**Loan Sanctions DA**

I negate. Loan sanctions involve preventing creditors from lending to corrupt and illegitimate regimes in order to prevent successor governments from having to repay crushing debt burdens. Loan sanctions are economic sanctions. The Congressional Research Service[[1]](#footnote-1) writes,

**Generally, economic sanctions might be defined as "coercive economic measures taken against one or more countries to force a change in policies, or at least to demonstrate a country's opinion about the other's policies**.''l The most-often quoted study on sanctions defines the term as "...the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations."2 **Economic sanctions typically include measures such as trade embargoes; restrictions on particular exports or imports; denial of foreign assistance, *loans*, and investments**; or control of foreign assets and economic transactions that involve U. S. citizens or businesses. These definitions of economic sanctions would exclude diplomatic demarches, reductions in embassy staff or closing of embassies, mobilizing armed forces or going to war--tools clearly intended to change another country's behavior through other than economic means. The use of "carrots" (e.g., granting most-favored-nation status for another year; or selling advanced military aircraft to Taiwan to change China's behavior) would not qualify as a sanction.

And, preventing illegitimate regimes from receiving loans is a type of economic sanction. Mancina[[2]](#footnote-2) writes,

**Shutting down the borrowing capacity of illegitimate regimes can be viewed as a type of economic sanction against them. The international community sometimes imposes economic sanctions when it wants to take a position against a government that suppresses democracy and human rights but does not want to resort to war.**

A. Uniqueness – Loan sanctions are on the rise, they will increasingly be used to prevent odious regimes from building up massive debts. Obama for America[[3]](#footnote-3) explains,

**An Obama administration will** also **dedicate itself to preventing a future in which poor countries face pressing debt burdens** again. They will press for reforms at the World Bank to ensure that poor countries receive grants rather than loans, and that countries have the resources they need to respond to the external shocks that threaten to derail economic progress. Barack **Obama and** Joe **Biden will lead a multilateral effort to address the issue of “odious debt” by investigating ways in which “loan sanctions” might be employed to create disincentives for private creditors to lend money to repressive, authoritarian regimes.**

B. Link – Loan sanctions are necessary to prevent creditors from lending money to oppressive, authoritarian regimes. This lending allows illegitimate governments to saddle the country with debt and burdens successor governments with repayment. Jayachandran and Kremer[[4]](#footnote-4) write,

**Loan sanctions could be particularly effective** in these cases. Currently, **many creditors lend to governments without regard to their legitimacy.** And **when illegitimate governments saddle countries with debt, successor governments typically repay the loans.** For example, **South Africa today is repaying apartheid-era debt. Its rationale is that repudiating the debt would hurt its reputation in capital markets. Wealthy countries could** discourage repayment of illegitimate debt, and in turn **discourage lending to sanctioned regimes in the first place, by announcing that they will consider future loans to sanctioned regimes to be illegitimate.** The US and other countries could disallow assets held abroad by legitimate successor governments from being seized to enforce payment of this debt. They could further announce that they will not provide foreign aid to successor governments of illegitimate regimes if those successor governments repay illegitimate debts. **This type of loan sanction puts creditors on notice that any future loans to a regime would be considered the responsibility of that regime only and nontransferable to successor governments.** The US would not need to pressure creditors to withhold credit, as it has had to do in the case of Iran. **Creditors would stop lending** simply **out of profit motives.**

And, loan sanctions hurt dictators while greatly helping citizens in the target country. Jayachandran and Kremer 2 write,

Trade sanctions are often ineffective because they create incentives for evasion by third parties; when effective, they often harm the population of the target country as much as the targeted regime. **Loan sanctions**, particularly when applied against regimes that are repressive and corrupt, **overcome** these **problems. There would be few incentives for a creditor to evade a loan sanction and lend to a sanctioned regime if the citizens view the borrowing regime as illegitimate and would not hesitate to repudiate the debt in the future**. In addition, **loan sanctions can help the population and inflict targeted damage on a dictator who is stealing or otherwise misusing money. The sanction delivers a large benefit to the citizens by reducing the country's debt burden, which likely would outweigh any short-term hardship from less money flowing into the country.** Beyond punishing dictators, **loan sanctions fill a fundamental gap in the debt relief movement**. To date **relief policies have** helped write off debt in the poorest countries but have **taken little action regarding the loans that other poor countries, such as South Africa, have illegitimately inherited. Loan sanctions would help address that issue directly.**

C. Impact – Repaying odious debt is an enormous burden on successor governments, and causes extreme poverty. Instead of alleviating poverty, governments must pay enormous sums to wealthy Northern nations. The burden of repaying massive amounts of debt kills 19,000 children every day. Chris Jochnick[[5]](#footnote-5) writes,

**The U**nited **N**ations **has estimated that seven million children die each year as a direct result of the debt crisis, or 19,000 per day. Tens of millions more are deprived of primary education, clean water, sanitation, and vaccinations, and are unnecessarily exposed to a range of infectious diseases**. The poorest and most **highly indebted countries** (HIPCs) **account for two-thirds of all AIDs victims and have an average life expectancy of 51 years**. The immediate benefits of debt relief underscore the flip side of the crisis. International organizations estimate that debt relief put to good use could immediately reduce the toll of malaria by 400,000 fewer deaths per year and ensure universal primary education in sub-Saharan Africa.

