Consultation on economic justice toward Africa calls for alternative vision of U.S.-African economic relationships

Adapted from an article by James Salathem of the Episcopal News Service

The voices were urgent and angry, calling for the cancellation of international debts owed by African nations to give them a “fresh start,” and also for a new economic order based on mutuality rather than exploitation.

An intense three-day consultation dealing with trade, aid, and debt drew a wide variety of people committed to economic justice for Africa, limited not just to “experts” but including students, leaders of African and American NGOs, government officials and church leaders.

Anglican Archbishop of Cape Town Njongonkulu Ndungane gave the keynote address for the June 4-6 consultation in Washington, D.C., sponsored by the Washington Office on Africa and the Stony Point Conference Center. Increasingly recognized as a leading spokesman for economic justice for his continent, the Archbishop was blunt in calling for the “cancellation of unpayable debts as a first significant step towards a new economic beginning for the developing world, in particular Africa,” providing “a springboard to new hope, to a new dispensation of economic justice.”

A net of debt

Speaking to some 160 participants in the Caucus Room of the Cannon House Office Building on Capitol Hill, Ndungane traced the debt crisis, beginning with the liberation movements of the 1960s when leaders “grasped at economic lifelines thrown out by developed countries,” not aware that “they were being caught up in the net of foreign debt that would drag them further into a sea of poverty.”

As a result, he said, “millions of people in developing countries now live in abject poverty while a massive transfer of wealth takes place, from the people of the south to the industrialized nations of the north.” It is now estimated that Africa owes over $227 billion to creditors, about $400 for every man, woman and child on the continent, by some estimates.

In many instances, he noted, the debt was incurred by oppressive governments. In South Africa, for example, the apartheid regime racked up a debt of about $62 billion, debts which “should be declared odious and written off.”

“Poor countries are obliged by the International Monetary Fund and other representatives of rich creditor nations to prioritize debt payments and to do this by diverting funds from health, clean water, sanitation and human development,” Ndungane said. He called for a Mediation Council that would “establish legal principles and standards to govern international lending and borrowing.”

The scandal of our age

While the gap widens between the rich and the poor nations, Ndungane continued, “the single greatest scandal of our age” is the “massive transfer of resources from poorer countries to the wealthy, whether through debt repayments or the inequalities of global trade.”

Ndungane repeated his urgent call for creation of an Economic Union of African States to coordinate economic development and assure that Africa would never again be marginalized or exploited. “It is time to move forward and to share the healthy, invigorating air of Africa with a world that has grown fatigued with old values,” he concluded. “Africa stands at a time where it can and must...”

continued on page 6
REFLECTIONS BY OUR EXECUTIVE DIRECTOR

Seeking more than “doing no harm”

Not long ago a colleague of mine in the Africa advocacy community declared that her goal in terms of a particular piece of legislation was to ensure that it “did no harm.”

I certainly understand what she meant. Washington realities are such that the battles we fight are often not so much over our vision for a just policy toward Africa as they are over countering mischievous and detrimental proposals. For those engaged in justice-valued and faith-based advocacy, there will doubtless always be a tension between political pragmatism and our greater vision of what characterizes just relationships. Sometimes that may well mean that our bottom line is “doing no harm.”

And yet the notion remains disturbing to me. Perhaps that comes simply from my own uneasiness over the Washington Office on Africa’s stance on the African trade bills. While we circulated a letter with a rather grand title, “Economic justice and the African trade bills before Congress” to all members of Congress (see our website or write for a copy), in which we analyzed the African Growth and Opportunity Act (AGOA) in terms of what we saw as fundamental principles of economic justice and found the bill wanting, we did not weigh in – as did many of our colleagues – in firm opposition. Rather we invested our energy in seeking to moderate the harsh eligibility criteria in the House version and the limiting textile provisions in the Senate. And while we saw in Rep. Jesse Jackson, Jr.’s H.O.P.E. for Africa Act a progressive and in many ways principled alternative to AGOA, we felt its prospects so grim that we did not join that quest. Maybe we have just been realistic, maybe even thoughtfully so. But we also may be yielding to that prescription of my colleague, that somehow we are seeking little more than Africa bills that “do no harm.”

