



Statement by His Excellency Archbishop Silvano Tomasi, Permanent Observer of the Holy See to the United Nations and Other International Organizations in Geneva at the 20<sup>th</sup> Session of the Human Rights Council: Report on Guiding Principles on Foreign Debt and Human Rights  
*Geneva, 11 June 2012*

Madam President,

The Holy See strongly supports the Report's assertion that human rights as well as the rules of justice and ethics apply to all economic and social relations, including foreign debt obligations. Human rights criteria for evaluating foreign debt can be an important tool for moving development from the narrow "economic" or material understanding to one based on integral human development, one that promotes "the development of each man and of the whole man"<sup>1</sup>. This recognizes the "right to development"<sup>2</sup> grounded in the humanity of each and every person, from conception to natural death, regardless of their age, nationality, race, religion, ethnicity, sex and disability status. At the same time, we acknowledge the role that corruption has played and continues to play in aggravating the problem of debt obligations in many less developed countries.

A people-centered ethics is one that is grounded in a view of the human person which emphasizes human dignity, the basis of human rights, for human rights are those rights that spring from what it means to be human. All just economic activity respects this human dignity. Wealth and debt must serve the common good. If justice is violated, wealth and debt become instruments of exploitation, especially of the poor and marginalized. But unjust, and especially exploitative, economic transactions are invalid and must be made just, even if each party agreed to the legal terms of the exchange, as it may happen when the rich lend to the poor. For many years now all have come to recognize that "the heavy burden of external debt (...) compromises the economies of whole peoples and hinders their social and political progress."<sup>3</sup>

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<sup>1</sup> Pope Paul VI, Encyclical Letter *Populorum Progressio*, n.14

<sup>2</sup> General Assembly resolution 41/128 of 4 December 1986.

<sup>3</sup> Pope John Paul II noted in his World Peace Day Message of 1998 WPD 1998, n.4.

[http://www.vatican.va/holy\\_father/john\\_paul\\_ii/messages/peace/documents/hf\\_jp-ii\\_mes\\_08121997\\_xxxi-world-day-for-peace\\_en.html](http://www.vatican.va/holy_father/john_paul_ii/messages/peace/documents/hf_jp-ii_mes_08121997_xxxi-world-day-for-peace_en.html)

Foreign debt is just a symptom of the lack of justice in the flow of capital in the world<sup>4</sup>. “The debt question is part of a vaster problem: that of the persistence of poverty, sometimes even extreme, and the emergence of new inequalities which are accompanying the globalization process. If the aim is globalization without marginalization, we can no longer tolerate a world in which they live side by side the immensely rich and the miserably poor, the have-nots deprived even of essentials and people who thoughtlessly waste what others so desperately need. Such contrasts are an affront to the dignity of the human person.”

Thus, in evaluating foreign loans consideration should be given to: (1) Reducing unethical loan practices and (2) Better aligning foreign loans with authentic human development. If both the loan process and the loan use have to respect human rights there is a much better chance that the money from the loan will promote development and the necessary environment for the enjoyment of human rights. Many of the barriers to development arise because the human costs and benefits of economic activities are not given adequate, or any, weight in the decision-making process. “*Human costs always include economic costs, and economic dysfunctions always involve human costs*”<sup>5</sup> and the consequent violation of human rights.

While institutionalizing the inclusion of human rights into the cost and benefit calculations will present challenges, we would like to remind the Council that every past improvement in human rights and expansion of participation and inclusion faced the same challenge. In a few words, financial relationships that increase inequality and do not promote income convergence are “contrary to justice”.<sup>6</sup>

Along with the Report, and most objective observers, the Holy See recognizes that loans to developing countries have at times promoted inequality and have become barriers to development rather than serving as tools to promote development. Often this is due to changes in outside economic circumstances which can turn a good and just loan arrangement into a barrier to development and a vehicle for exploitation. One such change in outside circumstances that the Report addresses and responds to relates to fluctuations in currency values.

The Holy See supports the new principle for transparency in foreign loans at all levels and by all actors (borrowers, lenders and international agencies) in order to lessen the chance of the grave mistakes that were made in the past, when corruption led to secret loans for dubious purposes, taken out by leaders not interested in the common

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<sup>4</sup> *Idem*

<sup>5</sup> Pope Benedict XVI, Encyclical Letter *Caritas in Veritate*, n. 32.  
[http://www.vatican.va/holy\\_father/benedict\\_xvi/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20090629\\_caritas-in-veritate\\_en.html](http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate_en.html)

<sup>6</sup> Cfr Aquinas ST, II, II, QQ78.

good with the poor in developing countries bearing the burden. We support this reform and encourage efforts to correct the injustices of past loans with more aggressive debt forgiveness.

The Holy See hopes that “the process of debt cancellation and reduction for the poorest countries will be continued and accelerated. At the same time, these processes must not be made conditional upon structural adjustments that are detrimental to the most vulnerable populations.”<sup>7</sup> The Holy See supports the Human Rights Council’s call to end conditionality in debt forgiveness and renegotiation, and supports its call to respect the sovereignty and right of each country to independently plan its own development strategies and not be forced by outside agencies or governments to pursue policies which are more in the interest of the lending nations than the common good of the developing nations. Furthermore, programs for debt cancellation or relief should not result in insurmountable obstacles to future responsible borrowing that may be critically necessary for the long-term development and prosperity of the country at risk.

Greater transparency will also help in preventing the building up of unsustainable levels of debt by developing nations. In both developing and developed countries the lack of transparency in the accumulating of debt has added to economic uncertainty in the world financial system. The Guiding Principles on Foreign Debt and Human Rights move in the direction of a concrete solution. Sovereign debt cannot be viewed as an exclusively economic problem. It affects future generations as well as the social conditions that allow the enjoyment of human rights of vast numbers of people entitled to the solidarity of the whole human family.

Thank you, Madam President.

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<sup>7</sup> From the Address of His Holiness Pope Benedict XVI to the Diplomatic Corps accredited to the Holy See. Monday, 8 January 2007.