The impact of the debt crisis is enormous – preventing odious debt must be our foremost concern. Buckley[[6]](#footnote-6) writes,

**According to UNICEF, over 500,000 children under the age of five died each year in Africa and Latin America in the late 1980s as a direct result of the debt crisis and its management** under the International Monetary Fund’s structural adjustment programs. **These programs required the abolition of price supports on essential food-stuffs, steep reductions in spending on health, education, and other social services, and increases in taxes. The debt crisis has never been resolved for much of sub-Saharan Africa. Extrapolating from the UNICEF data, as many as 5,000,000 children and vulnerable adults may have lost their lives in this blighted continent as a result of the debt crunch.**

This outweighs AFF impacts on two levels:

1. Loan sanctions actually solve the problem of odious debt. If creditors don’t lend to corrupt regimes, debt crises will not exist in the future. On the contrary, lifting sanctions don’t solve problems, because repressive regimes will funnel money away from the people even if the nation has more total income due to trade and loans.

2. [Numbers weighing – aff impacts are nowhere near 5,000,000 lives].

**Frontlines/Extra Cards**

AT: Loan sanctions don’t actually exist

Loan sanctions are a major component of new U.N. sanctions against North Korea. Katherine Brandon[[7]](#footnote-7) writes,

The United Nations Security Council sent a clear and united message today when they voted unanimously to tighten sanctions on North Korea following the nation’s recent nuclear test and missile firings. The detonation on May 25 of the suspected nuclear device violated the 1953 armistice. **U.N. Resolution 1874 includes a number of measures** aimed at stopping North Korea’s nuclear proliferation, including **tougher inspections of cargo, an expanded arms embargo, and new financial restrictions on North Korea, curbing loans and money transfers that serve as funding for their nuclear program.**

The IMF has already curtailed normally planned loans to Sri Lanka to prevent the Rajapaksha regime from accumulating debt. Suren Surendiran[[8]](#footnote-8) in April 11th,

Additionally, it is no surprise that **the International Monetary Fund has delayed the third tranche of a $2.6bn loan after Sri Lanka failed to achieve its budget deficit target** to reduce deficit to 7% of GDP. **An IMF mission to Sri Lanka in February concluded that it was unable to "complete" its review until the pending parliamentary elections in April.** It is important to note that Sri Lanka's last two IMF programmes ended with missions that were unable to "complete reviews", effectively staying suspended. Despite this, **the government is seeking another $345m to fund the military** – a 20% increase. **The Rajapaksha regime is set to rule the island for another six years, and his government looks like it will run the country's economy into dark ages.** If the international community continues in its approach of soft diplomacy with Sri Lanka to try and curtail its human rights violations, and let it go in the path of economic ruin to keep peace with India and China, it will not be too long before a tyrant like Rajapaksa and his mob make another Iraq or Afghanistan in the Indian Ocean.

Loan sanctions are a component of international sanctions towards Iran. Jayachandran and Kremer[[9]](#footnote-9) write,

**As part of its efforts to sanction Iran, the US has recently been pressuring international banks and foreign governments to deny Iran loans for expansion of its oil production**. Can and should "loan sanctions" be used more broadly as part of the toolkit of international diplomacy? If so, when and how?

Extra impact cards:

Governments empirically are forced to spend more money on debt servicing than helping their people. Eric Friedman[[10]](#footnote-10) explains,

As this number implies, **many of the world's poorest countries are spending large portions of their budgets - money that could have been spent on social services to benefit their people - on debt service payments to wealthy nations and international financial institutions.** The forty HIPC countries were spending a total of about $ 8.6 billion per year servicing their debts as the 1990s drew to a close. n12 **In 1997/98**, for example, **Tanzania spent $ 189.2 million on debt service payments, more than it spent on either education ($ 163.4 million) or health care ($ 65.8 million).** n13 **In 1998, Zambia spent over sixty-nine percent more on debt service than it spent on health and education combined.** n14 **Mauritania also spent more on debt service in 1998 ($ 87.8 million) than on health and education combined ($ 67 million), and almost five times more than on health care alone ($ 17.4 million).** n15 Mozambique's government spending reads only slightly differently, as that country spent four times more on debt service than on health care, and twice as much on debt service as on education. n16 **These cases are more the rule than the** [\*195] **exception.** n17 Both the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, recognized as part of the International Bill of Rights, guarantee the rights to adequate food, clothing, and shelter; n18 the right to medical care and to good health; n19 the right to education, including free and compulsory primary education; n20 and the right to special care and assistance for children. n21