It was witnessing the energy and commitment of participants at our June consultation, “Trade, Aid and Debt: Toward Economic Justice in Africa,” that brought me sharply back to this issue. A group of us, meeting in Stony Point in April, had prepared a draft Kairos document for revision by working groups at the consultation, and it was filled, sensibly, with “on the other hands” and “buts” and “nevertheless” – in short, balance. Our participants, challenged by the Ndunganes and Mwombekis in their midst, but seemingly challenged more by one another, brought us back to fundamentals of just human relationships: Partnership, empowerment, people-centered development, oneness with creation, distributive justice. There remains out there, they reminded me, a vision of what justice is and what human relationships, including macro-economic relationships, can and should be. The resulting Kairos document helpfully says so. And it is not talking about a minimalist approach of “doing no harm.”

Somehow, it seems to me, we – all of us engaged in advocacy – must recapture this task of doing justice. We need to do it sensibly. We need to accept, for example, that substantial debt relief for Africa, even if it is not full debt cancellation, is better than no debt relief, and it is significantly more than “doing no harm.” But to depart very far from that vision so wonderfully articulated by so many in June will render us meaningless, for the very simple reason that we will have little of significance to say.
LEGISLATIVE UPDATE ON AFRICAN ISSUES

African Growth and Opportunity Act reaches Senate again

With the Congress in recess, here is a report on the current status of key legislation of relevance to Africa. The themes of our consultation – trade, aid and debt – are well represented in what follows, though both in terms of substance and prospects, the picture is not encouraging. Watch for our action alerts in the months after the recess.

The Africa trade bills

The African Growth and Opportunity Act (AGOA), which failed to pass the Senate in the last Congress, was reintroduced virtually unchanged in both Houses this year. The bill declares as its intent to “promote stable and sustainable economic growth and development in sub-Saharan Africa.” It establishes eligibility requirements for African nations to secure the benefits of the act, creates an equity fund and an infrastructure fund, sets up a United States-Africa Trade and Economic Cooperation Forum, directs the administration to develop a plan to enter into free trade agreements with African nations, extends the Generalized System of Preferences for African nations to the year 2008, and maintains the post of Assistant United States Trade Representative for Africa.

AGOA (HR 2489) passed the House in late July by a vote of 234-163. It has now been reported out of the Senate Finance Committee (S 1387). The bill is likely to reach the Senate floor shortly after Labor Day.

Meanwhile, Rep. Jesse Jackson, Jr. (D-IL) introduced the H.O.P.E. for Africa bill (HR 772). Seen by many as a more progressive alternative to AGOA and containing substantial debt cancellation provisions, it languishes in committee in the House, with few prospects.

Rep. Jackson was permitted to offer an amendment to AGOA on the House floor, essentially replacing a major section of AGOA with text from his own bill dealing with equity and infrastructure funds. He called for such funds to be used for basic health services (including AIDS prevention), schools, public transportation and rural electrification, with 70% to go to small, women- and minority-owned businesses, with 60% African ownership. He also proposed broader participation by African civil society in OPIC and Export-Import Bank advisory committees. The amendment failed.

The House accepted two amendments by Congresswoman Sheila Jackson Lee (D-TX), one stating that U.S. businesses should be encouraged to provide assistance to prevent and reduce HIV/AIDS in Africa, the other encouraging the development of small businesses in Africa. She also joined with Reps. Amo Houghton (R-NY) and Nancy Pelosi (D-CA) in an amendment regarding HIV/AIDS in Africa. All passed.

The Senate Finance Committee removed the detailed and often objectionable eligibility requirements that remain in the House bill, replacing them with a short and general list of criteria. However, they added restrictive textile provisions, by which African textiles, in order to enter the U.S. duty-free, must be made with U.S. thread.

Sen. Orrin Hatch (R-UT) offered two amendments dealing with debt and AIDS. The latter urges the administration to use its voice at the Forum created by the Act to press for action on AIDS by African governments.

Meanwhile, Sen. Russ Feingold (D-WI) is likely soon to introduce his own Africa trade bill. Reportedly it will incorporate many of Rep. Jackson’s H.O.P.E. for Africa provisions with expanded debt provisions perhaps along the lines of the Debt Relief and Poverty Reduction Act (see below). In addition, Sen. Hatch may offer a Senate concurrent resolution on Africa trade.

International debt relief

Reps. Jim Leach (R-IA) and John LaFalce (D-NY) have introduced the Debt Relief and Poverty Reduction Act (HR 1095), an effort to cancel the debt owed by poorer nations around the world. In addition to bilateral debt relief, the bill recommends major reform of the inadequate Highly Indebted Poor Country (HIPC) Initiative on multilateral debt, and requires each country to establish a human development fund to direct savings from debt relief toward poverty alleviation.

