



Debt Relief

“Forgive us our debts,
as we also have forgiven
our debtors.”

— Matthew 6:12

“It must be right that a
nation buried in rubble
must not also be buried
in debt.”

— Gordon Brown, UK
prime minister

BACKGROUND

Haiti, once known as the Pearl of the Antilles, has long been one of many nations bound by enormous debts owed to other countries or international financial institutions such as the International Monetary Fund (IMF) and the World Bank.

Debt winds its way through the nation's history. A former French colony, Haiti was founded in 1804 after a slave rebellion. After gaining its freedom, it was ordered to pay France 150 million gold francs (the equivalent of \$21 billion) as retribution for the destruction of colonial plantations. Haiti did not finish paying off this debt until 1947.

As of last year, nearly half of the country's \$1.4 billion debt was accrued from 1957 to 1986 under the Duvalier family dictatorships. These funds were used to finance the Duvaliers' lavish lifestyle and support their brutal, 29-year rule. Yet the Haitian people continued to pay interest on those loans — money that could have been spent on health care or education in a country that only spends approximately \$5 per capita on education annually.

In June 2009, the World Bank, IMF and countries including the UK and Canada forgave \$1.2 billion of Haiti's external debt. This action was celebrated by Haitians and human rights organizations worldwide.

TODAY

- January 11: Haiti's outstanding debt still totals \$890 million. This breaks down to approximately \$100 per Haitian citizen.
- January 12: Haiti is hit by a devastating earthquake that displaces some 500,000 people and affects an estimated total of almost 4 million people.
- January 14: the IMF gives Haiti a \$100 million loan for emergency assistance. The IMF has since pledged to turn this loan into a grant.
- February 5: US Treasury Secretary Tim Geithner indicates that the US will seek to “reach an agreement” for the funds Haiti owes to the multilateral donors, which include the Inter-American Development Bank, the International Fund for Agricultural Development and the International Development Association.
- February 7: The rest of the countries of the G7 group - Canada, the US, UK, France, Germany, Italy and Japan – pledge to forgive the debt owed to them by Haiti.
- March 5: The US Senate passes a resolution mandating the U.S. Treasury Department to work on multilateral debt relief, namely with the Inter-American Development Bank to whom Haiti still owes nearly \$420 million.

WHAT CAN YOU DO?

JUBILEE SOUTH, of which many Haitian human rights and faith-based organizations are members, released the following statement after the January 12th earthquake:

“We call on governments and international organizations to immediately and unconditionally cancel the external debt claimed of Haiti, the servicing of which affects millions of lives. We also demand that the resources allocated for relief and reconstruction do not create new debt, or conditionalities that are imposed or any other form of external imposition which vitiates this goal...We also reject the intervention of private multinational companies who seek to take advantage of this tragedy to reap multibillion dollar profits in the reconstruction of Haiti... or to exploit cheap labor and continue to plunder the country’s natural resources.”

- Commend your government for their decision to cancel Haiti's external debt and request that they follow through by encouraging the Inter-American Development Bank, the International Fund for Agricultural Development and the International Development Association to do the same. This will allow Haiti to stop paying interest on odious debts and free much-needed resources for the country to rebuild itself in the aftermath of the January 12th earthquake.
- Call on your government to honor its commitment to provide any further assistance to Haiti in the form of grants, not loans.

HOW?

- Pray for wisdom in the halls of power as policy-makers determine how to continue responding to Haiti’s needs for financial assistance.
- Send a letter to the editor of your local newspaper.
- In the U.S., go to <http://washington.mcc.org/congress> to find your Member of Congress. In Canada, go to <http://www.parl.gc.ca/common/index.asp?Language=E> to find your Member of Parliament. Write a letter, call, or visit to share your views.
- Contribute to and join organizations that support debt cancellation for Haiti.
- Use this information sheet to explain the situation to family, friends, or your church community and encourage them to use their voices to get Haiti’s debt cancelled.

RESOURCES FOR FURTHER ACTION

Jubilee USA Network : www.jubileeusa.org/haiti
“Joining hands to break the chains of debt”

Jubilee South Network : www.jubileesouth.org
“Shifting the balance of power to achieve basic social changes in our countries and in the global system”

Oxfam International : www.oxfam.org
“Act now: Now more than ever, Haiti needs to have its debt cancelled.”

For more information, contact MCC Haiti Advocacy Coordinator, Alexis Erkert Depp: alexiserkert@haiti.mcc.org

To sign up for action alerts related to Haiti, visit washington.mcc.org/alerts or ottawa.mcc.org/haiti