



Cancel the Debt



FOREWORD

# A message from Heidi Chow

**Executive Director of Debt Justice** 



We are just days away from the general election. We've been ramping up our campaigns in this election period and we have a great foundation to create new opportunities after 4 July. I'm also excited about building on the achievements that we've had so far this year.

Our Together Against Debt group in Manchester won their campaign to force the City Council to end the use of bailiffs to collect council tax debts from low-income households. That's almost 50,000 households across the city that will no longer fear a bailiff visit! This shows that people in debt can win big changes on the issues that affect them.

**66** That's why our campaign for a new debt justice law is so important - life needs to come before debt

We also saw Zambia's private lenders finally agreeing a deal to reduce debt repayments by \$1.4 billion. Over the last two years, 10,000 of you signed petitions demanding debt cancellation for Zambia, raised the issue with your MPs and shared the campaign on social media.

While we celebrate the news of a deal, it should never have taken this long. And banks and hedge funds are continuing to block progress on debt cancellation for other countries in a debt crisis like Ghana and Sri Lanka. The international processes to support countries to get out of debt are failing and it's ordinary people that are paying the price. That's why our campaign for a new debt justice law is so important – life needs to come before debt.

There is much to do but our recent campaign successes are a great reminder of what people power can do. And this is what gives me hope – no matter what the outcome of the election is – when people come together in solidarity to campaign and organise, things can change and we can win justice, one small step at a time. We hope that you will continue to join us to take action locally and globally and be part of the change that we'll win together.

#### **Heidi Chow**

Executive Director, Debt Justice



Cover image: Protesters demanding action to end Ghana's debt crisis

Ernest Ankomah/Getty Images

### **Cancel the Debt**

## How winning a new debt justice law could help Ghana and other countries in crisis

Ghana is one of 54 countries in debt crisis and its government has spent the last 18 months trying to reach a debt relief agreement with lenders. In April, the deal collapsed – undermined by financial giants who are refusing to play ball.

Ghana has had little choice but to borrow. When the country gained independence from the British in 1957, it inherited a weak economy, reliant on commodities like cocoa and with global trade rules already stacked against it. This situation has left Ghana relignt on debt to survive.

Ghana has already paid over \$7 billion in interest alone on debts to western lenders since 2010 - when the current crisis began

This isn't the first time Ghana has been here. Thirty years ago the government was also forced to cut spending on health, education and other essentials because of the national debt. Global commodity prices fell at the start of the 1980s, which meant the cost of foreign debt payments ballooned.

However the global Jubilee campaign in the early 2000s, in which supporters of this organisation played a key part, led to mass debt cancellation. In Ghana, debt fell from \$6.6 billion in 2003 to \$2.3 billion in 2006. But debts rose again after the financial crisis of 2008, and campaigners are calling for a permanent solution for Ghana and other countries in crisis.

#### Ghana's debt crisis today

Stuck in a vicious debt cycle, Ghana is now facing its "worst economic crisis in a generation." Bernard Anaba, from the Integrated Social Development Centre (ISODEC) in Ghana, explains:

to a higher cost of living, escalating food prices, high cost of transportation, high cost of water and electricity... it's really a very difficult situation now and lives are being destroyed because of the debt crisis

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The government defaulted on its debts in December 2022 and has been trying to agree a debt relief deal with lenders ever since through The Common Framework - a process set up by the G20 group of rich nations during the Covid pandemic. This process is supposed to help lower-income countries with high debts apply for relief to private and government lenders. But it has failed spectacularly, with Zambia the only country set to gain any significant debt relief through the process.

This failure is largely because there is nothing to make private lenders like banks, hedge funds and oil traders offer the same terms as government lenders. The refusal of these financial giants to play ball while they hold out for more profit can derail everything.

The owners of Ghana's bonds, which include financial giant BlackRock, could make \$13-19 billion in profit if they are paid in full.

## Getting debt on the political agenda after the election

Whoever wins the election, we have a crucial opportunity to change the dynamics of these debt negotiations for countries in crisis. That's because 90% of the debts owed by lower-income countries to these greedy lenders are overseen by UK law. Right now, we have a big chance to shift the landscape and make it easier for countries that need it to get debt cancelled - by winning a debt justice law.





