

Why Are You Poor?¹

“The World Financial System Is a Greater Cause of Hunger in Africa Than Drought” (Sam Kobia, Kenyan National Council of Churches).

Do you want to know why you are poor? Then read on.

There are several reasons you and most of us are poor. One major reason is Nigeria’s external or foreign debt. Our government has borrowed huge sums of money from abroad. Of course, you know that loans are meant to be paid back. Fine, but the way these loans have been made and the way they are paid back is a major reason you are poor. Another related reason is the way these loans have been used. Let me explain further.

In November of 1990, the Institute of Church and Society (ICS) in Jos, held a conference where pastors from different denominations studied this external debt. We were helped by economists from the University of Jos and from the National Institute for Policy and Strategic Studies (NIPSS). We also listened to some theologians. We want to share with you some of the things we heard from these economists and theologians. Of course, in a tract like this, there is no way we can deal with all the issues.

The Problems Caused By the Debt

If you have had a family member in a government hospital lately, you will have noticed that there are hardly any medicines or equipment. In fact, there are hardly any doctors. Why? Because the money that should be spent on medicines

¹ This document is a 13-page tract that traces as a major cause of poverty in Nigeria the country’s external debt. It was written in the context of the ICS’ campaign against this debt. For the story of this campaign, see our *Every Square Inch*, vol. 2, pp. 236-341, 360, 387-392, 420.

and equipment is used to pay off our debt. The doctors are so discouraged about this and they get so little pay – again because our money goes towards the debt – that they leave for other countries, where they can earn ten times as much. So, no medicines, no equipment, no doctors in our hospitals. The result? People die. Our children die now more than before.

If you have a child in school or, perhaps, you are a student yourself, you will know that there are hardly any benches or books or any other equipment. Money that could have been used for such purposes goes towards paying the debt.

Many industries cannot buy the raw materials or spare parts they need from abroad, because the naira has become so weak that they cannot afford them. The reason for the weak naira is at least partially related to this debt. In addition, we do not have enough foreign exchange to pay for these parts and materials, because we are paying these huge debts. The result is either slowing down or shutting down completely. The outcome is unemployment and hunger on the part of entire families.

The few raw materials or spare parts we do manage to import are so expensive because of the weak naira, that no one can afford to buy the products. Hence cars have become so expensive that both public and private transportation has gone out of the reach of most people. Those who used to ride bicycles cannot now afford the N1,000 for a new one. Those who used to ride motorcycles cannot now afford the N20,000 for a new one. Not to speak of cars. Many of us cannot even afford taxi fares now, even though these are lower than almost anywhere in the world.

Since everything else has gone up in price, farmers have been forced to raise their prices as well. In addition, traders have ensured they get their share. Again, the result is high prices so that many people are reduced to eating *dusa* or go hungry. Not to talk of nutrition or fruit or health foods. Just fill the stomach. Result? Again, hunger and sickness everywhere.

But why are we telling you these things? Don't you feel the hunger yourself? Is it not your children who are sick and dying? You really do not need to be told these

things. You know them. You experience them yourself. We are trying to help you understand one of the major reasons for this almost hopeless situation. Unless we understand the reason, we can do nothing about it. *That major reason is the external debt payments.*

Some Basic Facts About the External Debt

According to Dr. I.L. Bashir of Unijos, in 1971, Nigeria owed other countries only \$234.5 million or, at today's exchange rates, some N2,345 million. By 1986, this had increased to N100.8 billion. That is such a high figure that we can hardly imagine what it means. And it continues to go up and up

Now these debts are to be paid back along with interest on it. But just the interest is so high, that we don't even get around to paying back the original debt. Such payments are called "service payments." They do nothing to reduce the debt itself. In 1980, Nigeria made service payments of N106.1 million, a small amount for a large nation. By 1987, this had risen to N3.6 billion! And after Nigeria paid that, the original debt had not gone down by one kobo! In 1986, one third of all the oil money Nigeria earned from abroad went to service payments and at the end the original debt still stood. Money that could have gone to our hospitals, schools and factories was sent out of the country.

Prof. Osagie of NIPSS explains why these loans were taken to begin with. During the oil boom, Nigeria was in a hurry and wanted money to develop. In addition, there was a craze for imported things, especially rice. Wages increased without an increase in productivity. Governments gave out huge contracts for all kinds of projects that "were routinely over-invoiced in the scramble to get unearned slices of the national cake." When the price of oil went down, patterns set during the boom took a long time to reverse. And so we needed to continue borrowing and thus increase our debts.

Prof. Osagie refers to over-invoicing. That is corruption. All the speakers at the conference emphasized that corruption was rife. Much of the money was not used for the projects for which they were raised. That money was put in the

private accounts of powerful politicians and civil servants, often outside of the country. One man who has been in business for over 30 years, tells me that he has worked closely with every governor of his state and they have all, without exception, done the same: enriched themselves at public expense.

