



Canceling the Debts of Global South Nations: A Necessary Part of the Worldwide Climate Effort

We finally have a fairly widespread understanding that we must stop burning fossil fuels to solve the climate crisis. It is just as true that we must cancel the debts of Global South nations to solve the climate crisis. There is no other way. I recognize that statement will strike some of you as radical or unreasonable. It's taken me some time to reach this conclusion. In this post I'll try to show how I, and others, have arrived at this position.

We know that emissions anywhere cause climate change everywhere. That means that humanity must stop emissions everywhere.

We must stop emissions in the wealthy, developed nations (the Global North) that have been the primary cause of the climate crisis. But that will not be sufficient. By 2030, [50% of all global emissions](#) will come from the poorer nations that we collectively term the "Global South," (not including China). Eliminating emissions from the Global South is key to solving the climate crisis and will improve public health and prosperity in those nations.

Many Global South nations are in a debt crisis

Nearly [60 countries](#) of the Global South are in debt distress or at risk of it and are particularly vulnerable to the effects of climate change. As the [CEPR](#) (Center for Economic and Policy Research) reports, "The combined burden of the climate crisis and increasing debt, perpetuated by an unfair international financial architecture, is a recipe for economic and social devastation: as climate disasters strike, these countries are being forced into choosing between servicing debt and saving lives. ... [S]ervicing debt is a direct obstacle to these countries' ability to respond to climate disasters and to finance basic services and long-term development needs."

Money is moving from the poor to the rich

In 2022 the developing nations paid [\\$443.5 billion](#) in debt service, most of it to the Global North. In Nigeria, the largest economy in Africa, the amount required for debt service is [more than half](#) of all government revenues. That's money moving from the Global South to the Global North.

I was raised to believe it is important to repay your debts. However, there are times when that is not just, equitable, or even possible. To insist that the current debts of the Global South be repaid is to insist that the poor of the world give more money to the rich of the world. It is also to insist that debt repayment is more important than solving the climate crisis that threatens us all. I don't think that is a morally justifiable stance.

Illegitimate debts

[According to ODI](#), a global affairs think tank, "The current debt crisis did not emerge because governments mismanaged public finances."

Many of the debts are illegitimate in one way or another. Some are from loans made to dictators or governments known to be corrupt and did not benefit the people of the nations now expected to repay them. Some were made with conditions attached that damaged the domestic economies of the borrowing nations while creating profitable conditions for the donor nations. Many required that the money that was loaned be spent in the donor country, so that the donor country's economy thrived while the poor nation accrued more debt. Some had unfair terms and some were promoted dishonestly.

Often the poor countries were forced to borrow because of conditions over which they had no control. Some loans go back to the 1970's when the OPEC countries increased the cost of oil dramatically and many poor countries had to borrow to be able to import the oil needed to keep their economies functioning. The COVID crisis required virtually all nations to expand expenditures, but the poor countries could only meet the basic needs of their people by borrowing.

Loss and damage from catastrophic weather events caused by climate change has forced many Global South nations to borrow funds just to help their people survive. This is especially unjust since climate change was caused by the wealthy nations who are now extracting even more wealth from the poor nations through debt service.

Global North should be paying the Global South

Actually, it is the Global North (GN) that should be repaying the Global South (GS). The countries of the GN have been stealing resources from the GS, or taking them while only paying a fraction of their cost, for centuries. The global systems of trade and finance are set up to extract profits from the Global South. Social scientists have found that the flow of resources and labor from the GS to the GN now equals [\\$2.2 trillion](#) per year. Furthermore, the damage to the agriculture, health, housing, infrastructure, etc. of the nations of the GS from climate change so far is in the trillions of dollars and can be seen as part of the debt the GN owes the GS.

Debt cancellation is not rare

When the COVID crisis struck the U.S. government loaned billions of dollars to small U.S. businesses as part of a Paycheck Protection Program. Instead of requiring repayment of those debts, most of them -- [\\$755 billion](#) of them-- were canceled. In the last few years the Biden Administration has canceled \$138 billion in [student loan debt](#) bringing relief to 3.9 million U.S. borrowers.

In 1953, creditor nations [canceled 50%](#) of all of the loans owed by the German government--loans from before, during, and after the war. Germany was given remarkably favorable terms for repaying the debt that remained. It was stretched out over 30 years, only needed to be paid when Germany ran a trade surplus, and payments were limited to 3% of export earnings. This was done because the western democracies

wanted the German economy to succeed as a barrier to Soviet expansion. Isn't it just as important to the whole world now that the economies of the developing and emerging nations thrive so they can take needed climate action?

Regular, periodic debt cancellation is called for in the [Muslim](#), Jewish, and Christian traditions. In the Bible ([Deuteronomy 15:1-2](#)) it says "At the end of every 7 years you must cancel debts. This is how it is to be done: Every creditor shall cancel any loan they have made...." This was clearly intended to relieve poverty and give the indebted a fresh start on a regular basis. Catholic bishops and other faith leaders have recently [called](#) for debt cancellation, especially for Africa.

We could start by canceling GS debts to the World Bank and the IMF. This would make GS resources available for climate action and development, rather than debt service.

Getting ready to be knowledgeable advocates

Finance is expected to be a major focus of the next two UN climate conferences. Debt cancellation will be part of what is discussed. As far as I can tell, the climate movement in the United States is not well prepared to advocate for [fair share climate finance](#) and debt cancellation to benefit the Global South. This needs to change.

I think it will be key for all of us in the climate movement to become better informed about this issue and to insist that our climate organizations educate their members and take strong policy positions in favor of debt cancellation and fair share climate finance. We can each start now to learn more, share what we are learning, and advocate for "Debt Cancellation Now."

The photo above is from a march at the World Social Forum in Nepal in February 2024, courtesy of [Debt for Climate](#).

The above is a post from Russ Vernon-Jones's Blog at www.russvernonjones.org - "love, justice and climate change ... I know you can make a difference."

I invite you to visit the blog site. If you "Subscribe" there, I'll send you an email every two weeks with the link to my new post. I welcome comments and feedback at the blogsite. *Russ Vernon-Jones*