

Activity 1	Activity 2	Activity 3.a	Activity 3.b
Activity 4	Activity 5	Activity 6.a	Activity 6.b
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## Global South debt timeline

**1940s, 50s, 60s: Independence** – Many Southern countries gain independence from colonialism and took loans to develop their economies.

**The Cold War** – The US and their allies & USSR lend recklessly to Southern countries to buy political alliances.

**1973: The Oil Crisis** – Oil producing countries increased their prices, made lots of profits, and deposited the cash in Western banks. Western banks lent recklessly and massively to Southern countries. Southern countries' debt spiraled from US\$ 70 billion in 1970 to US\$ 580 billion in 1980.

**Late 1970s** – Southern countries dealt a triple blow by global economy – an unprecedented rise in interest rates; a huge reduction in the prices of their commodities (like copper and coffee); another increase in the price of oil. This meant Southern countries were receiving less money than ever but paying out more.

**1982: The Debt Crisis** – Mexico threatens to default on its debts – the global debt crisis is exposed. Lenders reschedule Mexico's debt.

**1980s: Campaigning** – The Debt cancellation campaigning movement springs up in countries around the world.

**1996: First Debt cancellation** – After much pressure the G8 countries agree to launch the Highly Indebted Poor Country Initiative (HIPC). Certain Southern countries are allowed cancellation of some debts owed to governments and lenders. But participating countries have to implement 'policy conditions' (usually tough changes to their economies) in order to qualify. Meeting these conditions often took over 6 years.

**1999: Second Debt Cancellation** – The G8 countries agree to include some more countries in the HIPC scheme. Campaigners still say that the scheme does not help enough.

**2006: Third Debt Cancellation** – The G8 countries agree to additional debt cancellation for countries that have completed HIPC through a scheme called the Multi-lateral Debt Relief Initiative (MDRI). The HIPC and MDRI schemes will cancel over US\$ 120 billion once they are fully implemented.

**2006 - 2013: Illegitimate Debt Cancellation Campaign** – The external debt of Southern countries is almost US\$ 5 trillion. Campaigners continue to call for the cancellation of all unjust debts of Southern countries so that lenders are held to account for giving bad loans.



## Global North debt timeline

**2006: Housing bubble** peaks in US

**September 2008: US subprime crisis and stock market collapse.** *Subprime* means making loans to people who may have difficulty making the repayment schedule. The *stock market collapse* meant that there was not enough money circulating in the US banking system, and between US banks and banks all over the world. This triggered a global crisis.

**September 29<sup>th</sup> 2008: Irish Blanket Bank Guarantee** – the Irish Government guarantees all bank deposits in 6 Irish banks.

**December 2008: Nationalisation** – The Irish Government puts €1.5 billion into Anglo Irish Bank in return for a 75% stake, effectively nationalising it. This means that the government owned it.

**October 2008: Major financial crisis in Iceland.** British, German and other countries start bailing out their banks. Iceland, Pakistan, Hungary, Russia, Serbia and Ukraine request financial aid from the IMF. This is unprecedented in Global North countries.

**The Recession: 2009** – Credit tightens, sales fall, job losses rise. Global recession predicted Ireland's first austerity budget

**February 2009: Civil Unrest in Ireland** – 120,000 Irish people demonstrate against cutbacks, which are linked to repaying Ireland's massive banking debts.

**2010: Greece threatens to default** – Greece's credit rating is lowered, and lenders stop lending, which creates possibility of a default. *Default* means the failure or refusal to repay one's debts. This sparks speculation that other EU countries (Ireland, Spain, Portugal, Italy) may default.

**May 2010: financial aid for Greece** – EU leaders and IMF agree a financial aid package for Greece and a €750 billion bailout fund amid fears that further defaults would cause insolvency in virtually every European bank and bring down the euro. *Insolvency* means lacking the cash within the banks to repay debts and pay out to customers.

**September 2010** – The Irish Central Bank announces that the Anglo Irish Bank bailout alone will cost people in Ireland € 35 billion. The total cost of the banking crisis is € 64 billion.

**December 2010: The Troika** – Ireland signs up to EU-IMF loan Agreement. The word *Troika* refers to European Central Bank (ECB), the International Monetary Fund (IMF) and the European Union (EU).

**February 2013: Government bonds** – The Irish government closes down Anglo Irish Bank completely, and changes its remaining debt into government bonds. These will be paid over average of 34 years. The first payment on principal of the Anglo debt will be paid in 2038, the last payment in 2053.

**2011 – 2053 Ireland repaying bank debts.**

### Questions:

1. How many years into the future is 2053?
2. What age will you be in 2053?
3. How do you feel about people repaying these bank debts in the future?

## Debt timeline activity



“Must we starve our children to pay our debts?” **Julius Nyerere**, former President of Tanzania.

*This activity includes assignments to be done by groups outside of class time.*

### Materials

Photocopies of the debt timelines.

### Aims

- To enable the students to become knowledgeable in specific aspects of the history of debt.
- To equip the students with the tools to investigate issues of social justice, curricular topics and current affair issues.

### Research Task

#### Steps

1. After reading through the debt timelines, students select areas for research. According to areas of interest, arrange students into small groups (no less than two, no more than four if possible).
2. Each group, except one, is tasked with a particular landmark on the timeline to research in more depth. Try to avoid two groups doubling up on the same landmark. The purpose of the research activity is to equip students to become witnesses for that era.
3. The group that hasn't selected an era for research is given the task of developing questions pertaining to the landmarks chosen by the other groups. Their role is to act as investigators. *The research for this activity will need to be done outside of class time.*

*(Note: In the small groups one person can act as a witness with the others supporting with research and moral support. Alternatively there can be several witnesses representing different interests. The particular characters chosen present the witness account is left to the discretion and imagination of the students.)*

## Progression of activity

### Bearing Witness

#### Preparation

Arrange the room with an area provided for witnesses to take the stand and seats arranged for the rest of the students to listen and observe. An area with table and chairs can be set up for the investigative team.

#### Materials

The witness groups may use any materials, including PowerPoint or poster/chart presentation, in making their case, about what happened during their era.

#### Steps

1. Taking turns, each group takes the stand and presents their witness report of their chosen era.
2. The investigative team then questions the witnesses. The purpose of this is not to put the witnesses under pressure, but more to draw out the information. It is not a competition but rather an exercise in collaborative learning. Witnesses are only to give facts as discovered, or considered opinion. They are not allowed to 'make things up'!