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"Vulture Funds"

Michael Sean Winters | Nov. 13, 2013 Distinctly Catholic

Last week, I attended a briefing on "Vulture Funds" sponsored by JubileeUSA and the American Jewish World Service. "Vulture Funds" is a term that refers to hedge funds that invest in high risk bonds, and when a country has a sovereign debt crisis, the fund managers refuse a settlement with the other creditors, hold out, and seek to reap their rewards, often by bogging the debtor nation in endless litigation. The practice is so morally sickening because it literally takes money out of the budgets of the poorest countries and hands it to rich fat cats who did not earn it or work for it, but only manipulated the lack of international legal mechanisms to exploit these poor, desperate countries. They even hold countries responsible for debts that were undertaken by despots, even if a country has since deposed the despot and no responsible legislative body assented to the loans.

I had been meaning to write about the event, but got overwhelmed by events. Now, JubileeUSA has posted [1] what I though was the best of the presentation, a talk by Dr. Cephas Lumina of South Africa, who serves as an expert at the UN investigating these issues of sovereign debt crises. And, the next time you hear someone talk uncritically about the wisdom of the market, ask them about these "vulture funds."

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Links:
[1] http://jubileeusa.org/fileadmin/user_upload/Resources/2013_Jubilee_USA_Files/STATEMENT_OF_DR_LUMINA_-_JUBILEE_CONGRESSIONAL_BRIEFING_1.pdf