Ruston (1993: 177), who comments that greater profits are made from lending than from investment.

<sup>11</sup> This can also happen, of course, with manufactured goods, such as metals that end up as armaments.

disproportionately, not least because they can lead to the widespread destabilisation of national economies (Cowley, 2006: 134ff.). Such investments are therefore matters of concern in the public arena, and not confined to the realm of economists:

‘The search for a risk-free life is a nonsense doomed to failure... An ethics of risk management is required which incorporates both prudence and courage without recklessness.’ (Cowley, 2006: 152)

Money becomes idolatrous when it becomes the centre of ethical concern, where its acquisition and preservation is paramount and sufficiently dominant that it becomes impossible to give weight to other issues and values (Cowley, 2006: 140). In Cowley in particular, we see how a pragmatic, interdisciplinary approach can lead to theological issues of human relationships and power alongside economic issues such as risk.

### **Responsibility toward future generations**

One further area in which any theory of usury must be located is within a conceptual framework that establishes ethical connections between the present time and the future. This is particularly so in the medium to long term; much economics, as we have seen, operates under a very short-term perspective. Creditors and lenders have legal obligations to each other, underlying which is the unstated principle that obligations made on one day continue to the next: *today I am the same person I was yesterday, and I am accountable in the present for my conduct in the past*. In the case of collective debt, such as that taken out by governments on behalf of their citizens, this becomes a more complex matter, which has been discussed above in connection with odious and unjust debts. However, when the time span becomes

many years, the ethical considerations become more complex. In what sense does the present generation have obligations to subsequent ones? This question is at the heart of many contemporary discussions concerning pension provisions, so-called 'intergenerational theft'. This is the notion that one generation has inflicted financial obligations upon another – in this particular instance the allegation is made that the present generation is unfairly burdened by commitments it inherited from its predecessor, and to which it is obligated. Pension contributions need to be increased in order not only to provide current scheme members' payments when they are older, but also for those who are already older. It thus represents a transfer of resources from the working population to the retired and retiring, but is likely to be difficult when the current contributors are themselves older. In the case of international debt, the criticism by campaigners is that future generations will bear a disproportionate burden of the debt servicing cost.

A further development of usury theory is the view that usury – understood as unjustifiably high rates of interest, not only acts as a transfer mechanism of wealth from poor to rich, but that it 'discounts' the future. This is a clear violation of intergenerational equity, the consequences of which might be catastrophic: appalling poverty and the extinction of species (Vissor and MacIntosh, 1998). Here the needs of future generations become subservient to the perceived requirements of today. Debt campaigners were acutely aware of the burden debt places on future generations. Pettifor's definition of usury (above) reveals the conceptual link between debt today and future consequences, particularly for the environment, a theme pioneered by George (1992). Selby is, however, the most articulate of all, cognisant of the ways that debt 'binds the future'. It is not right, he argues, for certain critical

aspects of human life to be 'mortgaged': 'you can't have the Truth today and pay for it tomorrow' (Selby, 199b).

The theological perspective on the relationship between present and future generations is, with the exception of Selby, rarely articulated, although increasingly it is implicit in ecological reflections. The concept of the stewardship of creation implies a responsibility that lies beyond each person's particular lifetime, and cherishes the vision of God's world being brought to fulfilment of the divine purpose. The fact of our common creation by God not only unites men and women as brothers and sisters, but provides the basis for a relationship across the generations. God is creator of time as well as material things, but stands beyond both their confines. Accordingly, there is a unity through God between people who have no physical contact or knowledge of each other: future generations are still brothers and sisters to the present generation. Jesus refuted the idea that a person can justifiably bear the suffering caused by the misdemeanours of his or her ancestor.<sup>12</sup>

One key feature of intergenerational responsibility is discerned through 'truthful self-understanding' of our world and ourselves which sees beyond the short term and perceives the true interdependence of all our relationships (Williams, 2010). In other words, truly to be human is to embrace a sense of our dependencies not only with our contemporaries but across the generations. There is thus an important bond between the generations. The needs of one will be the same as its successor: food, a stable climate, an economy unburdened by oppressive debt. Justice within the present is thus linked inextricably to justice to the future.

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<sup>12</sup> John 9:2-3. Green (1998: 83) also refers to this.

The communion of saints is also a repository of theological insight on this matter, originating with the notion of linking present worshippers with those of the past, and particularly in the participation in the eucharist, in which all are joined together in the praise of Christ (Pannenberg, 1972: 149).<sup>13</sup> Pannenberg (1972: 152-4) develops a view of the Church that is highly eschatological: communion with Christ can only be understood in the context of a self-understanding of the Church as 'God's community of the end-time', waiting and hoping for the parousia when God's kingdom comes in the fullness of divine glory. Charles Wesley put this well:

'Whate'er we hope, by faith we have,  
Future and past subsisting now.' (Hymns and Psalms, 1983: no. 662)

The Church's character is thus derived from this expectation and its unity in Christ. Hence, the communion of saints goes beyond notions of mere gratitude for the encouragement and inspiration of the past faithful, and suggests a powerful bond between people caught up together in the work of salvation. The bonds that lie between the generations are thus not only those of obligation to each other, but moreover a sense of envisioning the future. In the context of debt, the future vision is of a world in which the kingdom has come, and no one is burdened. The Christian responsibility is therefore the ensuring that future generations will not be crushed by the burdens of debt.

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<sup>13</sup> Bonhoeffer (1963: 67) also writes of the eschatological understanding of time shared by a community.

## Summary

The complex history of usury theory itself demonstrates the way in which theological ethics have often reacted to economic developments and had to absorb the realities or necessities of interest, or else abandoned the notion altogether. In general, debt campaigners, particularly those in the South, did not examine the historical tradition, and invoked selected Scriptural texts prohibiting the charging of interest. (Selby is a notable exception here.) The paucity of references to usury may be considered as indicative of a narrow theological response to debt, separated from wider issues about money.

The continuing value of the concept of usury in facilitating a constructive engagement with economics is dependent upon the basis on which it is understood, for as we have seen, there are two differing foundational arguments. One is based on the tradition that the charging of interest is inherently unjust, but this is derived from an outdated understanding of the role and nature that money now plays in society. The other is based on the consequences of lending for human relationships, and concern for the exploitation of the powerless. It is difficult to establish a rigid separation between these two facets in the minds of those who framed the Deuteronomic legislation; however, it may be helpful to be cognisant of the distinction, made by Preston, between Biblical ethics and Christian ethics (Kamergrauzis, 2001: 74). This would be particularly helpful, for instance, in dealing with the Lukan injunction that one should not expect to gain from lending money, and help the process of reflection on this text to move from doctrinal imposition to a more dialogical one.

