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An Open Letter to Tynemouth Parliamentary Candidates

The Debt Relief (Developing Countries) Bill:

The Debt Relief Bill had its second reading in the House of Commons on Friday 26th February and received the support of all political parties. All the parties also indicated that they wish the Bill well.

The Bill would protect countries which have gone through the Heavily Indebted Poor Countries initiative (HIPC) by curbing the activities of so-called 'Vulture Funds' and, in its present, very limited form, has been specifically designed not to cause problems for the secondary debt market. [For more detail on this, go to www.jubileedebtcampaign.org.uk, "Vulture Funds Bill – Q&A".] However, whether it will pass into law during this Parliament is doubtful.

On behalf of Make Poverty History North East in general, and its supporters in this constituency in particular, **I write to ask whether you will, or will not:**

a) Ask the Chancellor or his Shadow (as appropriate) to actively support the Bill in the remaining stages of the parliamentary process, so that if possible it becomes law in this Parliament;

b) Ask your party to make a manifesto commitment to enact legislation on vulture funds within the first twelve months of the next Parliament, if the bill fails to pass into law in this Parliament.

Debt Relief & Vulture Funds:

One of the most effective developments to address the scourge of severe poverty in recent years has been the substantial reduction in the debt burdens of many poor countries. Unhappily, 'Vulture Funds' are using this opportunity to profiteer from the suffering of the poor: buying up defaulted poor country debt at knock-down prices, they sue for full repayment when countries receive debt relief. In this way, they siphon off resources intended for health care, education, etc., often making vast profits in the process.

For example, Donegal International sued Zambia from \$55 million in 2007, for debts originally owed to Romania and which the company had purchased for \$3.2 million. They were awarded \$15.5 million by the court – \$15.5 million freed up by debt relief, which Zambia had earmarked for health care for its rural poor. Similarly, only last November, two vulture funds took Liberia to court in the UK for debts dating back to 1978, where they were awarded \$20 million against what is one of the world's poorest countries.

A month later, the UN's top expert on the issue expressed regret at this decision, stating that, *"This is a morally unacceptable trade-off. Payment of this debt by Liberia would have a direct negative effect on its government's ability to fulfil its human rights obligations"* towards its people. Dr. Cephas Lumina, who was appointed Independent Expert on foreign

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debt by the UN Human Rights Council in 2008, also said that, "*I strongly urge the international community... to urgently consider enacting legislation to prevent 'vulture fund' activity*", stating that, "*It is illogical to cancel poor country debt and at the same time allow unconscionable 'vulture fund' claims.*" Small wonder that Liberia's President, Mrs Ellen Johnson-Sirleaf, has appealed to MPs to take action!

Such companies not only bring misery to the most vulnerable people in the world, they also thwart the will of the international community by siphoning off resources provided by the tax payers of developed countries for debt relief and intended for poverty reduction.

The late Mr Edward Heath, the former Prime Minister, once described a particular abuse of the freedoms offered by the market economy as, "*The unacceptable face of capitalism*". However, surely neither he, nor indeed any of us, envisaged the operation of so gross and abhorrent a perversion as that manifested in the operation of the Vultures. Furthermore, I cannot remember anything which has provoked such outrage among campaigners as the activities of these Funds. *Have we slogged away for thirteen years, only to see many of the proceeds swallowed up by these vicious corporate predators?*

We are well aware that you cannot commit your party to anything! Our request is only that you *ask* it to make these two commitments. **Please let me know whether or not you will do this.**

28th February, 2010

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