

Europe, America, Africa, and Asia—together with social movements and NGOs. The campaign collected twenty-four million signatures thanks to an unprecedented mobilization of public opinion.

One sign of the mercy of God which is especially necessary today is the sign of charity. . . . The human race is facing forms of slavery which are new and more subtle than those of the past. . . . Some nations, especially the poorer ones, are oppressed by a debt so huge that repayment is practically impossible.

—JOHN PAUL II, *Bull of Indiction of the Great Jubilee of the Year 2000*

In the North, especially in Great Britain and Germany, the request for cancellation only concerned the debt of the poorest countries. In the South, demands were often more radical and aimed at complete cancellation of the Third World debt. The social forces engaged in this combat joined up in November 1999 to form Jubilee South, composed of eighty-five movements from forty-two countries. At the end of 2000, as the Jubilee year drew to a close, the conclusion was as clear as daylight: there had not been any debt cancellation to speak of. Nevertheless, the Catholic and Protestant churches considered that the Jubilee Campaign was over. The big British campaign, Jubilee 2000, was considerably weakened by the withdrawal of the support of the church leaders. In France, the platform "Dette et Développement" led by the Comité catholique contre la faim et pour le développement (CCFD) (Catholic committee against hunger and for development) and composed of about thirty trade unions and associations (including CADTM France), took up the theme and has gained a recognized status in discussions with government authorities. As for Jubilee South, it has decided to carry on the fight for total, immediate and unconditional cancellation of the external and internal public debt of the Third World, just like CADTM.

QUESTION 47

Who owes what to whom?

For several centuries, the domination of the North over the South and the seizure of its wealth have mainly resulted from plundering the resources of the South, the slave trade, and colonization. The tons of minerals and natural resources extracted from Latin America, Asia, and Africa since the sixteenth century have never been paid for. The dominant European powers of the time used force to help themselves, for their own exclusive benefit. The civilizing and evangelizing missions, with which they justified their presence, were never decided with the consent of the local populations, nor did they do them much good!

Furthermore, the large-scale pillage was accompanied by the destruction of the local economic and social fabric. The territories of the South did not have the means of developing structures to promote their own development; they just served to provide the mother country or dominant power with easy resources. The Indian textile industry, for example, was destroyed by the British Empire. It is, then, perfectly legitimate to ask for financial reparation for this illegitimate exploitation. There exists a historic debt owed by the wealthy classes of the North to the populations of the South, which must be taken into consideration.

Cultural treasures were also commandeered by the rich countries, especially Western Europe. The peoples of the developing countries have thus been deprived of the legacy of their ancestors. The richest pickings of their heritage are now seen in the Louvre (Paris), the British Museum (London), at the Royal Museum for Central Africa (Tervuren in Belgium), and in the museums of Vienna, Rome, Madrid, Berlin, and New York. When it was not straightforward pillage as such, representatives of the colonial powers did not hesitate to undervalue what was found in archaeological digs to enable them to take advantage of the local authorities and get the lion's share.

The considerable deficit in human development in the South on the one hand, and the grave ecological consequences of the present system for the populations of the indebted countries on the other, and lastly, the legal, political, and economic arguments mentioned above, clearly demonstrate that the present financial debt is largely odious and that the

debt the ruling classes of the North owe to the South is at once historical, human, cultural, social, moral, and ecological.

Nevertheless, most of the governments of the South adopt a singular position. They embrace the neoliberal logic that is at the origin of the iniquitous system of indebtedness, despite the fact that they are supposed to work for the good of their countries. It is on these grounds that we ask the governments of the South to repudiate the financial debt toward the North, but we consider that most of those presently in power are accomplices of the system and that they benefit from it on a personal level. Thus they too are accountable for having run up this multifaceted debt.

Consequently, the populations of the South have a right to demand immediate reparation from the ruling classes of both North and South.

The external debt of the countries of the South has been repaid several times over. Illegitimate, unjust and fraudulent, debt functions are an instrument of domination, depriving people of their fundamental human rights with the sole aim of increasing international usury. We demand unconditional cancellation of debt and the reparation of historical, social, and ecological debts.

—APPEAL BY THE SOCIAL MOVEMENTS,
World Social Forum, Porto Alegre, 2002

QUESTION 48

Who has the right to impose conditions on debt cancellation?

The term “conditionality” designates the strong constraints imposed on the developing countries by the IMF and the World Bank, by means of Structural Adjustment Programs. If the system of domination created by the debt is to be ended, there has to be a definitive break with the logic of structural adjustment and its conditionalities.

Certain countries, widely trumpeted by NGOs, are now proposing to subject debt cancellation to positive “conditionalities.” Reductions could take place if a democratic process is instigated, if projects promoting

human development are set up (building schools, health centers). However tempting they may appear, such positive conditionalities raise the unavoidable question of who has a right to impose them.

Certain institutions (the IMF, World Bank, G8, and even some very active NGOs of the North) believe they have the right to determine what is “good” and what is “bad.” But since the whole situation is so different from one country to another, the populations concerned may not have the same aspirations as the institutions and the NGOs of the North. There is only one possible way forward—the populations concerned and their democratically elected representatives, and they alone, must be the ones to decide.

They must be the only ones to establish development priorities, to select which projects are to be given priority, to control the use of the funds made available, and to be responsible for monitoring the projects. They must have full control of the entire process from start to finish. Some decisions may be made after consulting an NGO or a specialized institution that is able to make a useful contribution at the level of planning. Dialogue with movements of North and South may be fruitful, of course. But it is fundamental that decisions concerning the South are made by the people of the South for the people of the South (unlike the present system where the decisions are made in the North to promote the interests of international finance and the multinationals of the North).

It is up to the populations of the developing countries to dictate the conditionalities, and no one else. To make sure that this principle of decision by the South and for the South is implemented with complete transparency, it is crucial that the debt be canceled and solid safeguards set up. For populations to be able to influence the decision making process on the use of the funds, they must be able to get actively involved.

How the funds made available from debt cancellation, and other innovative measures taken to finance development (see Q54) are allocated would be decided by the people themselves, using a participative process like the one that has been working in Porto Alegre. The participative process is already bearing fruit in this Brazilian town, which is at the cutting edge of this very struggle, and it can be adopted by the different developing countries liberated from debt.

In Porto Alegre, Brazil, citizen participation in preparing municipal budgets has helped reallocate spending to critical human development priorities. During the first seven years of this experiment the share of households with access to water services increased (from 80 percent to 98 percent), and the percentage of the population with access to sanitation almost doubled (from 46 percent to 85 percent).

—UNDP, *Global Human Development Report*, 2002

Any decisions on major borrowing must be decided by parliament after a thorough and broad public debate. This participative democracy, in conjunction with the cancellation of the debt and the renunciation of Structural Adjustment Programs, is the only way to give back to the peoples of the developing countries the power of decision over their lives. The only acceptable conditionalities are those emanating from the populations of the South.

To do something for other people without them is to do it against them.

—TOUAREG PROVERB, quoted by Daniel Mermet,
in *Agenda*, 2001

QUESTION 49

Can the development of emerging countries be ensured simply by repudiating their debt?

First of all, it is important to state that repaying a debt that has been contracted reasonably and legally is morally binding. But the situation is totally different in the present debt crisis seriously affecting developing countries. The usual moral obligation to repay a debt fell away as the trap closed on developing countries at the beginning of the 1980s, destroying all hope of development. The issue is not about rejecting a legitimate obligation illegally or immorally; it is instead about taking into consideration the mechanisms of domination, pillage, and hardship that developing countries experience when demanding some kind of justice.

The peoples of the Third World have to repay a debt from which they have not had the slightest benefit and whose profits they have never received.

—ADOLFO PEREZ ESQUIVEL,
Nobel Peace Prize Laureate, 1980

The system put in place by the industrialized countries, the IMF, and the World Bank has ensured their domination of developing countries. Debt is the volatile center of this system. For more than twenty-five years, developing countries have been repaying debts in amounts bearing no relation to what has actually been injected into their economies. It is no longer a reasonable agreement between creditor and borrower but rather a new kind of colonial relationship between the oppressor and the oppressed. Populations in developing countries have not benefited from the money they are being forced to repay. Under these conditions, there is de facto no moral obligation of repayment. Jubilee South is right when they say: "We owe nothing, we pay nothing."

