
II. Culture and Statecraft

Jubilee 2025: Our War Against ‘Odious Debt’

Dec. 31—*The Schiller Institute issued the following [statement](#) calling for a true Jubilee in 2025.*

On Christmas Eve 2024, Pope Francis officially launched the Jubilee Year of 2025, calling for the coming year to be a “Jubilee of Hope.” The Jubilee is traditionally associated in various religions with the time when slaves would be emancipated and debts would be forgiven.

The Pope has raised the right issue at the right time, for action not just by Catholics, but by *all* men and women of good will.

As we enter 2025, the world is beset by spreading wars which threaten to escalate to a nuclear confrontation among superpowers, which none shall survive. We are also witness to genocide in Gaza, which is killing not only hundreds of thousands of innocent Palestinians but our very humanity as well, as we watch seemingly incapable of stopping our governments from passivity and often complicity with crimes against humanity which we once swore would happen “Never Again.”

And we stand at the edge of the abyss of a deadly blowout of the entire trans-Atlantic financial system, with its speculative bubble of over \$2 quadrillion of debts and derivatives, which are illegitimate and *odious*. It is the Western Establishment’s single-minded commitment to maintain that bankrupt system, come hell or high water, which is driving Mankind toward nuclear war and spreading genocide.

That financial system must be put through bankruptcy reorganization this Jubilee year of 2025, writing off all of those portions of the \$2 quadrillion speculative bubble which are illegitimate and odious. These are both moral and legal terms, with standing under international law, as the case of Ecuador proved in 2008. The world must now do what tiny Ecuador did back then.

In the Catholic Church, Ordinary Jubilees occur every 25 years. The last one was announced in 2000 by Pope John Paul II. Under its broad call for justice, civil society forces in many countries, including Ecuador, began to study and question the validity of the debt that had been imposed on developing sector nations. In July 2007, the Ecuadorian government convened a Commission for the Full Audit of Public Credit (CAIC), which found, after an exhaustive 18-month study, that Ecuador’s commercial foreign debt had functioned as an illegitimate and illegal looting mechanism between 1976 and 2006, rising from \$16 million in 1976, to \$4.2 billion in 2006, despite the fact that there was a net transfer to the creditors of \$7.1 billion in interest and principal payment over that 30-year period. Call it “[Bankers’ Arithmetic](#)”: $\$16 - \$7,100 = \$4,200$.

In 2008, basing itself on that study, the government of Ecuador announced a unilateral debt moratorium and imposed a 70-80% “haircut” on its bondholders. Wall Street and the City of London yelled and screamed, but morality and legality were both on Ecuador’s side.

“Odious debt” is a legal term of art which originated in 1927 with the Russian-American jurist Alexander Nahum Sack, who based his findings on two case studies: the debt imposed on Mexico by the mid-19th Century invasion and occupation of that country by the Habsburg Emperor Maximilian, a debt which was repudiated by Mexico’s greatest President, Benito Juárez, with the aid of Abraham Lincoln; and the early-20th Century case of Cuba, which achieved independence from Spain and the debt it had imposed on its island colony. Sack wrote in his *Les Effets des transformations des États sur leurs dettes publiques et autres obligations financières: Traité juridique et financier, Recueil Sirey, 1927*:

The reason why these odious debts cannot be left

upon the State is that such debts do not fulfill one of the conditions that determine the legality of State debts, that is: State debts must be contracted and funds disbursed for the needs and in the interest of the State. Odious debts, contracted and used for purposes which, to the knowledge of the creditors, are contrary to the interests of the nation, do not obligate the latter.

International institutions such as the UN Conference on Trade and Development (UNCTAD) have subsequently published studies recognizing the validity of Sack's argument, such as the July 2007 essay "[The Concept of Odious Debt in Public International Law](#)" by Robert Howse, professor of law at the University of Michigan Law School.

The renowned American economist and statesman Lyndon LaRouche traced this same concept—the requirement that debt serve the General Welfare—to the founders of the American System of economics. In a January 2011 address, LaRouche declared:

An honest debt to the future can only be paid through the honest creation of equivalent physical wealth in the future, which includes the development of the creative powers of every citizen, every child and every teenager.

The debts generated by a credit system are repaid by the prolificity of future production; this was already understood by the Winthrops

and Mathers of the Massachusetts Colony. Such debts require the government to limit their accumulation to the efficient portion of its commitment to promote production. Legally, they can only be incurred on the basis of increased creation of physical wealth and growth in the nation's physical productivity. Any debt contracted as a result of financial speculation has no legitimacy in the eyes of a government.

This is how to describe in simple words Hamilton's great principle, which is implicit in the intent of the Preamble to our Constitution.

Debts are good when they are designed to be good, as in the case of a credit system that rests on a commitment to increase the net creation of wealth per person and per square kilometer of a nation's territory.

It is that approach—which also guided the 1648 Treaty of Westphalia, including its provisions for debt moratoria—which must now be applied globally this Jubilee Year, to rid the world of the pestilence of usury once and for all, and with it the threat of war and genocide. That will then set the stage for organizing a New Paradigm based on a new international security and development architecture, to allow good credit to be issued for the worthy cause of global economic development.