That money was borrowed from Western governments and banks. These Westerners knew that much of the borrowed sums would not be used for their stated purposes, would not benefit most of the people. Yet, they went ahead and gave the loans. Now they insist on being repaid, at least, the interest. But why should the people pay back loans they never saw? *Is an agreement between a greedy bank and corrupt leaders binding?*

Much of the money for the loans came from the so-called petrodollars. That is money the Arab countries received from their oil. They deposited it with Western banks and these banks used it for giving loans to Nigeria and other countries. Since Islam forbids the taking of interest from loans, Arabs let the greedy Western banks do the dirty work for them.

If the money did not come from private banks, it came from international government institutions like IMF and World Bank. Many of Nigeria's loans come from these. However, these institutions, especially IMF, insist on very stringent conditions before they agree to lend any money. Nigeria has caved into these demands. These include devaluation. Hence our weak naira.

The Churches and the Debt

Though the church in Nigeria has been largely silent on the debt question, this is not so in other parts of the world. Churches throughout Latin America and the Philippines are working hard at solutions. Even some Western churches are spending much energy and funds at creating an atmosphere that will allow the debtor nations at least breathing space for development. The World Council of churches (WCC), based in Geneva, takes the lead in this crusade for economic fairness, to overcome what our own Prof. Osagie calls "economic immorality." Let us listen so some of the things these churches and their leaders are saying.

First of all, these churches appeal to the Bible. The Bible encourages the giving of loans to the poor, but forbids taking interest from the poor. In other words, the rich are not to profit from the suffering of the poor. The Bible says,

Exodus 22:25, 28 – “if you lend money to one ... who is needy, do not be like a moneylender; charge him no interest. When he cries out to me, I will hear, for I am compassionate.”

Leviticus 25:35-37 – “if one ... becomes poor and is unable to support himself ..., help him ... so he can continue to live Do not take interest of any kind from him, but fear your God You must not lend him money at interest or sell him food at a profit.”

See also Deuteronomy 23:19, 24:6-17; Job 23:5-6; Proverbs 19:17.

The Bible goes even further. Not only does it forbid giving loans with interest to the poor, but it also demands that such loans be cancelled every seven years. Let us listen to Deuteronomy 15:1-4, 7-9:

At the end of every seven years you must cancel debts. This is how it is to be done: Every creditor shall cancel the loan he has made to his fellow Israelite. He shall not require payment from his fellow Israelite or brother, because the Lord's time for cancelling debts has been proclaimed. You may require payment from a foreigner, but you must cancel any debt your brother owes you. If there is a poor man among your brothers ... do not be hardhearted or tightfisted toward your poor brother. Rather be openhanded and freely lend him whatever he needs. Be careful not to harbour this wicked thought: “The seventh year, the year for cancelling debts is near,” so that you do not show ill will toward your needy brother and give him nothing. He may then appeal to the Lord against you, and you will be found guilty of sin.

True, the Old Testament restricts this provision to the Israelites. However, the New Testament enlarges our vision and on basis of its wider thrust, it can be said that the Spirit of the Lord wants us to apply these provisions on a much larger scale today. Neither the New Testament nor the Qur'an allows for a situation where rich

Christians and rich Muslims would team up to tempt the poor of the world with low interest loans and then to suddenly increase the interest rates so that just paying the interest brings death, sickness, poverty and destruction.

The Bible forbids us to create a situation where the rich are getting richer and the poor get poorer. For example, rich people can buy up so much land from the poor, that after a while the poor have no place to turn. The little money they receive for the land is soon spent. Then what do they do? The Bible has the so-called Jubilee principle, which states that every 50 years, all land sold must be returned to the original owner, without pay (Leviticus 25)! This is to make sure that everyone has a place to call his own and to produce his basic needs. Now a loan is not land, but the problem is the same. By demanding high interest rates, the Arabs and Western nations get rich, while debtor countries are getting poorer. The Jubilee principle says a loud “NO” to such arrangements. The churches are demanding that this principle be followed in the matter of external debt.

The Bible clearly emphasizes that God loves the poor in a special way and that Christ has come, among other things, to liberate them. Even before Christ’s birth, His mother Mary declared of Him,

He has scattered those who are proud He has brought down rulers from their thrones but has lifted up the humble. He has filled the hungry with good things but has sent the rich away empty (Luke 1:51-53).

Christ Himself said,

The Spirit of the Lord is on me, because he has anointed me to preach good news to the poor. He has sent me to proclaim freedom for the prisoners and recovery of sight for the blind, to release the oppressed, to proclaim the year of the Lord’s favour (Luke 4:18-19).

Students of the Bible largely agree that this refers to the Jubilee. Theologians call this teaching the “preferential option for the poor.”

Another area in which the churches are speaking up is that of corruption, mismanagement, and capital flight, that is, taking the country’s money to foreign

banks. They want to call those who have taken the money or mismanaged the money to account for what they have done. A report from the WCC uses strong words:

Governments ... have proved faithless to their responsibility to further development by and for their people. Many have completely mismanaged their economies. Many have let loose their predatory instincts and indulged in corruption, abuse of office and repression. Ill considered projects and programmes, fiscal imprudence, corruption and financing of capital flight have substantially increased many countries' external debt burden and substantially reduced the economic base available to service it.