The pragmatic approach to the theological engagement with usury is found in the importance given to the distinction made between the purposes and motives involved in the loans-making process, between emergency relief loans offered for consumptive purposes and those made to enable investment in commercial enterprises. The difficulty with this is that not only is it not always possible to make an easy distinction between the two. In the case of many loans to developing countries, the purpose was ostensibly for investment in infrastructure, machinery and development projects, but these were by no means purely commercial activities. Although some bilateral loans may be classified in this manner (such as the example of the Romanian tractors exported to Zambia), many of these loans, together with the multilateral ones, were devised with the aim of assisting in the long term development of the borrowing country. There is no easy demarcation between what is 'charitable' and that which is 'commercial'. The theological requirement of relative autonomy, described in chapter two, means that any use of usury in a contemporary context must acknowledge the enormous change in the way that credit is offered, but moreover the way in which money functions; otherwise the danger is that the focus will remain on a principle about lending that is located within an outdated context. Mills' and Schluter's approaches would benefit from a stronger recognition of this point.

Pettifor's definition extends the concept of usury considerably, embracing ecological considerations, but is too confessional. Her language, describing usury as the placing of money values above human and environmental ones, returns us to a clash of competing values that is obstructive of dialogue. Cowley's observation is apposite in this context:

'Genuine moral debate cannot take place between one who argues in terms of social utilities and one who believes in the priority of rights. They justify moral priorities in different ways... All that results is a dialogue of the deaf.'  
(Cowley, 2006: 4)

Selby's observation that changes in the ways money functions have affected our notions of truth are profound; the acknowledgement that the theological tradition has been shaped in part by such change satisfies one of Brown's criteria for theological engagement in the economy. Cowley's approach to money is a good example of an inter-disciplinary 'theology with' rather than Pettifor's 'theology and' approach, for Cowley recognises the new functions of money yet retains theological issues that are intrinsically part of economics: questions about the nature of obligations, trust, the public dimension to risk management, and the consequences - especially on the types of people who bear these most - of unpredictable situations. Money clearly is productive all by itself, but paradoxically it is this tendency which most leads to the excesses of risk-prone investment with all their consequent dangers. Ruston's question concerning how 'productive' money is, and particularly who it is productive for, is critical.

The heart of the original usury regulations, in Deuteronomy, was that usury comprised the taking of advantage of a vulnerable person, someone who was in no position to bargain and thus was open to exploitation. Within the Israelite community this was unacceptable. This same maxim can still underpin theological reflection upon debt today; moreover, particularly with the case of international debt, we see that advantage can easily be taken, and possibly in ignorance. The usury tradition serves as a reminder that high levels of interest damage social relationships within the community, and that financial transactions are located within the context of social

relationships, rather than the detached, impersonal exchanges that typify much of the market economy today. This tradition can therefore act as a check-list to warn against unfair advantage being taken – wittingly or not.

Lastly, the morality of interest is found to be questionable inasmuch as there is a significant disparity in power relations that can lead to exploitative behaviour, hence the attempt to develop methods of lending based on a greater mutuality of profit or loss. Shared interest schemes are, in Atherton's terminology, both performative and bear the hallmark of being 'distinctively different' from conventional economics, yet also reflect an overlap of consensus between many faith-based organisations. The use of the concept of inter-generational responsibility linked through debt and interest reflects an imaginative ideal trying to provoke deeper analysis. Ultimately, however, a critique based purely on power disparities or one devoted solely to the more technical issues concerning the role of money are inadequate, for both are essential. Our study of interest charging and money shows that the ideological and the practical can indeed be brought together in creative tension.

## Chapter 9

### Conclusion

'One of the saddest of the companions of poverty is debt: the legacy of past help and sometimes of past error. It is a burden that weighs heavily on the poorest people of our planet and one, also, that denies new and greatly needed assistance. Accordingly, both for economic development and for human compassion, there is need, indeed urgency, for debt relief for the poorest nations. This is currently being urged by the most compassionately intelligent people of our time. I join them in their plea for early and comprehensive action.' (Galbraith, 1999b)<sup>1</sup>

My thesis has been concerned with tracing the development of the Jubilee 2000 campaign, drawing out its critical theological features and suggesting the direction for further reflection upon international debt. In doing so the value of an analytical framework drawn from Atherton's work has been demonstrated, particularly as it relates to the development of an inter-disciplinary approach facing the challenges of pluralism and globalisation. This concern for methodological issues of theological engagement through the second part of the thesis has involved discussion on the relationship between ideals and realities, on the kingdom of God inaugurated but not fulfilled. The Jubilee 2000 campaign's often simplistic approach nonetheless contains possibilities that offer a new avenue away from the deficiencies of liberalism, and which may yet be genuinely dialogical and prophetic.

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<sup>1</sup> Surprisingly, this endorsement appears never to have been published in any of the campaign material.

In this final chapter we begin with a summary of the campaign, before offering a critique concerned principally with methodology, identifying requirements that are necessary for ongoing theological reflection on debt to be developed. We then turn to examine key themes that have emerged during the previous chapters, before returning to the issues of idealism and realism that have been a constant undercurrent.

### **Jubilee 2000 and theological economics**

Jubilee 2000 was an incredibly successful campaign, both in terms of the support it generated and the extent to which its objectives of debt relief were achieved. Led by Christians and church organisations, its aims were closely related to the Christian faith. The campaign was able to stimulate interest in a topic many in the aid agencies had tired of, helped to re-shape conventional thinking on debt cancellation, and broke new ground in terms of its campaigning strategy. However, the prevalence of developing country debt has not disappeared, and despite the substantial relief achieved through the HIPC process, many countries still face considerable debt repayments. The Jubilee campaign is now but a distant memory in the West and assessments of its significance range widely, from important to peripheral.