But we must be wary of being on the wrong track: it is not enough to put the clocks back to zero. The system that has led to the impasse must be modified in order to provide a fair and lasting solution. Canceling debt is a necessary but not sufficient condition. From now on, debt cancellation must be accompanied by alternative financial mechanisms that do not lead to further subjugation by debt and by complementary measures in numerous fields (see Q54).

There has been a lot said recently about debt cancellation and rightly so. If debts are not cancelled, many emerging countries will simply not be able to develop. A huge proportion of their present export revenue goes straight to paying back their loans from developed countries.

—JOSEPH STIGLITZ, *Globalization and Its Discontents*, 2002

QUESTION 50

**Would canceling the debt of developing countries
cause a global financial crisis?**

The external public debt of all the developing countries, estimated at \$1.35 trillion, is an unbearable burden for the weak public finances of the countries of the South. However, this debt represents very little indeed in comparison to the enormous indebtedness of the North.

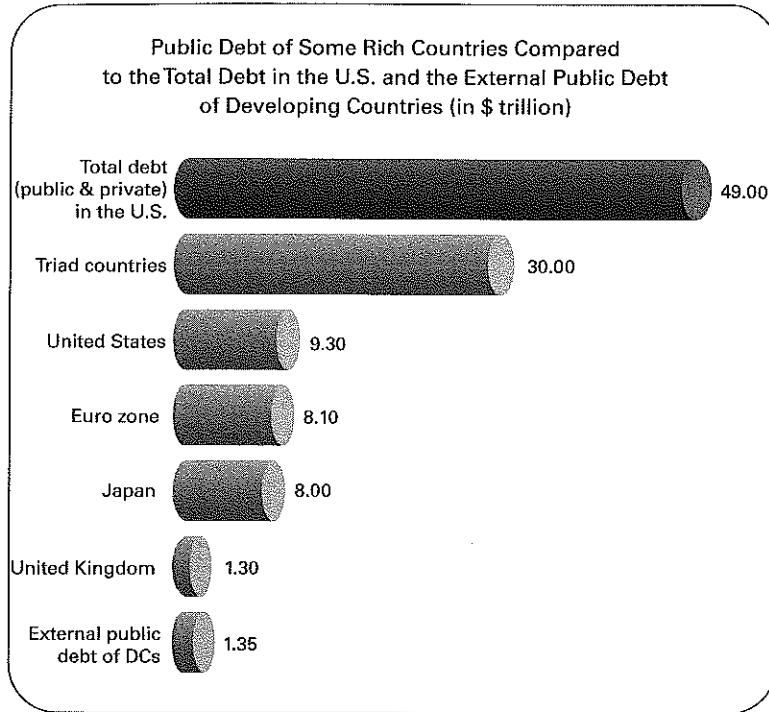
At the end of 2007, the public debt of the Triad countries was over \$30 trillion, which is more than twenty-two times the external public debt of the developing countries.¹⁹⁶

The total debts of the United States (government, household, and business) came to \$49 trillion, or thirty-six times the debt we are demanding should be canceled.

It is an established fact that the total public external debt of developing countries is less than 2 percent of the world's global lending. Canceling it would in no way endanger global finance.

It is interesting to compare the external public debt of a group of developing countries with the public debt of certain rich countries that have managed to maintain strong economic links with them (see page 271).

The 2007 property crisis in the United States also provides some interesting figures that back up the argument in favor of cancellation. In order to dampen the simmering crisis and to help out the banks, on August 9, 2007, the European central bank decided to restore confidence by becoming Lender of Last Resort: in two days it injected the astronom-



Source: U.S. Federal Reserve; Banque de France¹⁹⁷

ical sum of 156 billion euros, the equivalent of more than \$200 billion. This is similar to the external debt of a very highly indebted country such as Brazil or Turkey. Since August 2007, the banks have wiped out about \$1 trillion of "bad" loans (ongoing at date of publication). By doing so, they have clearly shown the world that canceling the whole of the external public debt owed to all the banks by all the developing countries is not only possible but can be easily done. The amount owed to them by the governments of developing countries totals exactly \$200 billion, which is five times the amount they wiped off their books in 2007-9.

The creditors of the external public debt of the developing countries are big private organizations, states, and multilateral institutions. Even though it amounts to billions of dollars, the developing countries' debt does not play in the same division as the gigantic sums manipulated by international finance. They have made a lot of money from the debt of

Public Debt of Some Rich Countries Compared to External Public Debt of Developing Countries (in \$ trillion)

COUNTRY	PUBLIC DEBT	REGION	EXTERNAL PUBLIC DEBT
United States	9.30	Latin America	.40
Japan	8.00	E. Asia and the Pacific	.26
United Kingdom	1.30	South Asia	.16
EURO ZONE:	8.70	Sub-Saharan Africa	.13
France	1.80		
Germany	2.30		
Italy	2.35		
Belgium	.41		

Source: Banque de France; World Bank

developing countries, from privatizations in all four corners of the world, and from the neoliberal offensive against salary earners and small producers over the last twenty years. They have more than been repaid for the sums lent and the risks taken. It is now time to say, Stop!

The argument that debt cancellation would set a bad example to all present and future borrowers by increasing the moral hazard of loans (the borrowers might believe that the debts will be canceled and will therefore take them on regardless of the need for them) is hypocritical and erroneous. Hypocritical, because financial markets, where there is nonstop speculation, have never been models of virtue, and now less than ever with all the scandals over the last few years, from Enron to Parmalat, EADS, or the whole subprime crisis. Erroneous, because if the potential creditors knew that an illegitimate debt carried the risk of being canceled, they would think twice in the future before lending money. They would verify that their loans really were going to be used for legitimate aims and that they were dealing with democratic regimes. Surely that would be a good thing.

Furthermore, the IMF and the World Bank hold resources that they rarely mention. The IMF has long hoarded one of the largest holdings of gold on the planet totaling 3,200 tons.¹⁹⁸ According to its 2007 annual

report, the IBRD, the largest of the Bank's five institutions, has made a profit of about \$1.7 billion every year since 2004, and in its 2007 report lists its "capital and reserves available" at \$33.7 billion.

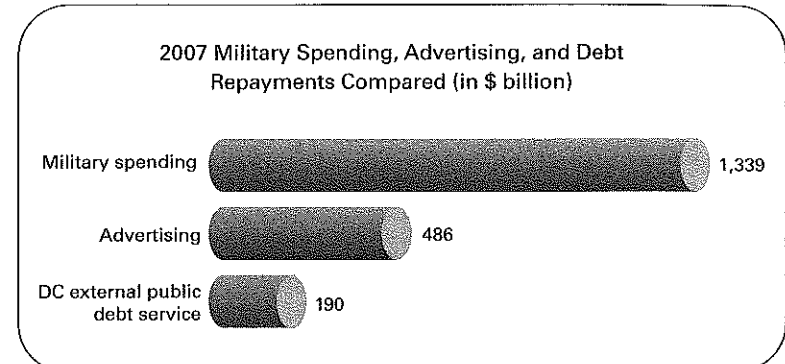
If cancellation, such as we demand, prevents them from carrying out their present functions, these institutions will disappear. Would that really harm humankind? How many financial crises and human disasters is it going to take before the World Bank and the IMF are finally stopped from doing further harm? Since the world needs multilateral institutions, they will have to be replaced by new bodies—bodies that are truly democratic and respect their international obligations to respect human rights.

