

Jubilee 2000: The poor have paid their debt

by Liliana Gorini

On Feb. 5, Caritas Ambrosiana and the Italian Catholic Bishops Conference hosted the second in a series of presentations on “Jubilee 2000: Debt Remission,” in Milan, Italy, which were scheduled in the context of the international campaign for the “reduction if not total cancellation of the international debt” demanded by Pope John Paul II in his letter *As the Third Millennium Draws Near (Tertio Millennio Adveniente)*.

The second presentation, given by Prof. Riccardo Moro, executive secretary of the Italian Church Committee for Debt Remission in the Jubilee Year, and author of an original study for the Vatican demonstrating that Third World countries have already repaid their original debt twice over or more, began by reevaluating, “not as a church man, but as an economist,” the historical accounts of Leviticus (Chapter 25) about the Hebrew Jubilee, which required all debts to be pardoned every 50 years.

Professor Moro said that at the time of Leviticus, the Hebrew population was predominantly agricultural, and people who could not pay back their debts had to offer first their land, and then their labor and life (as slaves), in repayment. That is why every 50 years, their debts were cancelled, to allow them to be free again and to regain their land. “Today,” he said, “we have a different economy. But still, no people should be deprived of their access to the elements of production,” i.e., work and capital goods, just to obey the laws of the market.

The present system is unjust

If we stick to Genesis, which commands man to “grow, multiply, subjugate, and transform the Earth,” Professor Moro said, we have to become indebted, because it is necessary to incur debt when one starts a positive activity, for example, an industry, or agriculture. The injustice of the present economic system, he said, lies not in the fact that countries look for credits, but that “the natural resources of the North are in the hands of the North, while the natural resources of the South are also in the hands of the North.” He gave as an example Zambia and Guinea, the two African countries for which the Italian Catholic Church is gathering funds to convert the foreign debt into credits for development projects, in the context of the Jubilee. “Zambia produces

copper, which is in the hands of a British cartel, and Guinea, bauxite, which is in the hands of French and American companies,” he said.

“No one can be condemned to permanent slavery” just because he did not pay back his debts, Professor Moro said. The present International Monetary Fund (IMF) imposition of “structural adjustments” on African and other poor countries, he said, not only made the economic and debt problems worse, but are also a “modern form of slavery” which is “even more disgusting than in past centuries. At least the slave-traders of the past were more honest: They would carry away slaves in chains, while now, we are also arrogant, and claim that they are corrupt and unable to manage their economies.”

Later, in an interview with *EIR* (which follows), he added that the “self-proclaimed IMF ‘experts,’ who come out of the London School of Economics, or Harvard, have no idea about the country [they work on], except the graphs in their heads,” and destroy its economy. For example, Zambia had a Fiat auto plant which had to be shut down as a result of IMF conditionalities.

A study prepared by Professor Moro for the Jubilee Committee demonstrates that, if one takes into account the increase of interest rates, and adopts a basket of currencies other than the U.S. dollar (whose value became ten times higher for those poor countries, and four times higher for Italy), most of these countries have already paid back their debt, “not only once, but twice or more.”

The monetarist and globalist policies, such as those of Prof. Milton Friedman, imposed on poor nations after the oil crisis of 1979 by President Ronald Reagan, British Prime Minister Margaret Thatcher, et al., were in fact designed “to kill their national industries, their national economies, and even the market they were supposed to defend,” by increasing their debts, as “independent surveys on the IMF website itself are beginning to admit,” Professor Moro said. This is what led in 1982 to Mexico’s debt moratorium, and is presently “leading to the risk of a financial collapse like the one in 1929.”

Interview: Riccardo Moro

Professor Moro is a member of the Executive Board of the Italian Church Committee for Debt Remission in the Jubilee Year. He was interviewed by Liliana Gorini and Enrico Spinelli on Feb. 5. The interview has been translated from Italian.