Definitions – loan sanctions are topical

Loan sanctions are economic sanctions. The Congressional Research Service[[11]](#footnote-11) writes,

**Generally, economic sanctions might be defined as "coercive economic measures taken against one or more countries to force a change in policies, or at least to demonstrate a country's opinion about the other's policies**.''l The most-often quoted study on sanctions defines the term as "...the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations."2 **Economic sanctions typically include measures such as trade embargoes; restrictions on particular exports or imports; denial of foreign assistance, *loans*, and investments**; or control of foreign assets and economic transactions that involve U. S. citizens or businesses. These definitions of economic sanctions would exclude diplomatic demarches, reductions in embassy staff or closing of embassies, mobilizing armed forces or going to war--tools clearly intended to change another country's behavior through other than economic means. The use of "carrots" (e.g., granting most-favored-nation status for another year; or selling advanced military aircraft to Taiwan to change China's behavior) would not qualify as a sanction.

Preventing illegitimate regimes from receiving loans is a type of economic sanction. Mancina[[12]](#footnote-12) writes,

**Shutting down the borrowing capacity of illegitimate regimes can be viewed as a type of economic sanction against them. The international community sometimes imposes economic sanctions when it wants to take a position against a government that suppresses democracy and human rights but does not want to resort to war.**

1. “Economic Sanctions to Achieve U.S. Foreign Policy Goals: Discussion and Guide to Current Law.” Congressional Research Service Report for Congress. October 20th, 1997. [↑](#footnote-ref-1)
2. Emily F. Mancina [Professorial Lecturer in Law at the George Washington University School of Law]. NOTE: “SINNERS IN THE HANDS OF AN ANGRY GOD: RESURRECTING THE ODIOUS DEBT DOCTRINE IN INTERNATIONAL LAW.” George Washington International Law Review. 36 Geo. Wash. Int'l L. Rev. 1239. 2004. [↑](#footnote-ref-2)
3. “Strengthening Our Common Security by Investing in Our Common Humanity.” Strategy Paper Published by Obama for America. 2008. [↑](#footnote-ref-3)
4. Seema Jayachandran and Michael Kremer [Seema Jayachandran is an Assistant Professor in the Stanford Department of Economics. Michael Kremer is the Gates Professor of Developing Societies in the Harvard University Department of Economics, Senior Fellow at The Brookings Institution, and Faculty Fellow, Center for International Development]. “Loan Sanctions: A New Tool for Diplomacy?” The Washington Post. February 7th, 2007. [↑](#footnote-ref-4)
5. Chris Jochnick [Director of Private Sector Engagement at Oxfam America and adjunct associate professor of human rights and development at Columbia University]. “The Legal Case for Debt Repudiation.” Published in Sovereign Debt at the Crossroads: Challenges and Proposals for Resolving the Third World Debt Crisis. Oxford University Press, 2006. [↑](#footnote-ref-5)
6. Ross P. Buckley [Professor of Law at the University of New South Wales]. *The Rich Borrow and the Poor Repay: The Fatal Flaw in International Finance*. World Policy Journal, Volume XIX, No 4, Winter 2002/03. [↑](#footnote-ref-6)
7. Katherine Brandon. “Tougher Sanctions for North Korea.” The White House Blog. June 12th, 2009. [↑](#footnote-ref-7)
8. Suren Surendiran. “A worldwide boycott of Sri Lanka.” The Guardian, UK. April 11th, 2010. [↑](#footnote-ref-8)
9. Seema Jayachandran and Michael Kremer [Seema Jayachandran is an Assistant Professor in the Stanford Department of Economics. Michael Kremer is the Gates Professor of Developing Societies in the Harvard University Department of Economics, Senior Fellow at The Brookings Institution, and Faculty Fellow, Center for International Development]. “Loan Sanctions: A New Tool for Diplomacy?” The Washington Post. February 7th, 2007. [↑](#footnote-ref-9)
10. Debt Relief in 1999: Only One Step on a Long Journey by Eric A. Friedman; July 2000 J.D. expected 2002, Yale Law School; B.A. 1999, Yale College. [↑](#footnote-ref-10)
11. “Economic Sanctions to Achieve U.S. Foreign Policy Goals: Discussion and Guide to Current Law.” Congressional Research Service Report for Congress. October 20th, 1997. [↑](#footnote-ref-11)
12. Emily F. Mancina [Professorial Lecturer in Law at the George Washington University School of Law]. NOTE: “SINNERS IN THE HANDS OF AN ANGRY GOD: RESURRECTING THE ODIOUS DEBT DOCTRINE IN INTERNATIONAL LAW.” George Washington International Law Review. 36 Geo. Wash. Int'l L. Rev. 1239. 2004. [↑](#footnote-ref-12)