The international debt bubble is enormous. Japan had a similar debt bubble that burst at the end of the 1980s, and the country is only just about getting over it now. In 2002, we wrote, "It is not impossible that the United States, which managed to scrape through in the 1980s and 1990s by getting others to bear the brunt of their deficit and their military operations, will fall foul of the household and business debt crisis as well as the present simmering crisis on the stock exchange and the permanent war they are waging against Third World countries. The cost of rescue there is likely to be far higher than that of cancellation of the developing countries' debt. Between the beginning of the fall in stock values in 2000 and summer 2002, over \$15 trillion went up in smoke. That is almost ten times the total external public debt of the developing countries." And sure enough, we have indeed seen the predicted crisis in the form of the subprime crisis that broke out in summer 2007 (see Q15).

Canceling the external public debt of the developing countries requires a sum that is far too small to cause an international financial crisis. On the other hand, maintaining the debt could very well cause one.

The rich nations could eliminate the debt of Africa without even noticing it economically.

—Jesse Jackson, president of the RainbowPUSH Coalition



Source: SIPRI Yearbook 2008; www.zenithoptimedia.com; World Bank, *Global Development Finance 2008*

QUESTION 51

If developing countries' debts were canceled, would the citizens of the North end up paying the bill?

Developing countries repay their debts to Northern countries, to multilateral institutions (of which the same Northern countries are the main shareholders), and to private banks in the North. We have shown that wealth is transferred from the South to the North (with the ruling classes in the South skimming off their commission), despite the generous speeches and declarations made in the industrialized countries. Would the North miss this wealth and suffer impoverishment if the debt were cancelled?

It would be advantageous to all humanity to reconsider some of this phenomenal expenditure.

The creditors have already been repaid several times the actual amount initially lent to the developing countries. The creditors have thus already been amply rewarded for the loan of their capital. It is therefore legitimate and perfectly reasonable to consider putting an end to all further repayment. This would free up the budget for the social spending that would make it possible to really tackle the root causes of poverty. This being said, what would happen from the point of view of the creditors if the debt was totally canceled?

As far as private creditors are concerned, their revenues would fall, so the dividends paid out to their shareholders would have to be reduced

accordingly, which would primarily affect the better-off classes. Private creditors would simply have to erase from their accounts the money coming in from the developing countries and shed a tear for the time when they were making easy money from the world's poor.

For bilateral creditors, the developing country debts they hold (\$280 billion; see Q24) have a lower-than-nominal value that varies depending on the country, but is on average about 75 percent of its nominal value.¹⁹⁹ Thus the real value of bilateral credits is less than \$70 billion, which is less than one-tenth of the yearly military spending of the G7 countries (\$790 billion, out of the \$1.339 trillion spent on defense and arms worldwide).²⁰⁰ The \$70 billion is only 0.26 percent of the total GDP of the United States plus the twelve Euro zone countries plus the United Kingdom and Japan, which together makes \$27.3 trillion (see Q50). For the G7 countries, a loss of income on this scale could easily be assimilated without the populations of the countries having to suffer. A more equitable distribution of national wealth would make such a sum—and more—available without affecting living conditions in the least.

Moreover, in line with our analysis throughout this book, it is logical to propose that the North should be obliged to pay compensation for the human, moral, ecological, social, and cultural debt it owes the populations of developing countries. Canceling the debt would be a first step, before considering compensation.

Transfer of technology could also be usefully organized. Why not decide on a lump sum for the inventors of techniques that can improve the lives of humankind as a whole, so that they can be placed in the public domain as quickly as possible, and thus made available to the populations of the South? In the essential domain of medicine, why not decide to make research a public service, entirely financed by governments, without patents, and with all results going directly into the public domain, worldwide? There are plenty of possibilities, but the political will is not there.

Coming back to the comparison with slavery (see Q41), the activists who battled against slavery throughout history did not stop to ask themselves whether or not the abolition of slavery would deprive the North of resources, or whether it would impoverish the rich countries. They were

motivated by high ideals of justice, stronger than all else. Finally, the scales tipped in their favor and slavery was abolished. The North did not become poorer; it rapidly adapted to the new international situation. This time, society must be vigilant so that after debt has been abolished, the system of domination by means of the debt is not replaced by a new, more subtle mechanism of domination.

It is essential to set up a new system of international law and order, based on justice, so as to guarantee the universal respect of human rights and ecological sustainability.

We are trying to find a way of making a self-reliant Argentina, which does not take money from American plumbers and carpenters who earn \$50,000 a year, and wonder what their money is being used for.

—PAUL O'NEILL, U.S. Secretary of the Treasury,
CNN, August 18, 2001

The US Treasury Secretary Paul O'Neill has tried to give the impression that it is the American taxpayers, its plumbers and carpenters, who pay for the multi-billion dollar bail-outs—and because they pay the costs, they ought to have the vote. But that is wrong. The money comes ultimately from workers and taxpayers in the developing countries, for the IMF almost always gets repaid.

—JOSEPH STIGLITZ, *Globalization and Its Discontents*, 2002

Basically, the same procedure is at work in the North, where the public debt is enormous—on the order of \$30 trillion—and where taxpayers' money is used to repay private banks and other institutional investors that in turn make tremendous profits from the citizens of the countries of the North. Here, too, the mechanism is very subtle: a growing portion of taxes is used to repay the debt, and at the same time the state is withdrawing from sectors where its role has been central for a long time (social security, education, culture) and is privatizing these services.

It can be seen that there is good reason for the citizens of the North and of the South to present a united front since they are both victims of systems of a very similar nature. Were this to happen, the international balance of power would change radically.

Is it not time to reconsider the lifestyle in the North?

Using data available from international institutions, the website www.worldometers.info compares annual spending in various countries. The population of the United States spends around \$130 billion a year on alcohol and tobacco, and almost \$5 billion on perfume. The world spends some \$1 trillion on illegal drugs every year. Surely all this implies that it would not be unreasonable for the citizens of the North to change their lifestyles to waste less and free up more resources. Does consuming large quantities of cosmetics and cigarettes matter, when the other half of humankind is surviving on less than \$2 a day? It is time to wake up. Better allocation of resources would enable everyone to live better, while consuming less at the same time. In this way, cancelling the debt would also be a source of hope for the North, leading to some hard thinking about a real redistribution of wealth and a great public debate about development and about the quality of life in the North, both currently and in the future.

QUESTION 52

Will canceling the debt help reinforce existing dictatorial regimes?

The IMF and the World Bank use debt reduction as a means of maintaining the mechanisms of dependence of indebted nations, whereas social movements such as the CADTM see the total cancellation of the debt of developing countries as only a first step. If the debt is totally canceled, this would completely change the balance of power in favor of the people. It would then become possible to adopt a fundamentally different approach, in the light of which the situation after debt cancellation would not be seen in the same terms as the present situation. For example, the argument that existing dictatorial regimes would be reinforced by cancelling the debt would be invalidated.

How is it that dictators manage to get into power and stay there for so long? Why does their existence make it so hard for democratic forces to consolidate and take over? Why were dictators like Suharto in Indonesia,

Mobutu Sese Seko in Zaire, Omar Bongo Ondimba in Gabon, Gnassingbe Eyadema in Togo, and the apartheid regime in South Africa able to remain in place for more than thirty years? Because they serve the interests of the system and therefore have the backing of the creditors. Why have so many coups d'état overthrown democratically elected governments like that of Salvador Allende in Chile or Patrice Lumumba in the former Belgian Congo when it first became independent? Because these governments tried to break away from the system.

In the 1970s and 1980s, the neoliberal leaders realized it was easier to keep a country subservient and to have easy access to its natural resources when the leader of the country was a corrupt dictator rather than when it was ruled by a democratically elected government that would be influenced by the opinions of their electors. By the middle of the 1980s, democratic protests within dictatorial regimes and the pressure of international public opinion were such that it became more difficult to openly support the world's dictators. Unfortunately, many of the democratically elected governments that have replaced such dictators have continued to serve the same economic policies. Sometimes, it has even been the dictator himself who has managed to get himself "elected" by means of very opaque elections backed by the international donors, such as Idriss Déby Itno in Chad, Zine el-Abidine Ben Ali in Tunisia, and Paul Biya in Cameroon.

