

# Stop cowboy lenders



## How to lobby your MP to push for a new law to tackle cowboy lenders

Supporter guide | May 2023



### The issue

Right now, countries in debt crisis are being held to ransom by big banks and hedge funds. These lenders are acting like cowboys – making millions in interest payments while lower income countries are left without enough money to pay for health and education. The global economy is turning into the wild west and cowboy lenders are getting away with the world's biggest stick up.

The past few years have seen debts owed by some of the poorest countries mount up to unsustainable levels. Due to the economic crisis and high interest rates, 54 countries are now facing a debt crisis. But instead of agreeing to cancel some of the debt, big banks and hedge funds are demanding it all – plus interest.

For countries like flood-hit Pakistan, this is a disaster. 33 million people have been affected by flooding, made worse by the climate crisis. The country is due to spend over \$20 billion this year alone on debt repayments, with speculators able to make over 200% profit.

But we've got a chance to stop cowboy lenders holding countries to ransom.

Incredibly, UK law plays a key role in enforcing debt contracts – 90% of the lending for the poorest countries is enforced through UK courts. That means we can push for a new law to make cowboy lenders cancel debt.

This guide will give you all the tips and tools you need to make sure your MP supports this vital campaign.

## KEY POINTS TO GET ACROSS WHEN YOU MEET YOUR MP

MPs engage with lots of different issues so might only remember a few key points. It's really important you get these across to your MP so they know exactly why and how they should act.

- Right now, cowboy lenders are holding poor countries to ransom, making huge profits by demanding millions in interest on debt repayments.
- Because of this, countries in debt crisis are unable to spend money on essentials like healthcare, education, and responding to the climate crisis.
- The UK Parliament has the power to change this by passing a new law to force cowboy lenders to play fair.

As my MP, will you write to Andrew Mitchell, the Minister of State (Development and Africa) to call for legislation to be introduced. If your MP has already done this, you could ask them to support the campaign in another way, such as asking a question in Parliament.

## How the law will work

The UK Parliament could pass laws to incentivise private creditors to take part in debt relief. Two possible legal options are:

- a. Replicate an existing law, the UK Debt Relief (Developing Countries) Act 2010, to ensure that no creditor can sue a country for more than they would have got if they had cooperated with collective agreements to restructure debts under existing mechanisms.
- b. Extend existing UK corporate law on debt restructuring so that governments can restructure their debts in a similar way to companies. This would enable the courts to require disruptive private lenders to take part in debt relief if other creditors, such as governments, have agreed to the debt relief deal, or if a certain proportion of creditors have voted in favour.

The law should also establish a debt repayments moratorium once the borrowing country has applied for a debt restructuring, meaning that they would not be required to pay off any of their debts while negotiations are taking place. This would prevent creditors from increasing the payments once the debtor applies for restructuring, forcing a country to pay its debt back more quickly before it gets written off.

The key benefits of the legislation would be to:

- Make the debt restructuring process easier by stopping stubborn creditors refusing to agree to a restructuring.
- Lower the amount of money debtor governments in distress have to repay, freeing up cash to spend on essentials such as healthcare.
- Increase the speed of restructuring processes, reducing uncertainty for debtor countries and creditors and enabling borrowing governments to access capital markets again more quickly (as has been shown by the IMF's own research);
- Address the toxic power imbalance between the single debtor country and often large number of powerful creditors.

## Why lobby your MP?

Your MP is your representative in Parliament and is there to make sure your voice is heard. This guide will tell you everything you need to know about how to set up a meeting with them to discuss the issues you care about.

MPs are a direct link between individuals and the government. If enough MPs think an issue is important and talk about it in Parliament, the government has to take notice. Getting MPs to take up an issue is often the quickest way to raise it up the political agenda, and the strongest democratic route to getting an issue on MPs' radar is by constituents telling their MPs it is important to them.

If you don't know who your MP is, you can find out [here](#). It's normal to feel nervous the first time you meet with your MP but remember – they're there to serve their constituents (that's you). We've written this handy guide to help you feel prepared and confident going in.

# Step by step guide on how to lobby your MP to stop cowboy lenders

## 1. Set up a meeting with your MP

If you're not sure who your MP is, you can find out and contact them directly by entering your postcode at [writetothem.com](https://www.writetothem.com). Alternatively, you can find all their details, including phone numbers, on the [government website](https://www.gov.uk/government/people/parliamentary-members). MPs often meet constituents during regular surgeries, so asking for a meeting then is a good option. If you don't hear back within a reasonable timeframe, be persistent and ask again – but remember to be polite! You want your relationship to be a positive one if possible, so it's good to get off on the right foot.