The campaign's short but dramatic history demonstrates the way in which the Church still has the capacity in Western society to galvanise popular opinion in

support of causes that resonate deeply. Some measure of debt relief would doubtless have occurred without the campaign, simply due to the economic necessity of debt write-offs, but its scope and scale would have been much smaller, and far more stringent conditions would have been set: the campaign's influence upon the World Bank to amend the terms of its HIPC programme is evidence of this. The campaign drew considerable inspiration and ammunition from overtly theological concepts and traditions, in particular, the use of Jubilee and the Church's historical opposition to usury. The liberation of the poor and enslaved, in addition to Scriptural injunctions to forgive debts and avoid indebtedness, was also made forcefully. Moreover, it was the way that the campaigners used these insights and traditions, rather than the fact of their use that was significant, for it suggested a sense of confidence in the relevance of such material, much of it hitherto regarded as outdated by theologians, and in the face of cynicism towards religious agencies in a pluralist, Western culture. The role of the churches was critical in obtaining sufficient support for the campaign to attract popular attention in the media; church leaders were pivotal in this task, but so too were the aid agencies that offered financial and logistical support once the campaign was seen to be viable. As the campaign gathered momentum, considerable impact was made through the intervention of prominent Christians whose credibility and personal connections enabled the campaign in the United States. Key to the success of Jubilee 2000 was the sophisticated nature of its campaign led by an experienced and media-aware Coalition Committee, coupled with the churches' and aid agencies' organisational structures which informed

their congregations and supporters. Mass demonstrations and a series of other high-profile events maintained the political pressure on governments and the multi-lateral agencies. Although the sheer number of ordinary people in Britain prepared to attend the G8 Birmingham summit effectively launched the campaign into the headlines, in reality the success was just as much due to good connections in the media and among senior politicians and celebrities, especially in the United States. It was therefore a campaign that, to a significant extent, was voiced by the powerful on behalf of the powerless. Although debt relief campaigns had been pressing for many years in the developing world, the catalyst for the movement's success internationally was the campaign in Britain and the US rather than the Jubilee campaigns in the indebted nations themselves. These national campaigns did, however, not only add legitimacy but provided vital information concerning the impact of debt repayments upon living conditions.

For affluent Christians in the West, looking towards the new millennium, conscious of their marginalisation and of the intractable nature of global poverty, the campaign represented a welcome opportunity to combine hopes of a new era with tangible action to benefit the poorest. Christian aspiration and witness were forged together, for the campaign also represented an opportunity to demonstrate an example of the relevance of the Christian faith in a refreshingly uncomplicated way. Western Christians were galvanised by the sense that they could use their relative power and influence to make a necessary difference in

the affairs of the world as they affected some of the poorest people on earth. The ability of the campaign quickly to embrace all the major denominational strands within Christianity assisted considerably, and in this respect Pontifical statements were of great significance. Protestant and Catholic, conservative and liberal, traditional and Pentecostal were united in a common aim. The inter-faith dimension, in which all the major world faiths expressed their commitment, added much credibility to the campaign in the eyes of the media.

The campaign was overt in the role that matters of faith played, and that the Christian heritage was a source of pride and inspiration rather than a feature to be understated. Despite this, it is also evident from our study that the movement contained many internal sources of friction and was far less united than was apparent. It was a loose coalition theologically, politically and sociologically, and it is clear that underlying divisions would have split the Coalition had the international campaign continued much past the year 2000. Tensions between the Leach proposal in the US on the one hand, and the call for unconditional debt relief from the South on the other, reflected starkly contrasting approaches to the effectiveness of debt relief in alleviating poverty. Furthermore, a clear divergence emerged over the extent to which corruption is caused by, or is a feature endemic to, poverty. The call for reparations generally fell on deaf ears in the developed world, where the chief interest lay not in retrospective justice, but in practical measures to combat the contemporary situation. The Coalition's leadership realised that to campaign overtly for reparations would be a distraction

that could damage the campaign's credibility and was unlikely to be unsuccessful, yet it continues to be a point of principle for campaigns in the South today.

The decision to limit the campaign to the end of the millennial year was highly contentious, and caused much friction with campaigns in the South. The tension between the exigencies of a political campaign in the North and the sense of abandonment in the South was keenly felt: at its heart was the difference between the Northern campaigners, who saw debt cancellation as one facet among many towards the relief of global poverty, and those in the South who saw debt as an issue demanding a more longstanding, distinctive response.<sup>2</sup> The 2000 tag therefore proved more helpful to the campaign in the North than it did in the South. Probably 'Drop the Debt' and the Jubilee Debt Campaign would not have been initiated but for pressure from activists in both North and South to continue the work.

The campaign against international debt is suggestive of a shift in Christian social engagement towards a more self-consciously theological economics, but it is one which is capable of constructive dialogue and prophetic witness. Linden's observation that the campaign is incidental when set in a broader context is premised upon a superficial judgement, and would be more accurate had the

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<sup>2</sup> Such a move was not unexpected: the first debt campaigners such as Dent and Peters had always viewed debt as only one aspect of the forces that keep millions in poverty. Following the ending of the campaign at international level, attention moved among the Western aid agencies to the campaigns for Trade Justice and Make Poverty History.

campaign been confined to a narrow, theological economics. It is my contention, however, that the initiative begun by the campaign can continue to be developed in ways appropriate to the task of ongoing, effective engagement if it is brought into a wider political and economic context and through a more dialogical methodology. We turn now, therefore, to a critique of the theological foundations and approaches that characterised the campaign.

### **The Jubilee 2000 campaign: theological critique**

The campaign was particularly effective in its analysis of the debt problem and the way this was underpinned by the historical legacy of colonialism and deep flaws within the global financial system. In the case of Zambia we saw how its indebtedness could be traced in large part to political issues as well as economic ones, such as the struggle for independence, its opposition to apartheid South Africa, and its consequent trade isolation. We have also seen how the question of debt relief opened up a maelstrom of issues concerning democracy, political accountability, and the role of civil society in a developing nation. It revealed the disparities in power between creditors and the debtor nation, and the way debt relief could catalyse the democratic process – at least in those countries with stable state institutions. Thus a major strength for the campaign was the way it emphasised the political nature of indebtedness and its role in determining debt relief. However, it can be argued that in its stress on debt in relation to political economy rather than economics per se, the campaign paid insufficient attention to the detail of the economic issues themselves.

We have seen how the thrust of the campaign's arguments was primarily moral and political rather than technical in nature, despite the technical data they published. The use of odious debt and particularly the parallel with slavery were ingenious and emotionally powerful tactics; the historical instances of debt cancellations served to establish the credentials of debt cancellation. In Athertonian terms, odious debts and past examples of cancellation served to engage the political-economic sphere on terms it recognised: legal frameworks and economic history. Much of the campaign's moral argument was predicated upon the manifest injustices of debt repayments and the SAPs associated with rescheduling, and on the need for governments and the IFIs to have the moral and political will to effect the changes needed. In general, Jubilee 2000 employed a deductive methodology, grafting biblical principles such as justice, provision for the poor, and prohibitions on interest on to contemporary considerations concerning international debt. This was successful because the campaign's cause achieved a wide resonance primarily due to its emotive and political appeal, rather than to its theological contribution: Jubilee 2000 was, after all, a political campaign not a research establishment. Our discussion of theological engagement with political economy shows however that, leaving political expediency aside, such a direct application of theological material is fraught with difficulty and methodologically is ultimately unsatisfactory.

