

ACTING FOR JUSTICE

Investigate.

More information on IDA's Performance-Based Allocation can be found at www.worldbank.org/ida/PBA2002.pdf and www.worldbank.org/ida/
See: *IDA Results Measurements System Recommendations for IDA 14*, July 2004; and "*Strengthening the Private Sector in IDA Countries: World Bank Group's Collaboration with External Partners*, IDA, November 2004.

U.S.Debt. Public debt as of July 21, 2005 stood at \$ 7,862.374,321,183.63. The average daily increase in our debt is \$1.64 billion A daily report on the debt is available at www.brillig.com/debt_clock

The *Public Interest Research Group* maintains excellent websites for each state in the U.S., as well as a site for the country in general. The site below will link you to the site for the group in your state. This creditable organization has 30 years of experience working for the public interest. www.uspirg.org

Pesticide Action Network and Update Services (PANUPS): This highly creditable organization monitors toxic pesticide pollution and works for alternatives. www.panna.org

National Resources Defense Council A well-respected organization, the NRDC has superb resources and plays a significant role in protecting the environment. www.nrdc.org

CREA: Center for Reflection, Education and Action, Inc.

Mailing Address:
CREA, Inc.
P.O. Box 2507
Hartford, CT 06146-2507

Tel: 860-527-0455
FAX: 860-216-1072
e-mail:
crea-inc@crea-inc.org

CREA is a faith-based, independent 501(c)3 organization.



Believing that the earth is home to all, CREA facilitates analysis of human, social and economic policies from the perspective of their effects on human lives, beginning with the lives of those who are poor.

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A young tree thrives on the disintegrating roots of a beloved old tree in front of CREA House. It is a daily reminder of life and hope.

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STARTING POINTS

Center for Reflection, Education and Action, Inc.
Hartford, Connecticut

DEBT FORGIVENESS ... *What's that buried in the small print?*

The June 2005 meeting of the G-8* agreed to submit to the World Bank, the International Monetary Fund, and the African Development Bank a proposal for the cancellation of 100% of the debt of 18 highly indebted poor countries. The 18 countries have completed the steps required by the International Development Association of the World Bank Group. However, reading the small print about those steps makes one hesitate to rejoice too much.

The Good Parts

Elimination of the debt will free up income for much needed public services.

The capital debt and the payment of interest on that capital drained money away from the provision of needed services in these countries and have kept millions of poor people locked in poverty. Money borrowed generations ago frequently failed to reach those who needed it most, and the countries' citizens were left holding the debt. This resulted in increases in the number of people living in poverty, and fewer health, educational and economic resources for the majority of the people. Freedom from debt and debt servicing will enable the countries to focus on their own needs.

The process for eligibility for debt relief contains some life-giving elements.

Among the criteria are enforcement of standards to eliminate local corruption in government, establishment of systems to monitor child and maternal health and poverty rates, development of a disciplined financial system, and clarity in government and regulatory practices. The process also requires the receiving countries to produce their own Poverty Reduction Strategy Papers with wide consultation. This latter step is meant to engage the country in the process of planning.

Increased attention and assistance is being given to Africa.

Africa, especially sub-Saharan Africa, has not benefited by the present form of globalization. The promise of increased assistance in conjunction with steps to eliminate corruption in government gives hope for an improvement in people's lives.

The Parts that Raise Concerns

Old Structural Adjustment Policies remain under a different name.

However, much remains of the highly criticized structural adjustment policies of the lenders, the International Monetary Fund (IMF) and the International Development Association (IDA) of the World Bank Group. They can be found intermingled with the other criteria for loans and debt relief. The two institutions rate countries according to how well they meet all the criteria, and base their allocation of funds and debt relief on the ratings. This is called Performance-Based Allocation. The 18 countries whose debt forgiveness is proposed by G-8 have all reached the "Completion Point" in fulfilling the criteria."

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CHOOSING LIFE - FOR WHOM?

This issue of *Starting Points* examines several serious issues within the context of the classic Hebrew quotation "Choose Life." We add the question "For whom?"

Answering this question honestly may help us to face the consequences of present and pending political and economic policies within the US and within international institutions.

For whom are these policies life-giving? For whom do they result in life-limiting or death-dealing circumstances?

Since its inception, CREA has repeatedly asked "What is our starting point?"

If our starting point remains fixed only on benefits to ourselves, and does not move to include the larger world beyond us, then we face a future of isolation in a contemporary society that is moving to a global perspective.

Can we bring to that movement a determination to act so that policies do not exploit one group for the benefit of others, but rather result in the equal sharing of the life-giving benefits of Earth's resources? If we do, we can truly say that we choose life...for all.

STRUGGLES AT THE UNITED NATIONS AND THE WORLD TRADE ORGANIZATION

These are significant times for both the UN and the WTO. Both are facing challenges and struggles among members due to changing economic status and consequent power relations.

In September 2005 the 60 year old UN will have a Summit meeting to consider reforming the organization's structure to reflect the contemporary reality. In December 2005 the fifth WTO highest level meeting of ministers will take place in Hong Kong, where it will try to resolve contentious trade issues.

The decisions of these two multinational organizations will affect the lives of millions of people, including those of us in the USA.

The United Nations

Nations that were devastated by WWII now have grown in economic strength and seek stronger representation on the powerful Security Council.


The US government is demanding reforms that reflect its own interests and its reluctance to cede any governing power to the UN.

Every country has a voice in the General Assembly, where the US has many critics of its military actions and Security Council vetoes on issues of grave concern to opposing factions.

The World Trade Organization

Wealthy countries want to increase access for their goods and services in developing countries' markets while protecting their domestic industries.

Developing countries demand access to developed countries' markets and the reduction of subsidies.