66 Big banks and hedge funds have trapped my country in a debt crisis and UK law is protecting them. If a new law was passed to force greedy lenders into negotiations, then countries like mine could take a step towards justice and break free from this vicious exploitative debt cycle

**Bernard Anaba,** Integrated Social Development Centre (ISODEC) in Ghana

## What would a debt justice law do?

The UK parliament could pass a new debt justice law to force private lenders to agree to debt cancellation if other lenders - like governments - agree to it. It could also make sure that no private lender could sue a

country for more than they would have got if they had taken part in debt restructuring through existing agreements.

The more we can raise the profile of this issue with a new government, the more likely that whoever gets the keys to Number 10 will be ready to act. Ahead of the election, thousands of us signed a big petition targeting party leaders, hundreds of us emailed our MPs and together we protested outside the offices of lenders. Now we want to make sure an incoming prime minister understands the severity of the debt crisis – and the role the UK can play in getting debt cancelled.

#### → TAKE ACTION:

Find out more and add your voice to the campaign at: debtjustice.org.uk/canceldebt



For nearly four years, Zambia was trapped in negotiations to try and bring down huge debt levels that devastated the economy. In March we heard the groundbreaking news that most of Zambia's private lenders had finally agreed to a deal to reduce the country's debt repayments by up to \$1.4 billion!

This is a significant achievement that campaigners in Zambia, the UK, and elsewhere helped win. An impressive 10,000 of you signed petitions demanding debt cancellation for Zambia, thousands more of you emailed your MPs and supported the campaign on social media.

Zambia spent years trapped in a cycle of debt, after irresponsible lending from Western corporations like BlackRock, as well as Chinese banks. While private lenders held out for a deal that would deliver them more profit, Zambians had little choice but to deal with the devastating effects of the debt.

Precious Kalombwana, a member of Fridays for Future Zambia and Debt for Climate Zambia, explained at the time:

**66** We can't afford to even eat three times a day. We can't even find medicine in hospitals or access good college education because of the debt

Most of Zambia's private lenders have now agreed to reduce debt payments by 45% - but it should never have taken this long.

#### The origins of the debt crisis

For countries like Zambia, the roots of the debt crisis lie in colonial times. European powers transformed the economies of colonised countries to rely on commodities like fossil fuels, metals and cash crops so they could feed industrial growth in Europe. Many are still reliant on the export of such commodities today, making them highly vulnerable to global economic shocks.

Today, our global system is still organised along racist, colonial lines where rich countries dominate decision-making spaces and extract wealth from lower-income countries. Debt continues to be used by powerful governments, institutions and banks to extract wealth and maintain control over lower-income countries. To put it simply, debt is about power.

This situation has left many lower-

income countries trapped in a vicious cycle of debt. That's why people are taking a stand - demanding cancellation and the payment of reparations for the harm caused by former colonial powers.

Winning debt relief in Zambia shows what we can do when we come together

In the UK, a new debt justice law could make a big difference to countries in crisis, forcing private lenders to play ball in debt negotiations.

#### → TAKE ACTION:

Help make sure other countries can win debt cancellation! Add your name to the campaign: debtjustice.org.uk/canceldebt



#### Launched!

## The Together Against Debt People's Manifesto

With a UK general election in July, it's crucial we make sure that candidates from all parties know how people are being affected by high debt levels in the communities they are campaigning to represent.

The cost-of-living crisis has been one of the biggest shocks of our generation and we've seen bills for essentials like energy

#### The three key demands are:

- Fair debt solutions so everyone can have a fresh start
- To be treated with dignity, and be protected from exploitation and harassment by creditors, debt collectors and bailiffs
- An end to people being pushed into debt just to pay for essentials like food, energy and housing.

and food costs soar while wages and benefits fail to keep up.

When that happens there's only one result - crushing debt, and without government action, the debt is going nowhere.

That's why people who know what it's like to experience the stress of being in debt have come together to say what they want to see changed, through the 'Together Against Debt People's Manifesto'. And we're already making waves. Campaigning during the May mayoral elections led to Andy Burnham, Mayor of Greater Manchester, committing to support our demands.