The campaign clearly espoused the principle that the welfare of people in the poorest nations demanded a higher priority than the strict entitlements of

creditors, and in so doing demonstrated that economic rights were subservient to other ones. This was the basis for opposition to the drastic and most damaging SAPs: here economic reform meant death, poverty and welfare reduction for many. This emphasis on human rights before economic ones is found most clearly in the publications of the WCC, the work of liberation theologians and those influenced by them (such as Gorringer and Duchrow) who advocate an economic order founded on the delivery of basic human needs to all as an essential prerequisite for a just society, for human dignity and world peace (Fitzgerald, 1999). Indeed, it is the provision for such needs that becomes the criterion for distinguishing what is just from what is unjust, and a spirituality of life from one of death. Such an ethics affords paramountcy to the preservation of life characterised not only by physical existence but by literacy, shelter, access to health care and education. The experience of the poor thus provides the cornerstone for ethical judgement upon economic matters. Such a rights-based approach is very helpful in establishing the boundaries of what is unacceptable, such as the stringent conditionalities of SAPs, or the pernicious nature of secondary debt and vulture fund markets. This is indeed a good, yet insufficient basis for engagement with an economy as a whole. Its problem lies not with the nature of the ideal but with the way that ideal is introduced into the engagement as eschatological imposition. What is meant by this, is the kingdom imperative for justice and human well-being being injected as a pre-requisite and not as an aspect within the dialogue. The domination of this imperative rejects the notion that economics can contain any valid insight, and views its claims and

assumptions (such as scarcity) as self-deceiving. Moreover, this approach is predicated on the questionable belief that *complete* solutions to poverty are indeed possible: that God has equipped humankind with sufficient resources to provide for all to an adequate extent. The argument for human rights in preference to economic ones represents a clear, succinct point of principle, yet for ongoing theological engagement a more nuanced approach is required which avoids an absolutist position and, in particular, offers guidance on how to prioritise competing rights and demands.

The language of forgiveness was dismissed by most campaigners and commentators due to the view that its use would imply fault more on the part of debtors than the creditors, and that it might encourage a view that the campaign was about charity rather than justice. It could also lead to a blurring of the sharp distinction between victim and perpetrator, and the demands of the political campaign for debt cancellation militated against this. Nevertheless, it is clear that the absence of forgiveness as a theme represented a missed opportunity for deeper theological reflection and engagement. Debt 'forgiveness' was a term in common currency until the mid 1990s, and its continued use might have offered the chance for the campaign to address not only the need for the mutuality of forgiveness – thus leading to an acknowledgement of the responsibility played by the lenders – but also to the ultimate goals of forgiveness: reconciliation and a new beginning. Forgiveness is a more progressive concept than justice, and is inherently dialogical. It involves learning from past failings on all sides, and the

resolve to grow into the likeness of God through divine grace. The significance of the link between the proclamation of the Jubilee and the Day of Atonement which heralds it, continues to be ignored by many commentators.

We have seen how the jubilee legislation in the Hebrew scriptures advocated a very occasional act of redistribution of land and the freeing of slaves. It represented an interruption in the established socio-economic order, an instance of the constraints placed upon the economic system couched in the terminology of divine law, but in effect a piece of social and political engineering. The legislation did not, however make any comment on the economic system itself: any condemnation is at best implicit in the need to make amends every 50 years; the persistence of both slavery and debt are assumed. Nor, as we have discovered, did the jubilee laws redirect society to some primeval, perfect idyll, despite the assertions of Spray (1999) and others who see in them the intention to equalise wealth. At the jubilee the land was to be returned to its former owners, not equally divided between the people. The legislation does not give any guidance on economic behaviour between jubilees (Spray, 1999). The Jubilee legislation is therefore of significant importance to arguments in favour of debt cancellation, as it represents a constraint upon the economic system, but it is of limited usefulness in helping us understand a theological engagement with political economy. The issues surrounding Zambia's escalating debt following its HIPC debt relief extend way beyond instances of debt contraction, and raise disturbing questions over the whole debt contraction business.

The introduction of the notion of grace into theological reflections upon debt was prompted by the desire to contrast the secular, exchange economy with an alternative order more in accordance with an economics premised upon the essential human, relational aspects of commercial enterprise. Northcott imposes this doctrine upon economics as one system vying with another for hegemony; his approach reveals the extent and ramifications of the fallen-ness of the debt crisis, but does not guide us into practical measures to make the current system reflect theological principles and values more clearly. Selby identifies points of intersection between theological insight and economics, and in so doing is able to make more astute observations concerning power and reciprocity in debt obligations, yet he, too, eventually discards the dialogical approach. Again, we saw how theologies founded on the principle of applying a doctrine of grace into matters of economics are unable to provide guidance on the practical matters of how one moves from the present situation closer to the ideal in tangible steps, because they forsake dialogue for theological maxims. Tanner's approach is even more embedded within the discourse of economics than Selby's and, like his, does not lose the distinctiveness generated by Christian faith; unlike Selby however, her insights emerge from the interaction rather than through imposition upon it; her approach has much to offer as a model for engagement. All the above approaches illustrate the potential and the limitations of using one theological concept in relative isolation; as we noted earlier, a theology of grace cannot be predicated upon a theology of creation without sufficient reference to

the prevalence of sin. Accordingly, and despite the significant contributions both authors make, ultimately their proposals appear naïve.

The use of usury reveals a similar pattern: an ancient theological insight which has experienced great difficulty in adjusting to changing economic realities. The failure of its applicability lies in its basis in an outdated concept of money.

However, its underlying theological and social conviction – the concern to prevent exploitation of the vulnerable in the face of the damage caused by interest – still holds promise. Interest-free economics and shared profit schemes represent tangible signs of a breakthrough that embraces the values of mutuality and shared responsibility in ways that accord with economic growth, though these are still on the margins of the credit industry. They provide an excellent example of the performative role of theology that Atherton and Brown are so keen to emphasise. The development of usury reveals the methods by which people will seek to obviate the regulations where possible, thus providing many practical difficulties in regulating against the charging of interest. The ways in which Moslem *riba* prohibitions are avoided in Islamic banking are ingenious but ultimately do not suggest a credible alternative.