HR 1095 has secured some 95 co-sponsors and is now before the Banking and International Relations committees. The former is likely to consider it during the third week of September. No parallel bill has yet to be introduced in the Senate. The bill has secured endorsement from many NGOs, including the Washington Office on Africa.

Rep. Tom Campbell (R-CA) has introduced the Debt Forgiveness Act (HR 1305), which prohibits U.S. funding to the International Monetary Fund (IMF) until debt owed to the U.S. by HIPC nations has been cancelled.

Meanwhile, several specifically Africa-oriented bills have been introduced on debt relief. Rep. Jackson’s H.O.P.E. for Africa bill (HR 772) calls for outright cancellation of all bilateral debt without condition, urges U.S. efforts on behalf of canceling multilateral debts, and requires that the U.S. government purchase African debts owed to private U.S. banks.

continued on page 7

Washington Notes on Africa 3
Engagement: A call to action

Toward economic justice in Africa: A Kairos moment for American policy

Excerpts from a document which emerged from
Trade, Aid, and Debt: Toward Economic Justice in Africa – A Consultation for Faith Communities
held in Washington, June 4-6, 1999

We believe that it is appropriate and right to apply criteria that affirm our vision of just American economic relationships with Africa to U.S. policy initiatives and Congressional legislation. We propose that these questions be asked of U.S. policy and legislation, and that we and our faith communities reflect and act cautiously when the answers we find violate our vision for economic justice.

1. Does the proposed policy or legislation have clear mechanisms to ensure benefit to the African poor?

2. Does the proposed policy or legislation uphold the right of Africans to formulate alternative economic models based on their own traditions, values and priorities?

3. Does the proposed policy or legislation have mechanisms to foster African civil society participation in both the formulation and implementation of the initiative or endeavor?

4. Does the proposed policy or legislation reflect cultural sensitivity and respect, demonstrating an understanding of local realities in Africa?

5. Does the proposed policy or legislation show a sensitivity to and protection of vulnerable and marginalized African communities and economic groups, in particular small farmers, indigenous businesses, and local strategic industries?

'We propose that these questions be asked of U.S. policy and legislation...'

4 Washington Notes on Africa
6. Does the proposed policy or legislation support the application and enforcement of core international labor standards?

7. Does the proposed policy or legislation support internationally-accepted standards for protection of the environment?

8. Does the proposed policy or legislation require the observance of international standards of respect for human rights?

9. Does the proposed policy or legislation empower and benefit women (for example, in terms of credit, education, health, protection against violence, and full partnership in economic and political decision-making)?

10. Do any conditions that may be required of African nations by this proposed policy or legislation respect the integrity of African nations and peoples?

11. Has African civil society been provided an opportunity to deliberate about any conditions required of African nations by this proposed policy or legislation?

12. Does the proposed policy or legislation serve to alleviate the burden of debt faced by African nations? If not, is the proposed policy or legislation neutral on international debt?

13. Does the proposed policy or legislation utilize appropriate technology and make maximum use of local natural and human resources?

14. Does a proposed policy or legislation providing and governing development aid embrace the principles of authentic partnership and empowerment, in particular by requiring African involvement from the outset of any development project, capacity-building beyond mere participation, and a key role in evaluation?

15. Does a proposed policy or legislation providing and governing development aid have as its primary objective the alleviation of poverty?

16. Have initiatives in proposed U.S. policy and legislation, especially those in which faith communities have played a role, included consultation with and participation of African civil society?
Economic justice consultation, continued from page 1

play a pivotal role in influencing the next millennium. And for that it must be freed from the last shackles of oppression that are holding it back — the yoke of international debt.”

Breaking bonds of debt

A second voice from Africa, a theologian and economist from Tanzania, was just as blunt. The Revd Dr. Fidon Mwombeki of the Evangelical Lutheran Church of Tanzania denounced the World Bank and IMF as “unfriendly agents of imperialism which were neither created nor work for us.” While admitting that it was “unprecedented” for the World Bank and IMF to even consider debt cancellation, he said, “We want to repudiate them, to say enough is enough. We are pushing our governments to disengage themselves from these tyrants. Our people have suffered for too long under their domination. Their prescriptions for economic reform,” he said, “are grossly preposterous and grotesque.”

Mwombeki described how difficult it was to return home to Tanzania after five years of study in the United States and “see columns of young boys and girls walking five miles to school early in the morning, to see endless funerals in villages where children die of malnutrition and malaria because they cannot afford medical user fees imposed by the IMF and World Bank, to see roads dilapidated, telephones which do not work, underweight pregnant mothers giving birth to underweight children without access to medical care.”

