



February 23, 2021

The Honorable Joseph Biden
President of the United States
1600 Pennsylvania Avenue
Washington DC 20500

Dear President Biden,

Be assured of our prayers as you and your Administration continue to address the formidable challenges of the COVID-19 pandemic.

As the crisis continues, we appreciate your Administration's proactive resolve to build on the United States' legacy of expanding debt relief, development aid, and measures of protection for the most vulnerable people. As Pope John Paul II noted in his Apostolic Letter, *Tertio millennio adveniente* (no.51): "In the spirit of the book of Leviticus (25:8-12), Christians will have to raise their voice on behalf of all the poor of the world proposing the Jubilee as an appropriate time to give thought, among other things, to reducing substantially, if not cancelling outright, the international debt which seriously threatens the future of many nations." In the two decades since this statement was made, we have successfully worked with the Clinton, Bush, Obama and Trump administrations to improve and broaden policies on debt, trade, tax and transparency that lift the vulnerable and reduce poverty.

Already, the G20 has created a process to suspend debt payments for the 77 poorest countries, 29 of the poorest countries saw debts cancelled, emergency lending and aid was extended to 110 countries, and the G20 moved forward an historic process to reduce debts for 77 countries. The Trump administration called for this process to be expanded beyond the 77 poorest countries to developing middle-income countries, where we see increased rates of hunger, poverty and job loss. We are grateful that Treasury Secretary Janet Yellen called for debt reduction to be expanded to more countries and to insist on the participation of the private sector in debt relief.

The International Labor Organization estimates that more than 495 million jobs are lost across the global economy, and the World Bank says that as many as 150 million people will fall into extreme poverty this year. The International Monetary Fund projects possible economic growth for wealthy countries, while predicting greater setbacks for developing countries.

The following issues/priorities should be central to U.S. policy responses to address the current crisis, ensure the world's people and planet emerge with resilience from the crisis, and make certain we have the tools in place to prevent the next crisis:

- As we likely face the greatest wave of simultaneous debt restructurings in history over the next three years, the historic G20 debt reduction process the "Common Framework for Debt Treatment beyond the Debt Service Suspension Initiative" will be critical for global stability. The process should include the private sector, be timely, and cut debts to sustainable levels while lifting social protections and reducing poverty. As countries seek debt reduction, debt payments should be suspended without interest. Further, while this process can help the 77 poorest countries, Treasury's assertion that this or a similar process

can be expanded to middle-income developing countries should move forward.

- Given the pandemic's effects in developing countries, the U.S. Government must lead the world in accessing emergency reserve funds, or what's known as the creation of the IMF's Special Drawing Rights (SDRs). These generated funds were crucial in supporting economies to survive the 2008 financial crisis. We welcome the emerging consensus in the G20 to create \$500 billion in SDRs. We urge your Administration to lead a response with the G20, IMF and Congress, that would generate a \$3 trillion SDR issuance that would immediately deliver \$1 trillion to all developing countries.
- Multilateral development banks play an essential role in times of crisis. While, in the face of the COVID crisis, the banks pledged to ramp up financing to \$240 billion, no similar effort to increase their capital is underway. The U.S. should lead an effort to evaluate, increase and optimize use of capital in development banks, with the goal of significantly increasing lending volumes above pre-crisis levels and include additional replenishment of concessional financing windows.
- The G7, G20, the IMF and United Nations are discussing changes to the international financial architecture to address inequality, end poverty and prevent and resolve future crises. The U.S. should support policies that include public budget transparency, raising revenues in the developing world through stopping corruption and tax evasion, responsible lending and borrowing, common good trade agreements and implementing a global bankruptcy or crisis resolution process. Pope Francis has highlighted the need for a bankruptcy and permanent debt reduction process since his 2015 United Nations address.

While we appreciate that your Administration evaluates these decisions on humanitarian grounds, we also believe your leadership is necessary for U.S. economic interests. Many of the debt, financing and aid policies we highlight above are critical for U.S. economic stability and prosperity. These policies can bolster U.S. imports and exports from and to the developing world.

The U.S. Government is vital to ensuring the world emerges from this pandemic with greater resilience and an understanding of the greater interconnectedness of humanity. As vice president, when you welcomed Pope Francis during his apostolic visit to the U.S. in 2015, you will recall the Holy Father's insistence on these issues of financial security and justice. In this season of Lent, be assured of our continual prayers for you, your family, and your Administration.

Sincerely,



Bishop David J. Malloy
Chairman, Committee on International Justice and Peace
United States Conference of Catholic Bishops



Eric LeCompte
Executive Director, Jubilee USA Network

CC: The Honorable Janet Yellen, US Treasury Secretary
Jake Sullivan, National Security Advisor to President Biden