Usury was, in fact, primarily concerned with power relations and recognised the personal and social damage interest payments could cause. Rather than being used in any prescriptive way in the modern, global economy, for example by opposition to all interest as a matter of principle, the primary value of the usury

tradition is the way it connects the phenomenon of interest with issues of power and exploitation. Germane to this discussion is the way in which risk is appraised and tackled, for as with interest, the aim cannot be its elimination but the minimisation of its damaging consequences. Paradoxically, money serves to mitigate the risk of market fluctuations (which affect the poor hardest) and yet also, in recent years, has become increasingly drawn toward high-risk investments. Theological considerations concerning interest and usury must therefore take account not only of the relative balances of powers in such arrangements, but also, vitally, the nature and role of money itself. A theology that teases out the moral connectivity between generations is another legacy of the usury tradition, and a vital component of any consideration upon debt.

We see how debt becomes a wider matter of political economy and inseparable from the issues of global capitalism itself. Capitalism is dependent upon a debt economy, upon people and organisations borrowing money in order to grow economically, to be producers and creators, on the assumption that the proceeds of their endeavours will be able to repay the loan principal and interest. In order for this self-consciously theological economics to be genuinely capable of dialogue as well as of prophetic witness, debt must be placed into the wider context of theological engagement with political economy as a whole. Jubilee 2000 was adept at identifying those areas where the extent of human suffering raises serious questions as to the efficacy and moral acceptability of particular economic policies; this feature is also present in many other aspects of

theological reflection on such topics as domestic welfare, housing and poverty. These areas may be considered to represent 'boundary conditions' which demarcate what is acceptable, though still subject to criticism, from what is quite unacceptable. Often these boundary conditions are imposed upon economics from without, and can even form the basis for a theological economics: the economic ideals of many theologies of liberation lead on from these. Such boundary conditions do not in themselves suggest a new Christian economics, merely the limits of particular economic conventions and regulation. They ought not to arise externally, imposed by the theological perspective in isolation, but should emerge from within the very engagement process with politics and economics itself. That is, there should be a clear link between those boundary conditions that are established and the processes that lead to them. Economics operates within the wider sphere of human operations and constraints, which includes trust, the acceptability of money and of currencies, the rule of law, political conventions and so forth. Such constraints restrict the scope of economic activity yet also enable its effective operation. There are therefore concepts within political economy that acknowledge the limitations of economics – conditional values - and can serve as a point of interaction with theology. As we have seen in our discussions on jubilee and usury, the theological tradition contains a rich repository of wisdom of advocating specific mechanisms, frameworks and parameters within (rather than 'upon') political economy. In terms of Atherton's 'faithful economics' spectrum described in chapter 5, we can see that in many ways Jubilee 2000 appears to be a fairly clear example of

theological economics: distinctive, critical of the economic status quo, and offering a radically different solution. Yet there are signs of ethical economics too, not least in the emerging inter-faith work on interest and ethical finance that the Jubilee movement generated. The wider context into which theological engagement on debt needs to be set represents, in this typology, a more hybrid approach. This combines, or more accurately oscillates between, the facets of ethical economics (consensual) and theological economics (confessional) rather than a single approach. Thus future reflection on debt will need not only to embrace wider considerations of both interest charging and usury, but also take account of the broader nexus of credit and debt relations, and even examine the way in which money itself operates in the global economy.

### **Themes that emerge**

We have discussed the strengths and deficiencies in the Jubilee 2000 campaign, and identified key requirements for a satisfactory theological engagement in matters of debt, and more widely, with political economy. We now turn to consider the key issues that a theological engagement must address, and indicate the contours of such engagement.

#### *(a) Power and mutuality in debt contracts*

A central theme of the campaign has been the assertion that in order to be considered just, and thus valid, debt contracts must exhibit a certain mutuality.

Such a mutuality cannot be established merely on the basis of the just price, nor even on the confessed approval of all the parties, for they may still be acting under duress or be removed from the interests of those they represent. Mutuality can only be considered on the basis of power relations, and their credit the campaign made this point strongly. Loans often came with stringent conditions attached (for instance, to purchase items from the creditor nation), and once the loan had been agreed the creditor was in a position to dictate terms should the debtor seek to renegotiate it. In addition, we saw allegations that the process of complex financial negotiations are sometimes beyond the capabilities of some officials, for instance in international trade negotiations, where a few staff from Zambia might be pitted against scores representing powerful interests in transnational companies, Western governments and financial institutions.

Equality of power might be desirable but is hard to enshrine; it is also hard to ascertain whether it is indeed present in all kinds of other transactions that are rarely questioned from an ethical standpoint. Equality of power simply cannot be guaranteed, and attempts to do so are fraught with complications; however, this does not mean one should not strive for measures which challenge, as much as possible, the imbalances of power in transactions rather than hope to abolish power differentials altogether. A point of theological engagement here is not solely through the advocacy of equality of power to be imposed upon financial transactions, which as with all theological impositions raises questions of practical difficulty, but also through the attempt to discern points of convergence

within the field of political economy. Large disparities in power relations impair market operations: monopolies, corruption and protectionism all hinder competition and drive prices higher; new creative processes may also be deliberately quashed. A more even balance of power presents distinct benefits to the economic system, and thereby to all, as well as making steps towards safeguarding the position of the more vulnerable. Although there is much to suggest that less inequality is better for all in society, affecting levels of happiness, longevity, crime, violence and environmental concern (Wilkinson and Pickett, 2009), it may also be argued that the same logic applies between states as well as within them. George (1992) illustrates this point well, showing how first world economic dominance may rebound in the form of increased trade in illegal drugs and environmental pollution.

Exploitative relations occur when one party feels they have no choice but to consent to the transaction under the terms on offer: the key issue here is the lack of choice. When an item is purchased, the purchaser may regret the purchase but will have the opportunity to make amends, either by selling the item (assuming it was not consumed) or starting afresh, wiser and poorer for the experience. With debt this is not possible, for the repayments continue to bind one's freedom of choice, and the debtor's negotiations on repayments tend to be done according to the creditor's preferences. Creditors are usually in a very powerful position, and some measure of regulation is necessary to prevent exploitation of the vulnerable and to safeguard the smooth working of the

economic system. It is only in rare instances that creditors are not in this position, as may happen in cases of high inflation, or unusual debts such as those of Eurotunnel or Northern Rock where a political element in the economic situation skews the dynamics. The recent public disquiet in Iceland over the proposed repayment of £3.4bn to Britain and the Netherlands as compensation for those who lost money when the Icesave bank went bankrupt reveals the extent to which the matter has become a major political issue, and how political leverage is being exerted upon the Icelandic government to comply with its debt repayment obligations (Guardian, 6/1/10). Some kind of 'boundary condition' needs to be established here to which the debtor has redress, either from a loan taken out under exploitative terms, or from a loan taken out responsibly which circumstance has rendered extremely damaging. Redemption must always be a genuine possibility. Such a parameter does not dictate the nature and conditions of the loan, but merely acts as a limit upon repayment, and a reminder of the limitations which politics sets upon economics. Bankruptcy performs a vital task in society where people are unable to meet their debts, releasing them from their liabilities, extracting what can be repaid, but not to the extent that they become unable to work, or support a family. The courts recognise that there are limits to what can reasonably be demanded in repayment, irrespective of the terms of the original loan. Attempts to frame a version of sovereign bankruptcy have to date made little progress, but the general principle still has much to commend for further reflection by economics, politicians and theologians.