A Philippino group commented, "This is money that we never saw, that we never counted, that we never spent and which never benefitted our people." A Venezuelan group lamented that "no one knows the exact destination of these loans or where the development projects are." The Latin American Emilio Castro recently said in Kaduna, "We may never know the truth about what happened to all of that money, but one thing is certain: the people never saw any of it, and yet it is they who still have to pay it back." Sam Kobia, a staff member of the Kenya Council of Churches, asserted that "the world financial system is a greater cause of hunger in Africa than drought."

Because of the above considerations, some church organisations are calling for a reduction of the interest rates. Others are calling for cancellation of the illegitimate or unjust debts and of the debts of the poorer countries. The Roman Catholic Cardinal Arns put it forcefully and clearly: "An immense debt we cannot pay. An unjust debt we ought not to pay. A death-dealing debt we will not pay."

What Christians in Nigeria Can Do About the Debt

First, let us look at what the churches can do. These problems should be understood and studied by church leaders. The ICS is prepared to help them do this. Secondly, the churches can call upon the governments, Federal, State and local, to give an account of the loans, how they have been spent, how they benefit

the people, etc. Thirdly, the churches can encourage their members in high government positions or in political parties to look for solutions. Finally, the churches can educate their members in general so that these members can also think about the problems and how they are to be overcome.

Most Nigerian churches have partner churches in the Western world. Nigerian churches should show these churches what their members who work in banks, governments, IMF and World Bank are doing to poor countries. Nigerian churches should challenge their Western partners to work with those members to create solutions to their crisis. Then the Nigerian churches should ask these partner churches to give them a report as to what they have done. This is potentially a very strong weapon.

Church members can do much the same. They can call the government to account. They can do research themselves into how these funds are used. They can join their political representatives in searching for just and creative solutions and insist that these representatives place this issue high on their political agenda.

One plan that some people are looking at is as follows. The United Nations should have a special External Debt Commission. The function of that Commission would be to do research in each country's foreign debt: how much the country owes, how it was spent, where the projects are, where the flight money has gone and who has taken it. The money owed by a country would be paid to the Commission. The Commission would then distribute that money to various non-governmental development agencies in the various debtor countries after these agencies have submitted viable community development plans and budgets. The work of these agencies would be closely monitored.

The advantage of this kind of plan is that the money does not continue to go into the pockets of the rich. The government and its civil servants have to pay up, also the stolen money. Thus the money gets back into legitimate hands and from there is returned to the people themselves via their community development groups. This plan seeks to bypass governments, for it is our governments who have caused the problem, our governments, in cahoots with Western banks and governments,

have recycled Arab petrodollars for the benefit of the Arabs, the West and themselves.

Should the Arabs and Western banks get any of it back? Allowances should be made for the possibility that some loans were legitimately contracted and legitimately spent. Those should probably be returned, but at legitimate, reasonable interest rates that will not continue the death-dealing conditions that now exist. Others will simply have to be foregone. After all, secret contracts between greedy banks and corrupt governments are of doubtful legitimacy.

This plan is an example of an imaginative solution. It is full of problems and difficulties that would need to be straightened out. It is offered here only as a way of stimulating your imagination to free yourself from the normal categories within which people often try to solve the problem.

Hesitant Proposals from the ICS Conference

Below follow the proposals offered by the participants of the ICS Conference.²

1. Debt servicing is causing untold hardships on the people. The percentage of debt servicing should be reduced.
2. Mismanagement of public funds in Nigeria has compounded the problem and needs to be addressed.
3. The Government should not borrow further. If she does want to, she should first consult the people and the money borrowed must be used productively.
4. The church should engage in some self-examination to ascertain whether or not her actions encourage godly or ungodly living.

2 J. H. Boer (ed.). *The Church and the External debt: Report on a Conference Held in Jos, Nigeria, November 26-30, 1990*. Jos: ICS, 1992, pp. 216-217.

5. Godly people should be encouraged to get involved in government in order to improve its quality.
6. The sympathy and help of our sister churches in creditor countries should be solicited towards influencing their government for positive action on the debt crisis.
7. Those who attended this conference should organize local conferences, seminars or workshops to share the insights they have gained.
8. Christians and the masses should be enlightened and taught how to cope with the present economic predicament.
9. The church should create a think tank consisting of Christians from different occupations and disciplines to provide her with knowledge that would guide her in making decisions.
10. Christians should become personal examples of practical liberation by forgiving debts they know that their debtors are not able to repay. The Lord's Prayer says: "Forgive us our debts as we forgive our debtors."

These proposals are a bit hesitant. The subject was new to most participants and they could not be expected to have enough of a grasp of this difficult subject in just one conference. Nevertheless, these proposals are a beginning upon which we can build further. Work with them in your own community and church. Consider also other information and ideas in this tract. Organise meetings in your church or community so that the people have a chance to discuss these issues. You may be surprised how much the Holy Spirit will guide you in this effort. Please share information about any such effort with us at the ICS. If you need advice, the ICS is ready to give it.