 *Out of such struggles new life may come. ..for all people.*

DEBT FORGIVENESS....

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Structural adjustment elements resurface amid other signs of hope

All of the criteria for debt relief are described as being "poverty reduction strategy." The criteria are in four clusters: economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. They include genuine goals and results-based measurement of poverty reduction, such as reduction in over-all poverty rate, and improvements in health, education, water and transport.

It is only when one tracks down within these clusters the specific criteria and the measuring indicators that one sees the resurgence of the structural adjustment policies. Criteria related to taxation, banking, labor rights, and land rights, are included, along with limitations on local control over private investment.

For example, the highest levels for the criteria require that the countries have taxes and customs that impose few burdens on business, employment law that provides a high degree of flexibility to hire and fire at low cost, and a limitation on state intervention in the labor and land markets to only regulating and/or legislating to "smooth out market imperfections." Loosely translated, this means the weakening of local control.

"One step forward, two steps backward"

What saddens us at CREA is that the requirements of these criteria place the indebted countries in a condition of vulnerability to exploitation of resources and workers. When local control is weakened, and foreign and local investors have the most power to make decisions, the economically deprived community members will not be in a position to achieve what is best for them. It sets the stage for a replacement of a local elite that operates illegally with local and foreign elites that have legal backing for their actions.

There are other signs of hope.

We see hope in the growing strength of the G-77, the organizing group that brings together poor nations and economically advancing nations like India, Brazil and China. The United Nations Conference on Trade and Development has provided training, and the G-77 and other groupings of poor countries are gathering the strength and the expertise to challenge G-8 policies. In the long view, it is possible that life-giving circumstances can come out of all this struggle if the goal is to choose life for *all* people.

What does this have to do with USA?

The USA holds the largest debt of any nation in the world, \$7.8 trillion. There are warning signals from the IMF about the fragile nature of our ability to pay our debts. We are already seeing the effects in cut-backs in services. We must be alert to the parallels in this country in the matter of debt and interest payments, and demand fiscal responsibility of present and future administrations.

- G-8: Group of wealthy industrialized nations: Canada, France, Germany, Italy, Japan, Russia, United Kingdom, and the United States.

† The countries eligible for debt forgiveness are Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia.

CREA GUATEMALAN SUSTAINABLE LIVING WAGE STUDY UNDERWAY

The Guatemalan Sustainable Living Wage/Income study is under way. CREA field team member Aida Montalvo has completed pricing in the communities near the local assembly plants and has finished conducting maquila worker interviews.

The next step is pricing in the communities where coffee farmers live and interviewing the workers. Sister Ruth and Aida will travel to coffee farms where farmer federations have agreed to provide access for the study.

EL SALVADOR STUDY REPORT AVAILABLE IN SPANISH

The Spanish translation of El Salvador *Sustainable Living Wage/Income report* is now available. It will be used by Salvadoran worker organizations and justice advocates. Both the Guatemala and El Salvador studies are made possible through the generosity of CREA's donors,



Inside an apparel assembly plant in Guatemala. This is only a small portion of the huge plant. Photo © 2005 CREA Inc.



CREA will launch its tenth anniversary celebration on October 6, 2005, with a celebratory dinner at Boston College. At that time CREA will present its first Karen Spicer award to the organization Partners in Health for the organization's ground-breaking treatment of multi-drug resistant tuberculosis, and raising awareness of the connection between health issues and poverty, economic status and gender. The award honors Karen Spicer, who headed Catholic Charities in the Fort Worth, Texas diocese before her death in 2004. Karen combined warm compassion in the alleviation of the needs of poor people with energetic efforts for social justice. Dr. Paul Farmer, co-founder of Partners in Health, will be the keynote speaker.

U.S. ENERGY LEGISLATION, ENVIRONMENTAL REGULATION WILL AFFECT LIVES IN US AND BEYOND

For individuals and organizations who examine energy and environmental issues from the perspective of their effects on lives, particularly the lives of communities who are poor, it is not easy to find many signs of hope in the recently passed federal Energy Policy Act of 2005. Senate and House versions can be found on the web sites: www.senate.gov and www.house.gov.

Both versions use positive, patriotic and environmentally-friendly sounding language. However, one must look beyond the high sounding words to discern the substance, a task that is burdensome for most of us. The National Resources Defense Council (NRDC) and the Public Interest Research Group (PIRG) are helpful resources for doing this.

The NRDC web site lists by number the Act's provisions that are of most concern. PIRG has on its website a simple comparative analysis of both. Readers are encouraged to give serious attention to these provisions, as they will affect individual health, economic well-being, and public safety and states' rights if allowed to remain in the final legislation.

For example, PIRG points out that the House version does nothing to reduce oil dependency; allows oil companies to avoid public health laws and provides tax incentives for them;

removes authority for environmental permitting from the EPA and states and gives it to the Department of Energy; repeals the Public Utility Holding Company Act (PUHCA) that protects public ownership of essential utilities; gives the Federal Energy Regulatory Commission (FERC) the sole authority regarding the siting and operation of Liquid Natural Gas facilities; and opens the Arctic Refuge to oil drilling. These controversial issues are opposed by many states.

The Senate version provides loan guarantees and production credits for new nuclear and coal gasification plants; repeals the PUHCA; gives FERC authority over Liquid Natural Gas facilities; but does not open the Arctic Refuge to oil drilling.

The Act is in House/Senate conference for resolution of the differences between the two versions.

MERCURY REGULATION

The Bush administration has rescinded the Clinton administration direction for mandatory reductions in mercury emissions. The new regulation uses voluntary actions to cap emissions and allows the trading of credits with emitters who do not reach the cap. Yet this extremely toxic chemical causes fetal harm, and neurological damage. Tons are released into the air annually. (See the websites on page 4)