Mutuality and reciprocity in credit arrangements must be the ultimate goal of theological endeavour with debt, but the more pressing need is the recognition that in practice this will be necessarily difficult to enact. As with Muslim avoidance of *riba* and Hillel's *prosbul*, ingenious ways of avoiding the letter of the regulation will always occur.<sup>3</sup> That is not to argue that strenuous efforts should not be made to strive for greater reciprocity, but one needs to realise that vigilance will always be required amid all efforts to reduce inequity in debt and credit arrangements. Appeals to mutuality and reciprocity in economic transactions can only be but one aspect of theological influence; discernment and reflection upon economics opens up awareness that great disparities of power in economic relations are ultimately damaging for the economic system as a whole. As we have seen, debt defaults (Mexico, Russia) have triggered economic crises.

(b) *Conditionality*

Divine grace is unconditional, but the practice of forgiveness is often not so. The decision of many Paris Club members and other creditors to annul Haiti's bilateral debts following the January 2010 earthquake was not unprecedented, but cannot easily be extended to scenarios unaffected by natural disaster. The issue at stake is the detail of conditionality, not its existence. The important debate is over the nature of the conditions and, more importantly, who

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<sup>3</sup> As Barrera (2005: 125) states with reference to the jubilee: 'the deliberate efforts to get round the legislation suggest that the Hebrews found these economic statutes to be troublesome in their demands...there is a large, unavoidable, sacrificial element involved in implementing the principle of restoration.'

establishes them. In particular, the Jubilee 2000 campaign argued that the IMF/World Bank imposition of proven economic performance conditions in order to gain debt cancellation would be self-defeating and increase suffering; instead, debt cancellation could catalyse civil society through poverty relief. Thanks to the campaign, the cold logic of IMF conditionality is now much discredited.

Conditionality 'from below' would seem to be a most promising avenue; it recognises the dangers of fungibility and corruption, though clearly it requires a minimum degree of both political freedom and state capacity to make such conditionality work effectively.

(c) *A new appraisal of money*

Our consideration of interest charging and usury in chapter 8 revealed the need for a re-evaluation of the role and function of money in theological reflection.

Money is not confined to exchange-value, a useful economic means to aid the exchange of goods and services; it has become, under global capitalism, a far more pivotal aspect of the way in which people relate to each other through politics, social organisations, social values (such as freedom of choice) and the way we view ourselves as individuals.

We have observed the catastrophic human consequences of debt repayments as funds are diverted from essential provision such as welfare, food subsidies, health care and education; yet it is also evident that the global economic system

has brought much prosperity to many, not just a few; economic growth continues to lift millions out of poverty. Many goods, despite their attractiveness, contain dangers through the way we misuse them.<sup>4</sup> Food and possessions can all be debased or distorted through the sin of greed, temptation and selfishness, as can the non-physical attributes of power, fame and knowledge; this is true not only for individuals but also in a collective sense. It may be preferable not to consider such goods in isolation from their influence upon us, and as intrinsically morally neutral; it is in the way in which such goods are owned or used by human beings that the potential for good or evil becomes apparent. That is, at the heart of the issue about our interaction with these goods is a concern about the inner human being. This is theology 'with' things, rather than theology 'and' things:

'What we are struggling with is not a series of problems, capable of resolution if only the proper structural analysis could be made, the proper people aligned, or the proper program [sic] forged. No, what we struggle with (within!) is the mystery of the human condition, rooted in ambiguity, scarred by sin, moved only with great reluctance, and never completely, toward faith.' (Johnson, 1981: 116)

Money is good, not least in the way it enables markets to function smoothly, yet it presents the greatest potential for both good and evil, for prosperity and for impoverishment. One cannot opt out of this discussion and advocate non-monetary economics unless one is willing to rule out economic growth. It is the particular tendency of money, because of its dissociation with its formative transactions, to lead to consequences far at variance from its initial purpose, and

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<sup>4</sup> The way in which technological goods such as computers and the internet improve quality of life yet may also impair relationships is one current example: Bunting (2010)

without counteracting forces it seems inexorably drawn to those areas of highest risk and greatest reward. The risk of financial loss through these endeavours is not borne proportionately by those who stand to gain, since governments will often bail out major financial institutions in order to prevent collateral failure in other sectors of the domestic economy.<sup>5</sup> Thus one challenge theology brings to bear on the issue is the question of responsibility and cost-bearing: are the costs justified vis-à-vis the potential gains, and on whom does the burden of cost fall? Scripture is emphatic that the cost of social goods should not be heaped upon the poor.

Our discussion so far leads us to conclude that a critical issue for theological reflection is the nature of money in the global economy today and in particular its deep paradoxical tendencies, whose origins lie not so much in money as a commodity, but in our relationship with it.

(d) *Theological realism and paradox*

Our discussion constantly returns to the need for theological reflection to acknowledge the profound ambiguity in human beings and their structures. It is insufficient simply to assert that the world's problems and human suffering are the consequence of human sinfulness, both individual and structural; we must

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<sup>5</sup> Hence the argument that banks should separate their capital (investment) and their deposit functions: Van der Weyer.(2009: 11-14)

recognise the insidiousness of the way in which these items cannot be redeemed completely, because of what we are individually and collectively. The reason for this impossibility is that the propensity for things to go wrong is so tightly bound to their essential functions as we perceive them. We must therefore expect sin still to be present, and cannot predicate an order in which this is not so. Realised eschatology is inadequate without this component. The observation of Scripture that the poor will always be with you (Deut. 15:11; John 12:8) should not lead to fatalism but is merely a warning against a naked utopianism: all schemes for poverty reduction can never be achieved fully this side of the eschaton.

