

You are currently viewing the printable version of this article, to return to the normal page, please [click here](#).

The Washington Times

Debt, death and the dictator

[0 Comments and 0 Reactions](#) | [Share](#) | [Tweet](#) | [Email](#) | [Print](#) |

0 [Like](#)

By

The Washington Times

Sunday, June 4, 2006

Throughout the world today, the cry for extensive debt forgiveness of some of the world's most underdeveloped nations continues to echo. Every Western politician, from presidents to prime ministers, is regularly told by religious leaders, actors and rock stars that massive debt forgiveness for some of the world's most impoverished countries is a moral obligation. Failure to embrace such a cause, one sometimes hears, is akin to condemning millions to death.

Whatever one thinks of such claims, they become rather harder to sell in light of some African political leaders' behavior. Let's take President Denis Sassou-Nguesso of the Republic of the Congo, who is in Washington, D.C., this week pressing the case for immediate and extensive debt-forgiveness for the Congo.

To say Mr. Sassou-Nguesso has a checkered past is an understatement. In a previous incarnation as a Marxist, Mr. Sassou-Nguesso first came to power in the early 1980s before rising to power again after a civil war that ended in 1997. On several occasions, his supporters have been accused of numerous atrocities, including torture and rape, by Amnesty International and other international observers.

For developing world dictators of any stripe, these are the usual run-of-the-mill facts with which Westerners have become wearily familiar. But what is especially reprehensible about this particular African leader is how his government continues to fudge the facts of what happens to the considerable revenues derived from the Congo's oil industry -- which could be used to pay off considerable foreign debt. The IMF, for instance, has stated the Congo's "oil revenues continue to be diverted for other uses and do not reach the treasury." This is bureaucrat code-language for the c-word: corruption.

None of this might have come to public attention, save for the flagrant manner in which President Sassou-Nguesso spends money on himself and his entourage when traveling abroad. While the Congo's citizens remain mired in living standards that lead to disease and death rates consigned to history in the West centuries ago, their leader reportedly spent \$295,000 on an eight-night stay for himself and 50-strong entourage (including his wife's hairdresser) earlier this year in New York. This is just one of a number of similar documented instances of extravagant spending by the president of a country where the average citizen lives on approximately \$2 a day.

But stepping back from this particular case's sordid details, perhaps its greater significance is how it starkly highlights the known moral and economic hazards of extensive, imprudent debt-relief. The most likely result of extensive debt-forgiveness is the further undermining of many developing nations' reputation for meeting their contractual obligations. This in turn limits their future access to foreign capital required for economic growth.

Allowing heavily indebted nations to walk away from their debts sends precisely the wrong economic signal to private and public international lenders of capital. Why should they lend any more funds to such countries in the future if they can never be sure their funds will be returned? Developing countries need to develop reputations as responsible borrowers who not only deploy the borrowed funds productively but who also repay their debts as contracted. How will debt forgiveness of a country like the Congo, especially given its extensive government corruption, help the Congo to achieve either goal?

On the moral side of the equation, such debt forgiveness is very questionable insofar as it effectively mortgages the economic future of the ordinary citizens of countries like the Congo. It is they -- not the President Sassou-Nguesso of this world -- who will suffer as a consequence of the Congo's future limited access to the foreign credit essential for the only sure slayer of poverty: economic growth.

Moreover, does anyone seriously imagine debt-forgiveness that does not hold accountable developing world political elites who corruptly diverted the billions loaned to their countries is likely to discourage future such diversions? Surely such actions will only undermine ongoing efforts to discourage corruption among these elites by effectively rewarding with debt forgiveness countries whose leaders have been irresponsible borrowers.

Enough is enough. The time for placating corrupt African politicians is long past. Refusing Mr. Sassou-Nguesso's demands would signal the developing world's political elites that the days of toying with their peoples' futures are over. While such refusal might appear unfashionable in some circles, the future well-being of millions of Africans depends on it.

Samuel Gregg is director of research at the Acton Institute. He is the author of "Banking, Justice, and the Common Good" (2006) and co-author of "A Theory of Corruption" (2003).