Suggesting that the fight against dictators precludes cancelling the debt just doesn't hold water. On the contrary, dictatorial regimes are actually reinforced by the debt. The backing of the creditors makes their position stronger and also makes it easier for them to skim off some of the funds for themselves. It is common knowledge that several dictators use the debt both for their own personal gain and also to set up mechanisms to counter any opposition within the country. Since global neoliberalism has become the norm, we have seen the debt grow, corruption grow, and the poor get poorer. This is not just a coincidence. All three advance in lockstep.

Let us consider the following example. Angola, one of the most promising countries for the coming decades in terms of oil resources, was ravaged by civil war for over twenty-five years. The war finally ended in 2002 with the death of the leader of one of the two sides (Jonas Savimbi, of UNITA) and a famine that devastated the population. Elf, the multina-

tional petroleum company, helped to arm both camps, as did others, which obviously increased the violence of the fighting. The adversaries, UNITA and the government of Eduardo Dos Santos, both sold off oil very cheaply in order to procure arms. A government that cares about its population would obviously ask for the oil contracts to be renegotiated and the part reserved for the state to be reevaluated. Angola has become heavily indebted for having forfeited its oil in exchange for arms.

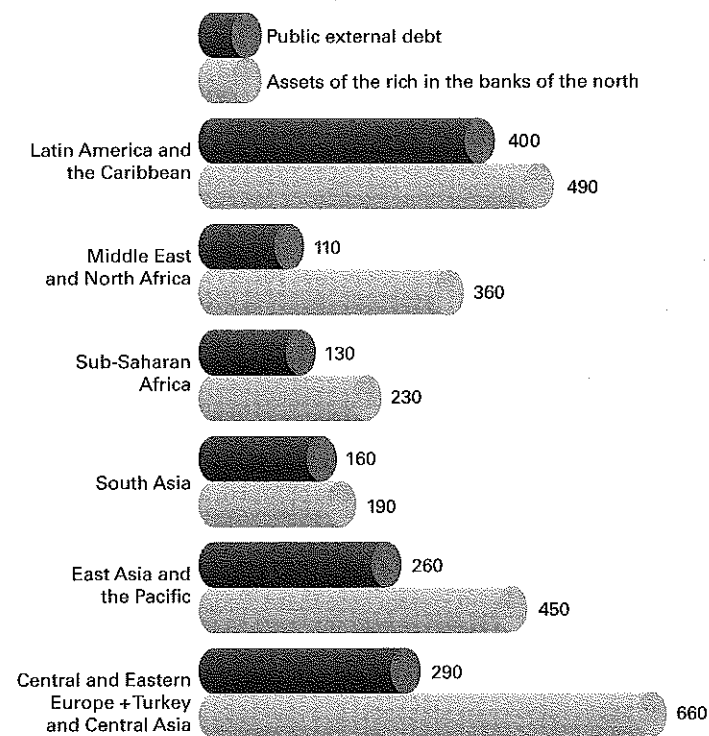
In Angola as elsewhere, as long as this debt exists, the fight against corruption and authoritarianism has little chance of success, whereas the fight to end the debt is, in itself, a means of opposing corruption and dictatorship with considerable hope of success.

Cancelling the debt would be a preventive therapy to protect against the risk of future dictatorships. If an odious debt had been signed with a dictator, and the creditors were not repaid because the debt was canceled once its origin had been proven by a scrupulous audit, then potential creditors would not be so willing in the future to provide loans to dictators. Once bitten, twice shy. This would become a built-in deterrent against dictatorships and corruption, since the creditors would provide their own screening of regimes to which they loan funds.

The expropriation of ill-gotten gains is another indispensable measure to be taken. To topple existing dictators thorough judicial inquiries into cases of embezzlement and into assets deposited by the moneyed classes of the developing countries in tax havens and Northern banks must be made. We have estimated that, in 2007, these assets were greater than the external public debt of the developing countries since a total of \$2.38 trillion has been deposited by the rich of developing countries in the banks of the industrialized countries.

A significant percentage of this money (20 percent? 30 percent? more?) has been accumulated illegally. If it is proved that embezzlement has taken place, the ill-gotten gains must be expropriated, followed by their restitution to the populations from which they were extorted by unscrupulous leaders. Sources of hidden funding would thus be cut off, the war booty of dictators confiscated, and nepotism—deprived of means—would no longer be so easy. This would also be a strong signal to all the democracies in developing countries, since it would be an abrupt change in the present geopolitical system. Obviously, legal action

Comparison between the External Public Debt and the Assets of the Rich of the Same Region Deposited in Industrial Countries (in \$ billion)



Source: Calculated by the authors from World Bank data; Bank for International Settlements

can be taken on this independently, without the debt having to be canceled first. How strange it is that this question is never raised by governments, either of the North or of the South.

Once the ill-gotten goods have been legally recovered, they should be restored to the population to improve their standard of living, providing conditions in accord with fundamental human rights. Although confiscated funds were finally returned, for example, to the Chilean dictator Augusto Pinochet or the corrupt Argentinean president Carlos Menem, it

has also been the case in the last few years that some ill-gotten funds have been returned to the population to which they belong. Money deposited by dictators in Swiss banks, where a lot of the world's dirty money is deposited, has been returned to the governments of the developing countries it had been embezzled from. This was only possible after a lot of hard work by honest Swiss judges, social movements (especially some Swiss-based North-South solidarity groups), and the governments of the developing country determined to recuperate the money stolen by former dictators, or corrupt former governments. All together, a total \$1.6 billion has been returned to the rightful countries, from frozen accounts belonging to the ex-dictators Ferdinand Marcos (Philippines) and Sani Abacha (Nigeria) of about half a billion each, and the rest being returned from accounts opened by Alberto Fujimori (Peru) and Vladimiro Montesinos Torres, the former head of the Peruvian secret service, not forgetting Saddam Hussein (Iraq), Nursultan Nasarbáyev (Kazakhstan), and Moussa Traoré (Mali).²⁰¹ In June 2008, it was agreed that \$74 million of illicit assets deposited by Raul Salinas, the brother of the former Mexican president Carlos Salinas de Gortari, would be returned, after legal proceedings that lasted more than thirteen years. Great Britain also gave back to Nigeria money that Sani Abacha had deposited in a bank in Jersey. Other legal battles are being fought, and it cannot stop there. People must be aware and vigilant so that the money embezzled by the Duvalier family (Haiti) and the Mobutu clan (ex-Zaire) is not given back to them, which would of course be totally unacceptable. In all cases, it is essential that the social movements in the developing countries manage to ensure that the retroceded money really is used to improve the living conditions of the population.

There is a crisis because the masses no longer accept that wealth is concentrated in the hands of the few. There is a crisis because a small number of people are putting enormous amounts of money in foreign banks, amounts of money which would be sufficient for the development of Africa. There is a crisis because in view of the wealth enjoyed by a very small number of individuals which it is easy to name, the masses are no longer willing to live in the ghettos and slums. There is a crisis because people everywhere are refusing to live in Soweto when Johannesburg is so close by. That is why the

fight has begun, and as the fight gets stronger, those holding the purse strings are starting to get worried.

—THOMAS SANKARA, president of Burkina Faso,
1983 to 1987

Indebtedness, corruption, and cut-price selling of resources are three sides of the same problem. Corruption (especially by means of debt) is the instrument used to make leaders place their country's economy under the "protection" of the IMF and the U.S. Treasury, of the finance and the multinationals of the North, giving them cheap access to natural resources. Thus, though the debt has consistently benefited dictatorships, canceling it would lead to a fundamental change.

QUESTION 53

Should borrowing be avoided at all cost?

We aim to eradicate usury, not borrowing per se. Borrowing is not a problem in itself, and it is important to understand how our arguments are the result of a meticulous analysis of the present debt crisis.

To prevent a repetition of the present situation of massive overindebtedness, borrowing needs to be limited as much as possible. We are suggesting alternative means of financing that, if implemented, would mean that borrowing could once again be acceptable, without the accompanying oppression, domination, and misappropriation of public goods that goes on at present. Any decision to contract a major loan should be made under the supervision of the populations concerned, and be debated in parliament (or whatever legislative body is in place), before being voted on in a constitutional manner.