He concluded, “After years of being their humiliated good boys, our economies are poorer, our people more illiterate, our savings lower, our children without hope, our industries closed, our good institutions sold to foreigners at give-away prices, our governments more indebted and unable to control even dangerous products banned elsewhere.” He added, “We want our money back — and you know where it is.”

Both Mwombeki and Ndungane endorsed Jubilee 2000, an international campaign calling for cancellation of the burden of debt in the developing world and a new, more cooperative, economic order, based on the biblical vision from Leviticus 25. The Washington Office on Africa is represented on Jubilee 2000/USA’s steering committee through our executive director and a number of our board members.

Taking action

After working in small groups, participants met in a plenary to hammer out elements of a strategy to address issues of trade, aid and debt. A final statement, “Toward economic justice in Africa: A Kairos moment for American policy,” argued that economic systems have favored the few “to the destruction of many others. Greed seems to be at the basis of this oppressive system, producing massive poverty clearly recognizable in the problems of disease, hunger, illiteracy, violence, death, crime and immorality.”

While devoting substantial attention to the debt issue, the statement stressed the interrelatedness between “the burden of international debt, appropriate trade relations and investments between African nations and the United States, and the efficacy of development aid.”

The consultation was taking place against a backdrop of the ongoing Congressional debates over controversial African trade bills, modest development aid appropriations, and debt relief legislation.

The Kairos document argued that appropriate development assistance was that “in which beneficiaries set priorities and conditions, apply appropriate technologies, and make maximum use of local resources.”

Similarly, appropriate trade relations needed to “be geared toward eradicating poverty and encouraging sustainable development.” Rather than exploiting African resources by non-African initiatives, policy should be directed toward “the systematic empowerment of local small- and medium-sized African economic enterprises.”

The document urged the full inclusion of African civil society, suggesting that without such a commitment, “U.S. economic relationships will continue to be perceived as exploitative and unproductive.”

For the full text of the Kairos document and of the key addresses, visit our website at www.woafrica.org or write to us for copies. The document’s series of questions — criteria — by which U.S. policy and legislation might be judged are reproduced in their entirety on pages 4 and 5. WOA hopes that these questions, and the document itself, may form the basis for further reflection and action on economic justice issues. We welcome your initiative.
Legislative update, continued from page 3

Rep. Maxine Waters (D-CA) has introduced the Debt Relief and Development in Africa Act (HR 2232). Her bill cancels all bilateral concessional loans, requires the establishment of a human development fund, emphasizes development of Africa's natural resources in a manner that benefits their populations and ensures a fair return for the use of their resources, and calls for substantial improvement in the HIPC initiative. In particular African nations will not be required to adopt the much-criticized structural adjustment programs imposed by the IMF.

Development assistance for Africa
Foreign aid legislation has now passed both Houses (HR 2606 and S 1234) and is moving toward conference committee by mid-September.

Development assistance worldwide through US AID is at slightly over $1.2 billion. While there is still no specific "earmark" – designated funding – for Africa, there is a provision that levels for Africa should remain at least at the 1999 level.

Funding for debt relief is a major disappointment. Pres. Clinton requested $120 million, but the House only appropriated $33 million, and the Senate, $43 million.

Activists on debt cancellation argue that $1 billion will be needed to finance U.S. commitments made at the G-7 meeting in Cologne. The administration is considering making a supplemental request to Congress this fall.

The African Development Foundation, which has suffered cuts in recent years, emerged from the House at $14.4 million – the administration's request – but from the Senate at $12.5 million. Supporting the ADF's grassroots initiatives in Africa has been a key ingredient of the Washington Office on Africa's agenda.

The Senate has cut all assistance to the African Development Fund. The House authorized $100 million. The administration had requested $127 million.

Overall refugee assistance totals $670 million in the House and $630 million in the Senate. The administration requested $690 million. There are six million refugees and internally displaced people in Africa.

The House reduced funds for the Global Environmental Facility, which helps developing countries address environmental problems, by nearly $100 million, and cut funding for the International Development Association of the World Bank from $776 to $576 million.
“Toward economic justice in Africa” –

The Most Revd Njongonkulu Ndungane, Archbishop of Cape Town and keynote speaker at our June consultation, left, with Tom Hart, member of WOA’s Board, and the Revd Ted Lockwood, WOA’s first executive director

† photo courtesy Episcopal News Service James Sulheim

The Washington Office on Africa
212 East Capitol Street
Washington, DC 20003, USA