We need to consider the relation between ideals and realities, and particularly the link between theological concepts of the perfect state and the past, for often utopian thought represents a return to a primitive condition (Johnson, 1981: 120). This leads us in turn to a re-examination of the doctrine of creation and its paradoxical nature. Theology makes a clear distinction between the doctrines of creation and fall; this is unfortunate in the sense that it obscures the presence of ambiguity even in creation. Creation is good, but not perfect: the Garden of Eden contains the serpent, who is the responsible party for the sin that enters the world (Durkin, 1989: 86). The serpent preys on human beings' susceptibility to disobedience, and shows the true nature of evil not as absence of good, but as its corruption. Without this reminder, a theology of creation emphasising God's abundant provision can lead to erroneous assumptions about the way human institutions function, and an overly optimistic view of them. An example of this

would be the assertion that goods can be shared without diminishing utility cost and that competition for resources is unnecessary. It is not the nature of the ideal that is at fault here, rather the way in which it is juxtaposed with ethical considerations.

The dangers of utopian thought are discussed by Gray (2007), who insists that we must understand human beings and institutions as inevitably flawed, and that the Fall is a better myth than that of progress. His aversion to the Enlightenment is excessive, but his rationale is nevertheless valuable: he argues that utopian thought is based on nostalgia, and that its obsession with establishing the ideal life on earth has ironically been the cause of much suffering in which misery and want would be removed. Therefore, he calls for the rejection of teleology in politics, the view that evil can be defeated or social, economic and political problems solved; in its place he advocates a realism about the human condition reminiscent in some ways of Reinhold Niebuhr. Niebuhr would, I believe, have been cautious in his advocacy of debt cancellation. This is not to say that his instincts would not have been supportive, but that he would have been exercised over the way the arguments were framed. In particular, he would have been critical of any attempts to use biblical principles such as Jubilee, or the tradition on usury, in any prescriptive way. He would have drawn attention to the different interests represented in the complex Jubilee legislation itself. A Niebuhrian approach would warn that the solution to the debt crisis is more complex and intractable than a matter of simple debt cancellation, and would have had much

to offer on the critical issues of conditionality in debt rescheduling. His aphorism that 'history makes the problems of man's togetherness more, rather than less, complex' (Rasmussen, 1989: 259), remains apposite.

One of Niebuhr's greatest insights is that Jesus' frequent assertion of the eschatological demands of the kingdom cannot lead us directly into a practical social ethic for today. Yet Jesus' teaching also contains realism: in his teaching on divorce and remarriage (Mark 10: 1-12) he reinforces the traditional view that remarriage following divorce is contrary to God's will, but he does not explicitly prohibit (or permit) such remarriage. He acknowledges its occurrence, but warns that interpersonal relations such as marriage cannot be obviated by legal means such as divorce. Here the purposes of God are clear and undiluted, and remain as a challenge to the world, yet there is also a recognition of the reality that often these purposes are unrealised. In the light of this, Jesus' response is a reminder of the ultimate, but significantly contains neither sanction nor release. He uses the ultimate goal not as ethical imposition but as eschatological reminder; he does not get drawn into the detail of the argument, perhaps because the matter is so complex.

Niebuhr also acts as a helpful resource on the issue of the ambiguity of the human condition. He states that the process of Christian ethics is not, ultimately, a rational matter, but one which must address fundamentally the soul:

'The wisdom by which we deal with our fellow men... is not so much an intellectual achievement as the fruit of a humility which is gained by prayer. The faith through which we understand the meaning of our existence and the fulfilment of that meaning in the divine mercy is, ultimately, a gift of grace and not the consequence of a sophisticated analysis of the signs of the times. We are not merely minds, but total personalities. We can deal with immediate issues as minds. But we deal with all ultimate issues as personalities. And we deal with them truly only if, not the ignorance of the mind, but the pride of the heart has been vanquished.' (Niebuhr, 1946: 24-5)

### **Idealism and realism**

I have suggested that one requirement for satisfactory theological reflection on debt is a more pessimistic aspect of human beings and programmes, but one which does not allow such negativity to dominate, and thereby clings to the hopefulness of change. Its view of humanity needs ever to be cognisant of the prevalence of sin amid the worlds of finance and creativity; yet it also needs to be committed to the belief that improvements can be made. Gray's analysis is unduly gloomy, however, and his pessimism needs to be countered by the hope that is derived from Christ's resurrection, where God's victory over sin and evil is displayed. Indeed, the task of Christian realism today is as much about expanding the horizons of our imagination as it is to remind ourselves of practical constraints (Lovin, 1995: 246). Jubilee 2000 showed that it is possible to combine idealism and realism in productive synergy. Its idealism was used to spur the imagination and galvanise support for a campaign devoted not only to a dramatic one-off debt cancellation but also to changing financial structures for the future, aware that one tremendous act of debt relief would be quite insufficient. In this

sense Linden's assessment that Jubilee 2000 is unrepresentative of the Church's social engagement may be regarded as inadequate. Future theological reflection upon debt will need to develop a greater synthesis between utopian ideals and more realistic possibilities, for the shift towards a more self-consciously theological economics contains dangers if it does not also embrace a dialogical, realistic stance; conversely, without the 'prophetic' (ideal) dimension, no movement can garner support and enthusiasm, nor can the imagination be opened up.

Jubilee 2000 successfully dispelled the myth that economic conventions such as the repayment of debts were inviolable, and showed that debt cancellation was both necessary and possible. The campaign was right to view this issue as a political one rather than a purely economic one, even if one could argue that the campaign neglected some of the finer points of economic analysis. The Jubilee 2000 campaign owed much to the jubilee theme, though this was not investigated in detail and used primarily for inspirational rather than theological purposes. Jubilee 2000 showed how Christian imagery can continue to be a powerful resource for social mobilisation and theological inspiration. Christian reflection upon debt must continue to embrace such inspiration, but must also be engaged in the world of limitations, constraints, conflicts and possibilities that are present in economics. Attempts to formulate such an engagement have not been entirely successful, and are rarely dialogical. The Church's witness has been more confined to particular campaigns than to the deeper, wider arguments

concerning debt. One cannot leave the matter of debt to jubilees or acts of cancellations. Because a more satisfactory ethics must concern the contingent as well as the ultimate, we require more a robust critique that provides guidance on debts that are enabling and those that are damaging. In particular, our focus must not be on the goal of a world without debt but on the more contingent one of how debt may be less damaging and more productive of human flourishing. Yet we also need a focus for our engagement, for the goal of the jubilee, the Kingdom of God, and the divine promise of life in all its fullness continue to stimulate and inspire Christian people. The biblical jubilee embraces great idealism yet is embedded in earthy realism. We need that alternative vision which stands as a constant reminder of the ultimate goals to which we aspire, and which also act as judgement on our world, preventing us from ever being satisfied with our present condition.