You can find a template email you could use to ask your MP for a meeting at the end of this guide. However, it's good to personalise it to make it individual to you.

## 2. Research what your MP cares about

Building on things your MP already cares about is a great way to engage with them. Perhaps they've spoken directly about debt or predatory lenders in the past – this is ideal! However, even if the topic is new to them, you can still find common ground. Maybe they care about healthcare, education, or the climate crisis – all areas that become deprioritised when countries are forced to spend vast sums on debt repayments to cowboy lenders.

You can see how your MP has voted on similar issues in the past at [theyworkforyou.com](https://www.theyworkforyou.com).

## 3. Build a relationship with your MP

It's important for MPs to hear that their constituents care about an issue, as they want to be seen to be raising local issues that are coming up in their constituency. They're also human and will respond better to constituents they feel they have a rapport with. Make sure your MP feels like you're someone they could work with and whose opinion they value. If this is your first meeting with your MP, it may not be your last! It can be useful to build up a relationship with your MP over a period of time, as well as having a one-off meeting.

Ask plenty of questions, and make sure to speak from the heart about why you personally care about this issue. This is much more important than knowing all the facts and figures, the main thing to communicate is why you care about an issue and why you think it's important. Think about what led you to feel passionately about this and why you are lobbying your MP today.

## 4. Speak to your MP's values.

Consider which party the MP belongs to, their voting record, and how that might impact how you present an issue to them. For example, members of the Conservative party tend to believe in the importance of UK global leadership and values of fair play. Labour MPs tend to believe in the role of Parliament and the state, and an active UK within a just international order. Labour is aiming to develop a pragmatic programme for government with broad appeal so is cautious of policies seen as radical, although some individual MPs are committed to radical international solidarity. The Liberal Democrats and Scottish National Party are also ideologically broad, but most MPs are committed to international justice and addressing poverty.

## 5. Have some persuasive facts up your sleeve

It's very possible that your MP will know less about the topic than you do – it's impossible for them to be an expert on every topic! You should still do your homework though, and make sure you've memorised two or three facts and made a note of some key arguments that will get their attention. See our key messaging on the issue of cowboy lenders over the page. We've also written a [briefing especially for MPs](https://www.debtjustice.org.uk/parliamentarybriefing2023) – take one with you so you leave it behind for your MP to read later. They can also access it online at [debtjustice.org.uk/parliamentarybriefing2023](https://www.debtjustice.org.uk/parliamentarybriefing2023). In the meeting, if you don't know the answer to a question, that's fine, just say you will follow up with them after the meeting – just make sure you remember to do so!



## 6. Show that others in your constituency also care about this issue

The more constituents care about an issue, the more persuasive it is for your MP. Before your meeting you could think about who else might be interested and invite them along also. It might be good to think about who's who in the constituency and who might help influence your MP, for example, small businesses, faith groups, parents' groups or youth groups. Or you could maybe bring a petition or letter signed by other constituents to show that although you are one person there are many who support the campaign. We can also help put you in touch with other people in your area.

## 7. Ask your MP to write to the Minister

Before your meeting, be clear on what a good outcome would be. In this instance, we're asking MPs to support a new law to stop cowboy lenders by writing to Andrew Mitchell, the Minister of State (Development and Africa). If your MP has already done this, you could ask them to support the campaign in another way, such as asking a question in Parliament. If you've got a plan going in, you'll be much less likely to end up being pulled off on tangents and come out feeling disappointed. MPs are also more likely to be able to help if you make your ask clear. Give your MP the time to respond to your request – meetings work best when they are a conversation. At the same time, make it clear that you would like to see them commit to some sort of action and try not to leave without getting a commitment.

If your MP is one of the key people we want to target for this campaign, there may be more they can do to help. If your MP is on the following list, please get in touch with us by emailing [info@debtjustice.org.uk](mailto:info@debtjustice.org.uk)

Hilary Benn • Paul Blomfield  
Liam Byrne • Marsha de Cordova  
Andrew Gwynne • Rupa Huq  
Afzal Khan • Kerry McCarthy  
Siobhain McDonagh • Charlotte Nichols  
Chi Onwurah • Yasmin Qureshi  
Virendra Sharma • Stephen Timms

## 8. Follow up after your meeting

MPs need to hear from their constituents consistently to ensure they are taking concerns seriously and acting on them. After the lobby you could:

- Arrange a follow up online meeting
- Send them a follow up email or letter, thanking them for the meeting.
- Call their office for an update
- Thank them on social media for the good meeting (you could tweet a photo or screenshot!)