It is also essential that the conditions of the loan should be acceptable. The government's signature on a loan contract should not mean giving up the sovereignty of the country and accepting that an eventual litigation with the creditors be submitted to the jurisdiction of New York or London. It is not acceptable to hand the house keys to the creditors, as is often the case. This is why the present system needs to be reformed, since the creditors have taken good care to build multilateral institutions tai-

lored to their needs (IMF, World Bank, Paris Club, London Club) and to take on each debtor individually, thus putting the debtors at their mercy.

Two new principles need to be respected. First, the obligation to repay and to pay interest on these loans will only be valid if it is proven that the debt did indeed enable creation of sufficient wealth in the countries concerned. Second, strong and efficient protection of debtor countries needs to be organized on a world scale, so that the countries can defend themselves against all forms of abuse and spoliation by the banks, international private investors, and international financial institutions.

Ecuador's new constitution, which was voted by the Assembly in September 2008, enables the country to carefully control recourse to borrowing and protects it against the excesses that have been far too numerous for several decades.

Article 290. Public debt is subject to the following principles:

1. The government will have recourse to public debt only in cases when tax revenues and resources from cooperation and international exchanges are insufficient.
2. It will be ensured that public borrowing does not affect national sovereignty, human rights, well-being, or the protection of the environment.
3. Public debt will be used exclusively to finance programs and investment projects in the field of infrastructure and projects that will generate the resources needed to reimburse the loans. An existing public debt could also be financed provided that the new conditions are advantageous to Ecuador.
4. Renegotiation agreements will not include, explicitly or tacitly, any kind of anatocism²⁰² or usury.
5. Debts that are declared illegitimate by a competent entity will be repudiated. In cases when a debt is declared void, the state will exercise its right to restitution.
6. Administrative responsibility for public debt contracting and management, including eventual tort proceedings, is imprescriptible
7. The nationalization of private debts is forbidden.

8. The granting of debt guarantees by the state will be regulated by law of the National Development Plan.
9. The Executive has no constitutional obligation to assume debts contracted by the autonomous regions or local governments.

—CONSTITUTION OF ECUADOR, 2008²⁰³

The Bolivian Constituent Assembly also adopted a new draft constitution in December 2007 that strictly defines the conditions under which the country may borrow.

Article 322

- I. The Multinational Legislative Assembly shall authorize recourse to public borrowing when the capacity to generate revenue to cover the capital and interest has been proven, and when the most advantageous conditions relating to taxes, payback periods, amounts, and other circumstances have been technically justified.
- II. Public debt shall not include loan stock that has not been authorized and expressly guaranteed by the Multinational Legislative Assembly.

Article 324

Debt toward the state and economic prejudice caused to the state shall not be subject to prescription.

Article 325

Illicit economic acts, speculation, monopolization, usury, smuggling, tax evasion and other related economic offences shall be punished by law.

Article 330

- IV. The Central Bank of Bolivia and public bodies and institutions shall not incur the debts of the bank or private financial bodies. The latter must constitute and maintain a financial restructuring fund to be used in case of bank insolvency.

—BOLIVIAN DRAFT CONSTITUTION, 2008

QUESTION 54

What are the alternatives for human development
in the developing countries?

It is useless to expect market economy logic to meet essential needs. The 2.8 billion people living on less than \$2 a day do not have enough purchasing power to interest the markets. Only government policies can guarantee the fulfillment of basic human needs for all. This is why it is necessary for political leaders to dispose of the political and financial means that will enable them to honor their commitments and duties to their fellow citizens.

The Universal Declaration of Human Rights and the International Covenant for Economic, Social and Cultural Rights can only be effectively implemented through the concerted action of a powerful social and citizens' movement. The first step is to stop the drain of resources engendered by the repayment of the debt. It would be foolish to wait for international institutions to decide to cancel the debts of developing countries. Only the determined action of one or several states can result in such a measure. The jurists who met in Quito in July 2008 are perfectly right when they claim: "We support the sovereign acts of states that, founded in law, declare as null and void the illicit and illegitimate instruments of the public debt, including the suspension of payments."²⁰⁴

Once this first step has been taken, the present economy of international indebtedness must be replaced by a socially just and environmentally sustainable model of development that is independent of financial

market fluctuations and loan conditionalities imposed by the IMF and the World Bank.

For debt cancellation to benefit human development, the money that would have been used to repay loans must be used for human development. The modalities must be decided upon in a democratic manner by all countries concerned.

PUTTING AN END TO STRUCTURAL ADJUSTMENT PROGRAMS

Structural Adjustment Programs (SAPs), whether they are known by this label or the new one—Poverty Reduction Strategy Papers (PRSPs), adopted recently by the international financial institutions that encourage total liberalization of the economies of the South—have succeeded in weakening the states. They have made them more dependent on external fluctuations (evolution of world markets, speculative attacks, and the like) and subjected them to unacceptable conditionalities imposed by the IMF and the World Bank, backed by the governments of the creditor countries grouped in the Paris Club. The human consequences of SAPs are tragic. They must be eradicated and replaced by policies whose absolute priority is to meet basic human needs, giving first priority to food sovereignty and security, and seeking to create regional complementarity.

Structural adjustment goes beyond the simple imposition of a set of macroeconomic policies at the domestic level. It represents a political project, a conscious strategy of social transformation at the global level, primarily to make the world safe for transnational corporations. In short, Structural Adjustment Programs (SAPs) serve as "a transmission belt" to facilitate the process of globalization, through liberalization, deregulation, and reducing the role of the state in national development.

—UN COMMISSION ON HUMAN RIGHTS (UNCHR),
*Effects of Structural Adjustment Policies on the Full Enjoyment
of Human Rights*, report by independent expert Fantu Cheru,
E/CN.4/1999/50, February 24, 1999

The UN Commission on Human Rights (UNCHR) adopted several resolutions on the issue of the debt and structural adjustment.²⁰⁵ In one, Article 5, adopted in 1999, the CHR states: "The exercise of the basic rights of the people of debtor countries to food, housing, clothing, employment, education, health services and a healthy environment cannot be subordinated to the implementation of structural adjustment policies, growth programs and economic reforms arising from the debt."

GIVING BACK TO THE CITIZENS OF DEVELOPING COUNTRIES WHAT WAS STOLEN FROM THEM

Considerable wealth, illicitly accumulated by government officials and local capitalists, was safely placed in industrialized countries, with the complicity of private financial institutions and the acquiescence of the governments of the North. Restitution requires the completion of judicial procedures conducted both in the Third World and the industrialized countries. A further advantage of such investigations would be that corrupters and corrupted would no longer get away with their crimes. It is the only hope, if democracy and transparency are ever to overcome corruption.

We must also demand reparation for the pillage to which the Third World has been subjected over the last five centuries. This implies the restitution of economic and cultural assets stolen from the Asian, African, and Latin American continents.

States shall provide redress through effective mechanisms, which may include restitution, developed in conjunction with indigenous peoples, with respect to their cultural, intellectual, religious and spiritual property taken without their free, prior and informed consent or in violation of their laws, traditions and customs.

—UN DECLARATION ON THE RIGHTS
OF INDIGENOUS PEOPLE, 2007²⁰⁶

LEVYING AN EXCEPTIONAL TAX
ON THE ASSETS OF THE VERY WEALTHY

In its 1995 report, UNCTAD suggests raising a "one-shot" tax on the assets of the very wealthy. Such a tax, levied worldwide, would free up considerable funds. This tax (different from recurrent taxes on the estates of the very wealthy, which exist in some parts of the planet) could be levied on a national basis. Such an exceptional solidarity tax—of about 10 percent of the assets of the wealthiest of each country—could generate considerable resources.

According to the *2008 World Wealth Report*²⁰⁷ published by Merrill Lynch and Capgemini, 10.1 million people in the world own over \$1 million of assets, and their cumulative wealth amounts to \$40.7 trillion, which is thirty times the external public debt of all developing countries. So, for example, a one-shot 10 percent tax on these assets would bring in over \$4 trillion without reducing their owners to poverty.

