Opinion
NCR Voices
Joseph Stiglitz at the presentation of the Jubilee Commission's report.

Joseph Stiglitz, center, co-chair of the Jubilee Commission, speaks at the presentation of the commission's report June 20 in the Casina Pio IV in the Vatican Gardens. He is seated between Cardinal Peter Turkson, chancellor of the pontifical academies of Sciences and of Social Sciences, and Dominican Sr. Helen Alford, president of the Pontifical Academy of Social Sciences. (CNS photo/PASS/Gabriella Marino)



by Michael Sean Winters

View Author Profile

Follow on Twitter at @michaelswinters

Join the Conversation

Send your thoughts to *Letters to the Editor*. Learn more

June 23, 2025
Share on BlueskyShare on FacebookShare on TwitterEmail to a friendPrint

The Pontifical Academy of Social Sciences, marking the Jubilee of Hope, issued a report on debt and development in the world and the need for a sustainable, people-centered global economy June 20. The report is the work of a commission Pope Francis established in which the pontifical academy worked with Columbia University's Initiative for Policy Dialogue. Just as in 2000, the promotion of debt forgiveness for impoverished nations is a theme of this year's Jubilee.

The effort was led by renowned economist Joseph Stiglitz and Martin Guzman, a former economy minister in Argentina. "Their deep thinking on this issue created all that we know needs to be done to build an economy that serves all of us," said Eric

LeCompte, executive director of Jubilee USA Network, in an interview from Rome. LeCompte also commended the leadership of the Pontifical Academy of Social Science's president, Dominican Sr. Helen Alford, and chancellor, Cardinal Peter Turkson.

Read full document:
Document
Vatican Jubilee Report 2025.pdf

In our country, where religion tends to be privatized, people may wonder why the Catholic Church is involved in drafting and publishing a report that gets into the economic weeds. "It was Pope Francis who reminded us while the devil is in the details, our Heavenly Father and the Holy Spirit are the ones who are the greater powers in the details," LeCompte told me. "It was the prayer of Jesus, the Our Father, that called for our debts to be forgiven."

The report states that "excesses of debt have afflicted so many countries, with debt and development crises occurring so often" the problem is systemic. "Accordingly, it should come as no surprise that so shortly after the previous initiatives for debt relief for low-income countries, the world is once again confronting debt and development crises."

For developing countries, when there are "global financing booms, money floods in; in busts, it flows out even more quickly." For developed, wealthy countries, the reverse is the case: "In times of crisis, capital flows toward them. In a storm, safe financial 'havens' become all the more attractive."

The report also notes that there is a "chronic underinvestment in innovation, human capital, and infrastructure." This makes developing economies especially susceptible to economic swings: The international financial "dynamics have eroded state capacity and weakened the ability of policymakers to even conceive of development strategies that could enable structural transformation and sustained economic self-determination."

> It is time we stop pretending that economic health can be measured by GDP. Economic health must be measured by the degree of justice and human flourishing a given economy makes possible.
>
> Tweet this

The report shows how crises, such as the COVID-19 pandemic and the war in Ukraine, result in interest rates increases to combat inflation, further weakening the economies of borrower nations. "In 2023 alone, the net financial transfer from low and lower-middle income countries to private creditors in advanced economies reached $30 billion," it says.

Much of the report deals with economic realities that are not exactly easy reading, but none of it is too technical for a lay reader. The narrative on sovereign debt tracks with other socioeconomic issues with which a person might be more familiar, but the theme is the same: In the name of economic liberalization, a neoliberal order that sanctified markets as all-beneficent economic instruments robbed the commonweal of important counterweights to market-driven reforms.

So, for example, in the section on "The Systemic Flaws in the Global Financial Architecture Undermining Development," we read: "From the 1980s onward, market driven ideology encouraged governments to open their economies and borrow abroad in hopes of establishing credibility, gaining market access, and boosting investment. Even short-term flows were welcomed, under the belief that such flows would lead to higher real investment. In reality, the volatility of short-term capital often proved counterproductive." This is the same market-driven ideology that promoted free-trade deals that hollowed out the working class in the U.S.

The section of the report that looks towards solutions is at once practical and almost dreamily hopeful. The principles for resolving debt crises are commonsensical: There must be "country-specific approaches" devised from "common principles;" there must be "shared responsibility between creditors and debtors" and such shared responsibility must be monitored and enforced by governmental institutions. The report says net transfers out of debt-distressed countries must cease; when debt is restructured, it should include principal reductions; maturity extensions and rate reductions must be significant enough to ameliorate the debt crisis; austerity cannot be allowed to trump growth; and, finally, "delaying restructuring by borrowing at exorbitant interest rates only makes matters worse." You do not need an MBA to understand these issues.

Advertisement

Additional sections of the report focus on resolving current debt crises and what can be done to prevent such crises in the future. Other sections call for specific policy changes at the International Monetary Fund and broader reforms to the multilateral development lending system, including the creation of a procedure like bankruptcy for debtor nations.

The section on reforming creditor jurisdiction legislation is especially timely. Last week, the New York State Senate adopted a bill that would help rein in Wall Street vulture funds that prey on sovereign debt crises. but the bill did not make it through New York's lower chamber.

LeCompte notes that "for the first time, a report from the Vatican acknowledges the need for laws to change in New York and the United Kingdom which govern the debt controlled by the private sector. That has become the most significant debt problem for many developing countries." He added that "the report also insists that countries need to raise domestic resources by stopping corruption and ensuring adequate taxation."

After the 2000 Jubilee, $130 billion in sovereign debt was written off, but the world failed to enact the kind of bankruptcy-like procedures needed to stabilize the global economy, and for which this new report calls. More than anything, however, this report documents some of the rapacious practices that hedge funds engage in, like forcing austerity programs on the governments of poor countries, and suggests practical ways to prevent such evils from occurring. It is time we stop pretending that economic health can be measured by GDP. Economic health must be measured by the degree of justice and human flourishing a given economy makes possible.