Make sure to get in touch with Debt Justice ([info@debtjustice.org.uk](mailto:info@debtjustice.org.uk)) and let us know what your MP said – it really helps us build a picture of who supports the campaign.

## KEY FACTS ABOUT THE DEBT CRISIS

### 1. The debt crisis

The UN estimates that 54 countries are in debt crisis. Where countries have high debt payments, their public spending, including on essential services is falling.

Across lower income countries, debt payments are at the highest level for 25 years.

### 2. The debt cancellation process

In 2020, the G20 group of powerful countries, which the UK is part of, created a new scheme to cancel some debts for countries which apply. Yet of the four countries which have applied – Chad, Ethiopia, Ghana and Zambia – none have yet had any debt cancelled.

Private lenders – such as banks and hedge funds – are the largest lenders to developing countries. Almost 50% of lower income country debts payments are to these lenders, compared to 12% to China.

Private lenders, like big banks and hedge funds have so far refused to cancel any debts, delaying the debt relief process, and discouraging other countries from applying for debt relief.

### 3. The solution

90% of debt contracts of lower income countries are governed by English law. This means the UK could introduce legislation to make private lenders take part in debt relief.

The UK has done this before – in 2010 Parliament passed legislation which required private lenders to take part in debt relief given to some countries in the 2000s.

The other place which governs debt contracts is New York. The New York Assembly is already considering bills that do the same as our proposals – it is further ahead on this issue than the UK.

The heads of both the IMF and World Bank have called on the UK and New York to pass legislation to make it easier for countries to get private lenders to give debt relief.

## Debt and the climate crisis: Zambia

In February 2023 Zambia was hit by devastating floods, the worst in over 50 years. The floods have affected over 150,000 people, with roads and bridges destroyed, preventing people accessing schools, health facilities and markets.



Climate change is making flooding worse in Zambia, worsening access to safe drinking water and increasing the prevalence of water borne diseases.

Zambia's ability to adapt to and cope with the impacts of climate change are being hindered because of the country's debt crisis. Zambia has a huge debt burden, and is due to pay 30% of government revenue.

For the last two years Zambia has been trying to get its creditors, such as BlackRock, to cancel the equivalent of 45% of the debt, through a debt relief process created by the G20. But the banks and finance companies have refused. This is despite the fact that BlackRock could make 110% profit from Zambia's debt if it were paid in full.

As a result, Zambia has stopped paying. This is giving the country some respite, but it leaves the government unable to plan for the future. Zambia wants and needs a debt relief deal.

Of the debt payments that fall due between 2022 and 2025, 50% are to private lenders such as BlackRock. And these loans are governed by English law. This means the UK has the power to make private lenders cancel a huge amount of Zambia's debt.

In contrast, if the UK does not act, BlackRock and other private creditors could sue Zambia in the UK, forcing them to pay a debt the people of Zambia cannot afford.

## Get in touch with your MP

One way of getting in touch with your MP is through email. You can find your MP's contact details by entering your postcode [here](#).

Below is a draft template email you can use to ask your MP for a meeting. You can edit it to make it more personal.

If you need any other support to lobby your MP, please get in touch with us and don't forget to let us know if you meet with your MP. You can contact us on: [info@debtjustice.org.uk](mailto:info@debtjustice.org.uk)  
Good luck!

Dear [MP]

My name is [your name] and my address is [your address]

*I'm getting in touch to request a meeting to discuss a new law to incentivise private creditors to take part in debt relief for lower income countries in debt crisis.*

*The past few years have seen debts owed by some of the poorest countries mount up to unsustainable levels. Due to the economic crisis and high interest rates, 54 countries are now facing a debt crisis. But instead of agreeing to cancel some of the debt, big banks and hedge funds are demanding it all - plus interest.*

*For countries like flood hit Pakistan, this is a disaster. 33 million people have been affected by flooding, made worse by the climate crisis. The country is due to spend \$22.5 billion this year alone on debt repayments, with speculators able to make over 200% profit. This money is sorely needed to rebuild homes, schools, and hospitals and to protect against further flooding.*

*90% of debt contracts of lower income countries are governed by English law. This means the UK has a key role to play and could introduce legislation to make private lenders take part in debt relief.*

*I would be grateful if you could find time to discuss this with me further, either at an upcoming surgery or another time at your convenience.*

Best wishes,

[your name]

[your contact details]

Debt Justice (formerly Jubilee Debt Campaign) is a campaigning organisation dedicated to ending unjust debt and building a fair economy for all, here in the UK and across the world.

 @debtjustice    Debt Justice    [debtjustice.org.uk](http://debtjustice.org.uk)    [info@debtjustice.org.uk](mailto:info@debtjustice.org.uk)

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