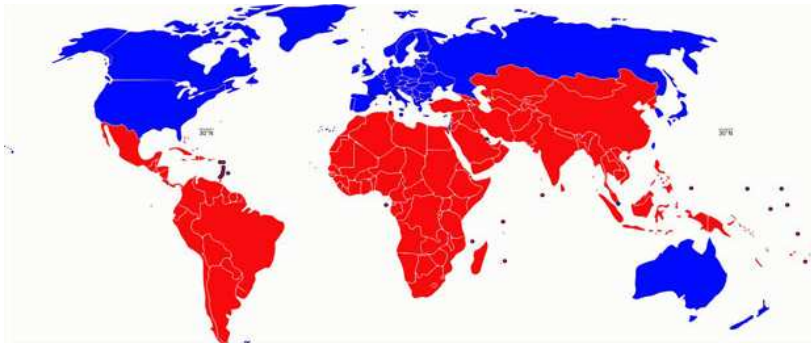


Should Debt in Zambia be cancelled?

Zambia is one of the world's poorest nations with 65% of the population below the poverty line. Many of Zambia's population live with under \$1 per day. However the World Bank's representatives believe that if they cancel the debt they will lose a lot of money, especially since Zambia decided to choose to borrow from them in the first place. Also, it will be hard to decide what other countries should have their debt removed. If one country's debt is removed, many other countries may also want it too. This may cause a big loss for the World Bank. Also, we don't know what the country is using the money for. They may be wasting it, and not using it for important development, such as healthcare or education. This is especially true if the government is corrupt and just wants to keep the money for them. The removal of debt could also cause hyperinflation and cause huge economical problems, which may not be expected. The World Bank would also believe they can't invest in something that has no return, so they would need a decent return from their lending before they cancelled the rest of the debt. The EU may also not want to cancel the debt as European citizens might put them under pressure. Also, the EU may believe they haven't done any thing worthy to cancel the debt.

On the other hand, if the debt isn't cancelled in Zambia, the vicious cycle will continue and Zambia will be stuck in debt. The crops Zambia sells may drop per year, so it doesn't earn as much money as it hoped. This may leave Zambia without enough money for important development . This



means it borrows money, but still has a loan interest to pay off. This cycle continues until somehow Zambia gathers enough money to pay off debt. The president of Zambia may say, if the debt is cancelled, they will be

able afford better schools and create better jobs to help improve the country's economy. Healthcare will also be improved which will reduce the number of child deaths and increase the infant mortality of the country.

In conclusion, I believe something has to be done about Zambia, and other countries, debt problems; but it can't be done straight away as the effects may cause problems. Instead, there may be other ways to stop this problem, such as untied aid.