The dominant economic model began to impose itself when the majority of developing countries were still dependent and consequently could not participate in its creation; it was thus inevitable that, from its origin, the odds would be stacked against them and contrary to their interests. . . . The current international economy is undoubtedly unjust, mainly because the "developing" countries did not participate in its creation and today they are subjected to most of its negative effects. As such, it is important, in the interests of human rights, to repair the current situation.

—RAÚL FERRERO, Special Rapporteur to the UN
on the New International Economic Order
and the Promotion of Human Rights, 1983²⁰⁸

A number of questions remain. What taxation rate should be imposed? A single rate? A progressive rate? What proportion of the funds should be allocated to global projects? To continental projects? Should there be a fund for reforestation? Should there be a fund for complete denuclearization? How should projects be prioritized? By whom? By the UN General Assembly after national referendums? Or continental ones? What propor-

tion would go toward local projects? In any case, one thing is certain: this path must be pursued, and a truly redistributive system must be put in place, granting governments the means to fulfill their obligations toward citizens in terms of economic, social, and cultural rights.

EQUAL REDISTRIBUTION OF WEALTH
ON A GLOBAL SCALE

Never has wealth been so unequally distributed on a global scale. To fight against this rampant inequality, it is imperative to implement international taxes that could take multiple forms: a Tobin-type tax (see Glossary) on short-term, usually speculative, financial transactions (one of the demands of ATTAC), a tax on the profits of transnational companies (in 2006, Total made the highest profit in the history of the French economy: €2.58 billion, of which a third was given to shareholders as dividends), a tax on polluting industries, and so on. These revenues must go toward education, public health, food security, the promotion of public goods, and the protection of the environment.

RAISING OFFICIAL DEVELOPMENT AID
TO A MINIMUM 0.7 PERCENT OF GDP

Official development aid is not fulfilling its role. It is given not according to the needs of the South, but rather to the geopolitical, commercial, and publicity interests of the donors. Headline effects are what matter, and only visible and profitable projects are selected; the companies involved are usually from the donor countries; and statistics are manipulated. The definition of development aid is blurry (see Q34). It includes low-interest loans repayable down to the last cent, loan reduction, student bursaries (subsidies for tuition fees for students from the South who study in donor countries), refugee programs (and too often the forceful deportation of refugees), fees for consultancy and expertise of doubtful value, the salaries of technical assistants from overseas, who usually contribute very little to the poorest sectors of the population, and others. The portion of devel-

opment aid that actually reaches the country and benefits the poorest is often ludicrously small. The trebling of development aid would make substantial sums available. Finally, as an act of goodwill, development aid should be freely given, and instead of calling it aid or donation, it should be termed *reparation*. For it is really a matter of repairing the damage caused by centuries of pillage and unequal exchange.

In this context, the Charter of Economic Rights and Duties of States adopted by the United Nations 1974 is an important tool.²⁰⁹ Chapter 1, principle (i), states that relations between states must be governed by a series of principles, including that of "remedying of injustices which have been brought about by force and which deprive a nation of the natural means necessary for its normal development." Article 17 stipulates the general obligation of states to "cooperate with the efforts of developing countries to accelerate their economic and social development by providing favorable external conditions and by extending active assistance to them, consistent with their development needs and objectives, with strict respect for the sovereign equality of States and free of any conditions derogating from their sovereignty." Article 22 lays down a similar obligation to all states to "respond to the generally recognized or mutually agreed development needs and objectives of developing countries."²¹⁰

ENSURING THE RETURN OF PREVIOUSLY PRIVATIZED STRATEGIC SECTORS INTO THE PUBLIC DOMAIN

The reserves and distribution of water, the production and the distribution of electricity, telecommunications, postal services, the railways, companies extracting and processing raw materials, the credit system, and some sectors of education and health have been or are being systematically privatized. It is important to ensure that these companies and services are brought back under public control.

Article 2/2: "Each state has the right to nationalize, expropriate or transfer ownership of foreign property, in which case appropriate compensation should be paid by the state adopting such measures, taking into account its relevant laws and regulations and all circum-

stances that the State considers pertinent.²¹¹ In any case where the question of compensation gives rise to a controversy, it shall be settled under the domestic law of the nationalizing State and by its tribunals."

—UN, Charter of Economic Rights and Duties of States, 1974

ADOPTING REGIONALLY CENTERED DEVELOPMENT MODELS

This type of development implies the creation of integrated political and economic zones, the emergence of endogenous development models, a strengthening of domestic markets, the creation of local savings banks for local financing (in many countries, the sums placed in foreign banks by the richest are greater than the external debt of the country), the development of free public health and education, the installation of progressive taxation and mechanisms of wealth redistribution, diversification of exports, agrarian reform that guarantees universal access to land for peasants, and urban reform that guarantees universal access to housing.

The current global architecture must be replaced by regional economic groupings. Only such a development, at least partly centered in the regions themselves, can enable the emergence of coherent South-South relations, a sine qua non for the economic advancement of developing countries.

REFORM OF TRADE

Trade regulations must be radically reformed. Concerning agriculture, as the small farmers' movement Via Campesina puts it, the right of each country (or group of countries) to food sovereignty, and especially to self-sufficiency in staples, must be recognized.

Global trade regulations must be subordinated to strict environmental, social, and cultural criteria. Health, education, water, or culture must be excluded from the arena of international trade. Public services must be the means of ensuring this and must therefore be excluded from the

General Agreement on Trade in Services (GATS), which envisages total liberalization of public services. Moreover, the Trade-Related Intellectual Property Rights (TRIPS) agreement must be banned. It prevents countries of the South from freely producing goods (for example, medicines) that could satisfy the needs of their populations.

Article 5. All states have the right to associate in organizations of primary commodity producers in order to develop their national economies.

—UN, Charter of Economic Rights and Duties of States, 1974

There is clearly a need for mechanisms that guarantee better prices for a basket of products exported on the world market by developing countries: stabilizing the prices of raw materials at a satisfactory level for producer countries, guaranteeing export revenues, and building up regulatory reserves—which implies abandoning the policy of zero reserves.

To bring about such concerted mechanisms, efforts by developing countries to create cartels of producer countries must be supported. The Organization of Petroleum Exporting Countries (OPEC) is too often denigrated, although it plays a positive role in many respects.²¹² The creation of such cartels could ensure a decrease in the volumes exported (which, on the one hand, would prevent the depletion of natural resources, and on the other, increase the areas reserved for subsistence crops) and an increase in export revenues, which could be reinvested in the development projects of exporting countries. Why should there not be a cartel of copper producers? Not so long ago, Chile alone accounted for 30 percent of world exports. Why not a coffee cartel? Or a tea cartel? The possibilities abound.

Furthermore, the developing countries must be able to resort to protectionist measures to protect local production, namely, as Via Campesina demands: “the abolition of all direct or indirect export support or subsidies,” “the prohibition of production and commercialization of genetically modified seeds and products,” and “a prohibition on patenting living organisms as well as the private appropriation of knowledge relating to agriculture and food.”

To guarantee the independence and food sovereignty of all the peoples of the world, it is crucial that food is produced in the framework of diversified production by peasants. Food sovereignty is the right of each people to define its own agricultural policies and, in the case of food, to protect and regulate national agricultural production and the domestic market in order to reach sustainable objectives, and to decide how to attain self-sufficiency without getting rid of their surpluses in third countries through the practice of dumping. . . . We must not favor international trade over other social, environmental, cultural and development criteria.²¹³

—VIA CAMPESINA

ADOPTING A NEW FINANCIAL DISCIPLINE

The recurrent financial crises of the 1990s demonstrated that no sustainable development can be attained without strict control of capital flows and tax evasion. Several measures are therefore needed to subordinate the financial markets to the fulfillment of fundamental human needs: re-regulation of financial markets; control of capital movements; abolition of tax havens and the lifting of banking secrecy to effectively fight against tax evasion, embezzlement of public funds, and corruption; and the adoption of regulations to ensure the protection of countries that contract external debt. Clearly, a completely new financial architecture is required. The setting up in December 2007 of a Bank of the South is a step in this direction (see Q57).