EIR: The founder of *EIR*, American economist and Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., who is very much opposed by Wall Street for this reason, proposed a New Bretton Woods reorganization of the global financial system, referring to Franklin Roosevelt’s Bretton

Woods as a model. First of all, what is the connection between this proposed reorganization and the “structural changes” invoked on more than one occasion by Pope John Paul II? The Pope in fact went beyond debt remission, asking Catholics to mobilize for a “change in the economic system.” Wouldn’t the debt problem come up again, even if it were forgiven, unless measures are taken to ensure infrastructural and economic development?

Moro: In certain respects, debt is a limited issue. It involves a lot of people, in the North and in the South of the world. It is limited to the fact that in order to repay the debt, and particularly service on the debt, enormous and precious resources are subtracted from development, and from the possible way out of poverty for countries which urgently need investments for their development. In this sense, it is a limited issue.

But, the demand for debt cancellation derives first of all from ascertaining how bad the debt situation is, and the fact that paying back the debt prevents possibilities of development and of changing this situation. This, then, helps ascertain that maybe, if there were a more equally distributed negotiating power between North and South, one could recognize the fact that paying the debt with a currency which is not theirs, the U.S. dollar, implies that these countries have already honored their debts. This debt has already been paid. It was the result of a perverted mechanism of accounting. That is why it is legitimate to demand its cancellation.

As for globalization, I am neither in favor of nor against it *a priori*. If it is meant as free circulation of capital, it can provide a good opportunity. It depends how it is used. It can also be used very badly; for example, to launder dirty money. If, by globalization, we mean eliminating every control, and particularly every rule, from the international market, both the financial and goods markets, this becomes a political choice. Taking away rules is a political choice, and I am profoundly against it, because taking away rules means keeping the situation as it is, like a photograph, so to speak, in which there are strong competitors and weak competitors, and not giving equal opportunities means that strong competitors will win for sure. Eliminating all rules from the financial markets means that stronger competitors, using speculation for their own interests, will win, but the price of these games can be the life of people, as happened in recent financial crises.

I think, therefore, that if the aim of an economy is to satisfy needs and preserve life, there can be no doubt that, coherent with a logic of life and freedom for all economic actors, including the smaller ones who would have no chance without rules, creating a system of rules governing the international markets means creating conditions under which financial movements regain their original aim, which was that of improving the quality of life for all the people living on the planet.

As for a New Bretton Woods, I am not at all against the idea of convoking a New Bretton Woods summit, since this



Pope John Paul II, who has called on Catholics to mobilize for a “change in the economic system.”

is absolutely coherent with the need to have a broader debate at the WTO [World Trade Organization], and also to give the UN more jurisdiction, with the participation of all countries, and not only the G-7, the big, the powerful, in order to define rules which allow the market to be functional for paths of development, well-being, and coming out of poverty, for both the North and the South. Even the IMF and the World Bank should be institutions which serve this purpose. In my presentation, I said that it is difficult to think that these institutions do not know the consequences their conditionalities have—at least some of them, such as the demand to bind certain credits to the purchase of materials coming from the countries giving the credit—and that there was cynicism in this. Otherwise, I do not think the rest was cynical, I rather think that there was a gigantic simple-mindedness and tremendous lack of conscience, rather than cynicism.

EIR: Do you think that this cynicism also led to maintaining control over raw materials, which, particularly in a period of financial disintegration, can be used to survive a crash?

Moro: Let’s say that if someone controls natural resources, they will tend to keep this control. Certainly, they will not be willing to give it up out of solidarity with others. Certainly, faced with a period of financial turbulence, maintaining control of natural resources can be a protection, even if controlling technology has become more important these days.

But I think it is natural that whoever controls natural resources will tend to keep them, and they will give them back to the original countries only through a political action which is economically advantageous for everybody. I think this is the lever we should use to balance the world economy. I do not think that simple calls to goodness and conversion can succeed. We have to build a mentality and find a path which allows everybody an economically credible result.