

Canada is being less than charitable

Debt-cancellation policy means less than it might seem

DEREK MacCUISH

When it comes to Third World poverty, what are the limits to our collective conscience? Foreign aid is shrinking, but more important, Canada is being less than charitable when it comes to canceling the unpayable debts of the world's poorest countries.

Consider the announcement last March that Canada would cancel all of the debt owed to it by the least-developed countries. In the 11 months since, only one country has been affected: Bangladesh. The total amount involved? \$600,000.

The debt-cancellation program has emerged as a nickel-and-dime operation. Now, instead of forgiving the debts of the 15 least-developed countries that owe Canada money, the government is looking at helping only four: Tanzania, Madagascar, Honduras and possibly Zambia.

Twenty-three countries that are heavily indebted and underdeveloped owe Canada just under \$1.2 billion. Consider what that means for some of the poorest people on Earth. They are looking at a debt that is unpayable by anyone's standard, when they don't have enough to feed, clothe and educate their children. They live in countries where most girls, if they survive their childhood, will not complete primary school and on average will not live longer than about 45 years.

HELPED EXPORTERS

Poor-country debt to Canada is not money that went to support health and education projects. The Export Development Corporation (EDC) made the loans, without any social or environmental guidelines, to support Canadian exporters. The EDC does not write these loans off when they become uncollectible. The EDC has never, to my knowledge, written down a cent of poor-country debt where it was not fully reimbursed. (Commercial loans, on the other hand, have been written down, and in these cases EDC takes the loss.)

The Third World debt crisis is the sorriest legacy of post-colonial history, but the days when the nastiest of dictators found it easy to grab the money – indeed they were encouraged to – are largely over. Debt relief is now widely recognized as both appropriate and necessary if people in the poorest countries are to have a chance at improving the quality of their lives.

CHILDREN DIE

In Cameroon, one in 10 children die before reaching age 5. In the Ivory Coast, the situation is worse. In both countries, less than one-third of the children can attend school beyond Grade 4. Of the poorest countries, these two have the largest debts to Canada. Cameroon, for example, owes Canada \$440 million. We do not know what this loan was intended for, because the EDC will not say. The same holds true for the \$250 million owed by the Ivory Coast.

Too often, poor-country debts were contracted by leaders who were corrupt or by business interests without regard for the community that would have to make the payments.

Almost all of the outstanding debts to Canada were made in support of business interests, not in the interest of the people who are paying for these debts with their lives.

All of these loans are at market rates, designed to yield a profit for the EDC.

NEVER LEAVES CANADA

In most EDC operations, the lent money never leaves Canada at all. It is paid to the business that makes the sale. Eighty per cent of the money lent by EDC goes to large corporations.

Canada is waiting for the World Bank and International Monetary Fund to finish their own debt-reduction process before taking any further action.

So far, not taking \$600,000 from the people of Bangladesh seems to be the best we can do, about nine months after congratulating ourselves for taking the lead in debt relief in the industrial world.

The person who has drawn the line at the edge of our collective conscience is Finance Minister Paul Martin. He has drawn it much tighter than what one would expect in a compassionate nation.

The people in these indebted countries are in straits that are dire beyond comprehension. They deserve more than we are offering. Surely our national conscience expects more, too.

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