ABOLISHING TAX HAVENS AND OFFSHORE CENTERS

Tax—and legal—havens have the effect of inflating financial bubbles and weakening legal economies (between \$500 billion and \$1.5 trillion are laundered each year).²¹⁴

The offshore center of the City of London alone represents 40 percent of tax haven revenues. Next on the list of tax havens are Switzerland,

the Netherlands, Ireland, and Luxembourg, accounting for about 30 percent. The remaining 30 percent are held in some sixty exotic destinations, such as the Virgin Islands, Cayman Islands, and Bermuda. It is necessary to abolish these tax havens and offshore centers and lift banking secrecy to effectively eradicate tax evasion, misappropriation of public funds, and corruption.

ENSURING DEMOCRATIC CONTROL OF DEBT POLICIES

The decision of a state to contract loans, and the terms on which they are negotiated, must be submitted for popular approval (parliamentary debate and vote, citizen control). In this respect, the new Bolivian draft constitution provides for the Multinational Legislative Assembly to authorize the country's recourse to loans.²¹⁵ Similarly, the Ecuadorian constitution, in a transparent manner, places debt decisions in the hands of the people's elected representatives.

Art. 9: The orientations and limits on public loans will be known and approved by the National Assembly together with the drawing up of the budget, in accordance with the law.

—CONSTITUTION OF ECUADOR, 2008

ENSURING PEOPLE'S RIGHT TO MIGRATE AND SETTLE

Apart from the fact that freedom to travel and settle is a basic human right, migrants' remittances to their families living in developing countries represent a significant revenue for millions of families. In 2007 alone, remittances totaled \$251 billion, which is four times more than the "donation" portion of the development aid package. Obviously, the measures elaborated on above would greatly remove migratory pressures. It is from this angle that the problem must be tackled, and not by closing borders to men and women.

Eight out of ten Haitians and Jamaicans who have college degrees live outside their country. In Sierra Leone and Ghana, the same ratio is five out of ten. Many countries in Central America and Sub-Saharan Africa, as well as some island nations in the Caribbean and the Pacific, show rates of migration among professionals over 50 percent.

—WORLD BANK, *International Migration, Remittances and the Brain Drain*, October 24, 2005

ESTABLISHING GENDER EQUALITY

More than a buzzword, gender equality is absolutely indispensable for any real alternative. It is important to emphasize, in this era of ambiguous words, that it is a question of "equality" and not "equity." These two words are often employed interchangeably but they do not mean the same thing, nor do they have the same urgency. If a person has six apples and decides to give them to two people, he might consider it equitable to give two to one and four to the other, according to his own criteria. This is the best kind of "equity" women can hope for—according to objective possibilities, according to the parties that hold power, according to the order of priorities. It cannot be overstated that many ideologies, even progressive ones, have abandoned the cause of women's emancipation. Women are not human beings at a lower echelon of humanity; they should benefit from the same privileges as men in all spheres. First, in the public domain, this means the same civil and political rights, the same economic, social, and cultural rights. In other words, three apples for him and three for her. Second, and more important, in the private sphere, there must be equality in the family, the household, and the community. For it is the private sphere that becomes the last refuge of patriarchy when societal advances are won. This is where the desire for power subsists, the place where revenge for external injustices can be enacted. Patriarchy enables the exploited slave of the workplace to become a tyrant in his home! Feminism, as an instrument of gender emancipation and struggle against patriarchy, is an integral part of the alternative, and this is non-negotiable.

States should undertake, at the national level, all necessary measures for the realization of the right to development and shall ensure, *inter alia*, equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment and the fair distribution of income. Effective measures should be undertaken to ensure that women have an active role in the development process. Appropriate economic and social reforms should be carried out with a view to eradicating all social injustices.

—UN, Declaration on the Right to Development²¹⁶

GUARANTEEING INDIGENOUS PEOPLES' RIGHT TO SELF-DETERMINATION

The hierarchical world history view often produces a racist vision of social relations. It is with much condescension that even the best-intentioned texts broach the issue of "indigenous rights." Native peoples who have acquired minority status in their own countries as a result of historical events such as colonial massacres and pillage must be in a state of permanent resistance to protect their rights. Even in cases where native groups are in the majority in relation to the descendants of white colonists, as they are in many Andean countries, racism reverses the hierarchy of values and gives all the rights to the dominant minorities. Autonomy is thus a political means of enforcing claims to those rights. Here again, autonomy can only be won by creating a balance of power. This is how during recent decades, everywhere in the world, indigenous populations have rejected submission to the dominant model and have risen up against multinationals, against governments, and against international institutions, to demand their rights and self-determination for their societies. New constitutions in Bolivia, Venezuela, and Ecuador embody these struggles and open the way to a just autonomy for indigenous peoples, allowing them to maintain or rehabilitate the traditions, customs, rights, and the political and democratic conceptions that are theirs. Is this the best way? Is it the only way? That is a question to be reflected on and debated within the social movements. What is clear is that autonomy will enable people to test their choices and to meet other communities as equals.

In September 2007, after more than twenty years of negotiations, the UN General Assembly adopted a Declaration on the Rights of Indigenous Peoples, recognizing for some 370 million people the "right to self-determination" and the "right to determine and develop priorities and strategies for exercising their right to development" in order to protect their cultures and the integrity of their lands, free from any form of discrimination.²¹⁷ Furthermore, reparations are envisaged for the damages suffered: "Indigenous peoples deprived of their means of subsistence and development are entitled to just and fair redress." Even if this declaration does not have the legal and binding character of a treaty, it is a laudable step forward. It should be noted that eleven countries, including Russia and Colombia, abstained while four others (the United States, Canada, Australia, and New Zealand) voted against it.²¹⁸

PROTECTING THE COMMON GOODS OF MANKIND

Reflection on the common goods of mankind is at the heart of debates in the global justice movement. The notion has acquired various names (public goods, common resources) and covers an increasingly broad range of items. Thus the classification of common goods can only be established after a vast democratic consultation reflecting different histories and cultures.

The notion of "common goods" covers the notion of "right" in many respects. Defending common goods means guaranteeing the right and access for all to water, pure air, energy, food, transport, and basic education (though it also encompasses knowledge in the larger sense of the term), development rights, equality, liberty, pleasure—in other words, the right to life. All these rights have been magnificently enunciated in the charters and treaties of the United Nations.

On the global scale, other rights must be guaranteed: the universal right to decent jobs through radically reduced working hours—as opposed to the current logic where unemployed people coexist with stressed and overworked employees; the universal right to an income for all citizens; the defense of pension schemes based on defined benefit

rather than defined contribution (creating a defined benefit plan where it does not exist); free education (including higher level) and health; programs of socially useful public works and the protection of the environment (for example, housing construction and urban renewal, renovation of existing habitats, and public rail transport systems); free public transport; literacy and vaccination campaigns; primary health care on the successful Nicaraguan model of the period from 1980 to 1983 or that of Venezuela between 2003 and 2005.

The issue of *political democracy* is obviously crucial. Without the active intervention of citizens at all decision-making levels, the proposals elaborated above have little meaning.

BUILDING A NEW INTERNATIONAL ARCHITECTURE

Proposals are needed that radically redefine the foundations of the international architecture. Let us review the case of the WTO, the IMF, and the World Bank.

A major aim of a new WTO should be, in the area of trade, to guarantee the implementation of a series of existing fundamental international treaties, beginning with the Universal Declaration on Human Rights, and then all the fundamental treaties concerning human rights (individual or collective) and protection of the environment. Its function would be to supervise and regulate trade in a way that strictly conforms to environmental and social norms in accordance with the conventions of the International Labor Organization (ILO). This definition is in direct opposition to the current objectives of the WTO (see Q23). It obviously entails a strict separation of powers: it is out of question for the WTO, or any other organization, to have its own tribunal. The Dispute Settlement Body of the WTO must be abolished.

