



TO WHOM WOULD YOU RATHER LEND?

Naheed Kabir borrowed money from Muhammed Yunus, a private lender, to buy clay to make pots. Now in business, she sells her wares and has paid off the loan. Yunus' loan recovery rate is 99%. He requires his borrowers to organize into groups of 5. All are cut off if one defaults. They also pledge to boil water and carry out good health practices. This is called accountability.

Contrast this with Republic of Congo President Denis Sassou-Nguesso. His country owes

\$8.5 billion to the World Bank, a government-funded body.

He recently spent \$295,000 on an eight-night stay in New York while the majority of his country's people exist on \$2 a day. This is called corruption.

Billions of borrowed dollars are wasted in this way by governments of debtor countries, from Argentina to Zambia. Yet they, along with religious leaders and rock stars, tell us to forgive their debts as a matter of justice.

But, unconditional debt forgiveness will only encourage future default. And discourage future lending necessary to spur economic growth. What developing countries really need is removal of protectionist E.U. and U.S. trade barriers, allowing them to export themselves out of poverty.

If you believe forgiveness and accountability can coexist, we invite you to visit our website and connect with other sound economic thinkers. Together, we can turn goodwill into effective action.

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