

Title:

Third World Debt - A Solution

Word Count:

560

Summary:

Maybe third world debt should be renounced by the countries that carry it. This is fair and practical.

Keywords:

third world debt, debt, ideas

Article Body:

Let's not pretend that third world debt is about wise investment of borrowed money in order to develop a country's economy more quickly. If it were so, the countries which borrowed the most would be the ones doing well. Without getting into statistics, I'll just point out that debt is more often hurting these economies than helping them. Debt is there, though, so what can be done about it?

Third World Debt Renunciation

To suggest that countries should renounce their debt may sound too radical at first, but not once you understand the nature of international debt. With the guise of helping to develop a country's resources, the world bank or various governments loan money to a third world government. Lenders usually don't want just to make interest, but also to develop something that will benefit them, like oil or lumber resources they need. Also, it is commonly expected that companies from the lending countries will get large contracts for various development projects.

Of course, the corrupt government that receives the loan has it's own ideas about what to do with the money. Altogether, many corrupt officials, lending institutions, governments and companies make money, while little real benefit trickles down to the people of the borrowing country. The scoundrels are long gone when the next government has to deal with the growing debt.

Then the lending countries, international monetary fund or world bank step in to renegotiate the debt. They'll even loan more money to alleviate a "crisis." The new deal comes with rules, of course. The borrowing country may have to tax the

people more heavily, or encourage "cash" crops that can be sold to pay the debt, instead of food crops to feed the people.

Third World Debt Relief

Consider this for a moment. A corrupt, often non-democratically elected government borrows money for their own purposes, and it is assumed that the citizens have an obligation to repay the money. Now, if I borrow money in your name, would you feel obligated to pay? Of course not!

A new solution: When a new government comes to power in any of these debt-ridden third world countries, they should renounce all foreign debt, and stop making payments at once. Neither they nor the people who actually are taxed to pay it have any obligation to do so. This should be announced as a moral decision to stop forcing people to pay fr debt they did not incur. Taking the moral high ground will reshape the whole debate.

Many will argue that any country which does this won't be able to borrow again for a long time. Since debt has been more of a problem, and not the solution to their economic woes, this is a great benefit, isn't it? Let's make sure no one will lend to future corrupt governments and leave the people burdened with debt!

Of course, debt is good when the money is used wisely. While renouncing past debts, the new government can stabilize expenditures and create a market system in which money will be comfortably lent to many individual companies within the country. The resulting economic growth will provide the future tax base for public works. Letting the world lend to value-producing companies instead of to inevitably corrupt governments will go a long way towards solving the problems of third world debt.