The organization that would replace the World Bank ought to be largely regionalized (the banks of the South could be interconnected). It would grant donations or loans at very low or zero interest rates on condition that the money be used in strict respect of social and environmental norms, and more broadly, of fundamental human rights. Contrary to the current World Bank (see Q8), the new bank that the world needs will

not seek to represent the interests of the donors, nor will it force debtors to bow to market domination. Its first mission would be to defend the interests of the populations that receive the loans and donations.

As for the new IMF, it would retrieve part of its original mandate, which was to guarantee currency stability, fight speculation, control capital movements, and put an end to tax havens and tax fraud. To achieve this aim, it could act together with national authorities and regional monetary funds to collect various forms of international taxes.

All these avenues require the elaboration of a new global architecture that is coherent, multilevel, and consistent with a healthy separation of powers. Its cornerstone must be the United Nations, provided its General Assembly becomes the true decision-making body—which implies abolishing permanent membership of the Security Council and related veto rights. The General Assembly could delegate specific missions to bodies on an ad hoc basis.

We believe in the necessity and the feasibility of UN reform for three reasons. First, its charter is largely progressive and democratic. Second, its constitutive principle is democratic (one state = one vote)—even if it needs to be complemented by a system of direct proportional representation, as suggested above. Finally, in the 1960s and 1970s, the General Assembly adopted a number of resolutions and declarations that were clearly progressive (and that in principle remain applicable) and it established some useful institutions (ILO, UNCTAD, WHO).

Another question, yet to be fully explored, is the setting up of an international legal body, an international judiciary (independent of other international powers), to complement the current structure that includes the International Tribunal of The Hague and the recently founded International Criminal Court. Under the neoliberal offensive of the last twenty years, commercial law has gradually overshadowed public law. Non-democratic institutions such as the WTO and the World Bank operate with their own juridical system: the Dispute Settlement Body of the WTO and the ICSID (see Q8), whose role has increased disproportionately. The UN Charter is regularly violated by the permanent members of the Security Council. New spaces outside the rule of law are created, namely “enemy combatants” held in custody in Guantánamo Bay by the United States. The United States, having challenged the International

Tribunal of The Hague (it was found guilty in 1985 of aggression against Nicaragua), refuses to recognize the International Criminal Court. All this is very worrying and urgently calls for initiatives to complement an international legal system.

Meanwhile, institutions such as the World Bank and the IMF must be brought to account. In reality, though in principle they fall under the jurisdiction of the international judicial system and are bound by the human rights treaties, these two institutions (together with regional development banks) ignore them.

Increasing malnutrition, falling school enrolments and rising unemployment have been attributed to the policies of structural adjustment. Yet these same institutions continue to prescribe the same medicine as a condition for debt relief, dismissing the overwhelming evidence that Structural Adjustment Programs have increased poverty.

—FANTU CHERU,
UN Independent Expert²¹⁹

Furthermore, these institutions have actively supported (and still support) dictatorial regimes and have destabilized (and continue to destabilize) democratic governments whose politics displease Washington and other capitals. The list of their misdeeds is long and the crimes they have committed and still commit are serious. Legal proceedings against them must be initiated before the various competent institutions, starting with the national jurisdictions.²²⁰

QUESTION 55

If and when the debt is canceled, how can a new round of indebtedness be avoided?

Contrary to the IMF and the WB, which agree to debt relief in order to make the debt sustainable while retaining the related mechanism of structural overindebtedness, the total debt cancellation we demand must go hand in hand with a radical change of logic and new types of funding.

These new sources of money, which should be managed with the active participation of the local populations, do not imply fresh borrowing.

- After debt cancellation, the developing countries would no longer have to pay debt service. Even if they were refused credit access (since creditors would probably refuse to lend to countries that had obtained total debt cancellation), the amounts saved (see Q28) could be redeployed for their domestic needs.
- The expropriation of ill-gotten gains, after inquiries into embezzlement and corruption among the ruling classes of the South, would funnel considerable sums back to the developing countries—on the order of tens of billions of dollars a year for several years.
- A reevaluated and redefined ODA exclusively in the form of donations, as reparation for a historical, human, moral, social, ecological, and cultural debt, this time owed to the South, would bring in several hundred billion dollars a year.
- A Tobin-type tax on financial speculation linked to the foreign exchange markets and a tax on profits made by transnational corporations would also bring in significant amounts. Indeed, according to the BIS figures, daily currency transactions reached over \$3.2 trillion in April 2007, not counting derivatives estimated at \$2.4 trillion.²²¹ Even supposing that a tax would result in reducing the total by half, the amount concerned would still be \$2.8 trillion. A 0.1 percent tax on such an amount would bring in \$2.8 billion . . . per day!
- Developing countries, now no longer under the obligation to procure hard currency for their debt repayments, could consolidate their export revenues and at the same time ensure a reallocation of land, favoring food crops, reducing the areas cultivated for export produce and better preserving resources, forests, and land.
- Redistributive tax policies, on a global scale as well as within the developing countries, could do away with the inequalities brought about by the dual logic of the debt and structural adjustments. A “one-shot” tax on the estates of the richest 10 percent of families in each country would generate substantial fiscal revenues.

All these initiatives are suitable for financing an "alternative development" within the context of "alternative globalization." In any case, they place strong limits on the need for borrowing.

We cannot repay the debt because we do not have enough to pay.
We cannot repay the debt because we are not responsible for the debt.
We cannot repay the debt because conversely others owe us what the greatest wealth will never pay for, the debt of blood. Our blood was shed.

—THOMAS SANKARA, president of Burkina Faso,
1983–87, Addis Ababa, July 1987

QUESTION 56

What is debt auditing?

A debt audit consists of analyzing each loan, determining the circumstances in which it was contracted, examining how the money was used, what results were reached and who profited by them. It thus gives an in-depth insight into the amount of the debt and the payments it incurs, who contracted it and in what conditions. In this respect, debt auditing makes it possible to allocate responsibilities, and in the case of illegitimate debt, it opens the way to a claim for reparations against domestic state bodies that overstepped their competence, as well as against creditors who acted in full knowledge of the facts. Lastly, debt auditing makes it possible to find out which debts are odious and must therefore be considered void.

In international law, public auditing is the primary instrument through which the competence of public authorities can best be tested. As a tool, it gives governments the possibility to decide on the licit or illicit nature of the external public debt. This is so true that in the case of Brazil, public auditing of the debt has constitutional status. Finally, it is for the government of the concerned state to decide, on the basis of internal competence and after analyzing the legitimacy of the debt, whether or not it must be repaid.

From the standpoint of the international community, an odious debt could be taken to mean any debt contracted for purposes that are not in conformity with contemporary international law and, in particular, the principles of international law embodied in the Charter of the United Nations.

—MOHAMMED BEDJAOUI, Special Rapporteur
of the International Law Commission, 1977²²²

Similarly, when a government refuses to make an audit, citizens have a right to demand it. A citizen audit places the issue of law at the heart of considerations about the debt and citizens at the heart of their country's democratic and political life. The audit thus provides social and financial protection for citizens as well as being a legal argument for debt cancellation.²²³

By giving people the right to see how public money is used, the citizen audit also allows for the setting up of democratic structures through which they can manage the restitution of ill-gotten gains and their use for the benefit of the more deprived sections of the population. It is then possible for a constitutional government wishing to improve the living conditions of the population to put an end to serious human rights infringements resulting from the spiral of indebtedness, and to decide that the debt must be repudiated. Furthermore, the citizens' structure that has either carried out or accompanied the auditing process will also be in a position to demand the restitution of money misappropriated by corrupt leaders, which is an efficient way of fighting corruption, whether practiced by public or by private creditors.

During the audit process, a government has the right to freeze repayment of public debts. At the same time, Structural Adjustment Programs must be stopped and replaced by policies that give priority to fundamental human needs and ensure that cultural, social, and economic rights are effectively respected.

The debt audit tool thus makes it possible to identify responsibilities and to expose illegal, void, or odious debts, opening the way to debt repudiation and a claim for reparation both from state bodies that went beyond their authority and from creditors who acted in full possession of the facts.