Thousands of you added your names in support of these demands and we delivered them to all the main parties at the start of the election campaign. It's crucial that whoever forms the next government takes action to end the UK's personal debt crisis.

#### → TAKE ACTION:

Look out for the next steps of our Together Against Debt campaign and ways to show your support at: debtjustice.org.uk/manifesto

#### **Debt advice**

We don't provide debt advice, so please contact the organisations below if you need debt advice or support.

#### **Advice**

capuk.org

Tel: 0800 328 0006

citizensadvice.org.uk

Tel: 0808 223 1133

stepchange.org

Tel: 0800 138 1111

nationaldebtline.org Tel: 0808 808 4000

#### Support

These organisations can help with the worry and stress that often accompany problem debts.

**samaritans.org** Tel: 116 123 **mind.org.uk** Tel: 0300 123 3393

You can also search free and independent advice agencies in your community using: advicelocal.uk and advicefinder.turn2us.org.uk



The city of Birmingham has played a significant role in the history of debt justice campaigning in the UK. And this year staff and members of the Debt Justice Birmingham group took part in a special event to celebrate and reflect on how far we've come.

On Wednesday 24 January, local activists planted a gingko tree in City Centre Gardens to mark the location of the biggest mobilisation calling for debt cancellation ever seen in the UK.

70,000 people took part in forming a human chain around Birmingham during the G8 meeting that took place in the city in May 1998, influencing G8 leaders to initiate the cancellation of \$130 billion of debt of lower-income countries.

The tree also celebrates the work of the Debt Justice Birmingham activist group, which has continued its activism to challenge lower-income country debt for over two decades.

The memorial tree is to remind us of Birmingham's part in a human chain of loving concern which did once break the shackles of debt, and to give us the hope for the future that, with our help, human and planetary values can triumph over merely financial ones

John Nightingale, Chair of the Debt Justice Birmingham Group

## Did you know that you can also support the fight for debt justice with a gift in your will?

Supporters like David and Veronica are choosing to leave a gift in their will to Debt Justice so that they can put human life before debt, not just today, but for generations. And you can too.



legacy reflects our conviction that this is a cause which must be pursued long-term. Our greatest challenges and, we hope and believe, our greatest triumphs lie ahead

**David and Veronica Golding,**Debt Justice supporters

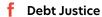
Find out more about how you can leave a gift in your will to Debt Justice here: debtjustice.org.uk/legacy

or you can email: matt@debtjustice.org.uk

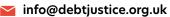
or call us on: 07450 875495

#### STAY CONNECTED









Order campaigning materials and more editions of *Drop It!* at: debtjustice.org.uk/materials

#### ABOUT DEBT JUSTICE

We are a campaigning organisation dedicated to ending unjust debt and building a fair economy for all, here in the UK and across the world.

Debt Justice, Oxford House, Derbyshire Street, London, E2 6HG, United Kingdom Registered Charity no. 1055675 Company limited by guarantee no. 3201959



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### **Cancel the Debt**

Countries like Sri Lanka and Ghana are being trapped in debt by greedy lenders. In Ghana, where people have taken to the streets to protest, the situation has been described as the "worst economic crisis in a generation."

But the UK is in a unique position to help end this crisis - because 90% of the debts owed by lower-income countries to banks, hedge funds and oil traders are overseen by UK law! An incoming government also gives us a new opportunity to force debt cancellation onto the political agenda - right as we're facing the biggest global debt crisis in over twenty years. before people - so if there's no legislation to force them to come to the table, they won't do that on their own

**Bernard Anaba,** Integrated Social Development Centre, Ghana

The more of us that act, the stronger we can make our demand for a new law to deliver debt justice for millions.

Will you help make sure cancelling the debt is on the Prime Minister's agenda after the election?

Detach here

### Sign the petition

#### **Dear Prime Minister:**

"I'm calling on you to commit to a new debt justice law to get debt cancelled in lower-income countries"

| Signed   |  |  |  |  |  |  |  |  |  |          |  |  |  |  |  |  |  |  |  |  |  |
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| Tick if you would like to hear about Debt Justice's work: 🔲 by email 🔛 by post                 |  |  |  |  |  |  |  |  |  |          |  |  |  |  |  |  |  |  |  |  |  |

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