A key component of that vision is devoted not only to the vision of the ideal society, but also to the role of the ties that people share together. Selby's insistence on coming to an appreciation that debts and obligations can be servants for good (debts that 'delight') is surely right, though he does not explore its paradoxical nature sufficiently. A fruitful line of enquiry here might be aided by theological reflection on the nature of liberty and the role obligations play in this. True freedom is denied by obligations that deny access to basic services, but is found not in the absence of all obligations but through those that give cause for prosperity, creativity, enable relationships and develop potential. Freedom

through bondage to Christ is a common Pauline theme; Christian liberty is not found in complete independence to pursue one's own selfish, natural instincts and desires, for these will inevitably enslave oneself, but is found in obedience, and in love. Even obligation becomes an aspect of freedom.

It is to be hoped that the legacy of Jubilee 2000 will not be confined to a dramatic and largely successful campaign for debt relief for the poorest nations on earth, but might indicate a seminal moment, a paradigm shift that galvanised a burgeoning movement devoted to strive for fairer processes of credit and debt. So long as global capitalism remains the dominant mode of economic activity, development in poor countries will necessarily include financial assistance to improve state infrastructure and enable agricultural and industrial enterprise to flourish. The lending of money will continue to be both necessary and fraught with danger. The Christian contribution in such matters will therefore continue to be critical.

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## Appendix I

Nations identified by Jubilee 2000 as in need of debt cancellation  
 (taken from Hanson and Travis (1999: 41))

Angola	Honduras	Sierra Leone
Bangladesh*	Jamaica*	Somalia
Benin	Kenya	Sudan
Bolivia	People's Democratic Republic of Lao	Tanzania
Burkina Faso	Liberia	Togo
Burundi	Madagascar	Uganda
Cambodia*	Malawi*	Vietnam
Cameroon	Mali	Republic of Yemen
Central African Republic	Mauritania	Zambia
Chad	Morocco*	Zimbabwe*
Democratic Republic of Congo	Mozambique	
Republic of Congo	Myanmar	<i>* countries ineligible for HIPC relief</i>
Côte d'Ivoire	Nepal*	
Equatorial Guinea	Nicaragua	
Ethiopia	Niger	
Gambia*	Nigeria*	
Ghana	Peru*	
Guinea	Philippines*	
Guinea-Bissau	Rwanda	
Guyana	São Tome & Príncipe	
Haiti*	Senegal	

## Appendix II

### The Jubilee 2000 Charter<sup>1</sup>

The Jubilee 2000 Charter suggests a solution to the problem of Third World debt which is attractive to both debtors and creditors. It proposes the remission – by 31 December 2000 – of the unpayable debts owed by highly indebted poor countries to commercial banks, creditor governments and multilateral bodies (such as the International Monetary Fund, the World Bank and Regional Development Banks.)

The Jubilee 2000 Charter proposes that:

- There is an overwhelming need to remission of the backlog of unpayable debts owed by highly indebted poor countries. Debt remission should relate to commercial, government and IMF/World Bank debts, and debt reduction should comprehensively include all three forms of debt.
- Creditors as well as debtors must accept responsibility for these high levels of indebtedness.
- The remission should be a one-off, unrepeatable act, tied to the celebration of the new millennium. It would set no precedents for future loans.
- The precise details of remission should be worked out in consultation with both creditors and debtors for each debtor country.
- These details should be agreed by arbitrators nominated in equal numbers by both creditor and debtor, under the aegis of the UN.
- Their deliberations should be transparent and well-publicised, taking into account for each debtor country, that country's probity, economic management, social policies and human rights record.
- Funds available after the remission of debt should be channelled into policies which benefit the poor, in line with UNICEF's recommendations for investment in social development.
- Low income countries – with an annual income per person of less than US \$700 – should receive full remission of all unpayable debt.
- Higher income countries – with an annual income per person between US \$700 and US \$2,000 – should receive partial remission.

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<sup>1</sup> Taken from Hanson (1996: 25)

## Appendix III

### Selected Statistics for Zambia

- Two thirds of Zambians live on less than \$1/ day;<sup>1</sup> about 90% live on less than \$2/ day.<sup>2</sup>
- One of the highest levels of debt-per-capita in the world (\$500/person) compared to GNI of \$340 / person.<sup>3</sup>
- For every dollar received in aid, Zambia pays back \$3.<sup>4</sup>
- Life expectancy in 1988 was 54; in 1998 it had fallen to 44.<sup>5</sup>
- Infant mortality is 112 per 1000 live births; life expectancy is estimated to be at 33-34 years.<sup>6</sup>
- Electricity Consumption per capita in 1980 was 1125 kWhrs; in 2002 it was just 603.<sup>7</sup>
- Daily calorie intake per capita in 1965 was 73; in 1992 it was 62.<sup>8</sup>
- In 2006 there were 845, 546 AIDS orphans<sup>9</sup>
- One of the highest levels of HIV/AIDS in the world, yet \$20 has been spent in debt service repayments for every \$1 spent on health sector spending.<sup>10</sup>

Year	Total Debt (\$m) <sup>11</sup>	HDI <sup>12</sup>	HDI rank	Life Expectancy
1970				49.7
1975		0.470		
1980	3244	0.478		
1985	4576	0.489		
1990	6916	0.477	118/160	54.4
1994	6804			
1995		0.439	146/174	42.7
1998	6865		153/174	40.5
2000		0.420		
2001	7270 <sup>13</sup>			33.4 <sup>14</sup>
2005		0.434	165/177	40.5

<sup>1</sup> UNICEF figure quoted in McIntyre (2004: 17); Jubilee 2000 Coalition (undated) gives this as 72.6%

<sup>2</sup> McIntyre (2004: 17); Jubilee 2000 Coalition (undated) states 91.7%

<sup>3</sup> McIntyre (2004: 17-18)

<sup>4</sup> McIntyre (2004: 18)

<sup>5</sup> Henriot (1998)

<sup>6</sup> World Development Movement (2004: 17)

<sup>7</sup> United Nations Development Programme (2006)

<sup>8</sup> United Nations Development Programme (2006)

<sup>9</sup> United Nations Development Programme (2008)

<sup>10</sup> United Nations Development Programme (2006: 89)

<sup>11</sup> Jubilee 2000 Coalition (undated)

<sup>12</sup> taken from United Nations Development Programme (2008)

<sup>13</sup> Zambia's debt stock (US\$million – taken from AFRODAD (undated: 4)

<sup>14</sup> Taken from World Development Movement (2004: 38)