

# The international anti-debt campaign: a Southern activist view for activists in ‘the North’ ... and ‘the South’

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## The anti-debt campaign goes public

It is an enormous relief to anti-debt groups in the ‘global South’ that the crisis of external indebtedness has at last moved centre-stage in global public awareness. Whether based on the Christian principle of ‘jubilee’ renewal – the liberation of the bonded poor and debt-enslaved at the start of the new millennium – or on similar principles espoused by other religions, or on the basis of secular ethics against the exploitation and subordination of the poor and weak by the rich and strong, millions of people are joining the international campaign for a definitive solution to the scandalous extraction of the resources of the world’s poor into the overflowing coffers of the rich.

Of course it was – as always – only after influential churches and other religious groups, development agencies, and NGOs in the North took up ‘the Third World Debt’ that it became ‘an issue’, something that causes the usual wry observations among researchers and activists in the countries directly concerned, who have been working on debt issues for almost two decades.<sup>1</sup> Nonetheless, this growing recognition is welcome, and the research and information campaigns, political lobbying, and media interventions by anti-debt coalitions in Europe, North America, and Japan must be commended. They have made significant gains in terms of media coverage of the scale and effects of the debt, if not the complex causes. Some anti-debt groups have achieved advances in their respective governments’ positions on payments owed to them by countries in the South. The campaign has even compelled the IMF and the World Bank to modify their implacable opposition to debt

cancellation (above all, the cancellation of debts owed to themselves). It is mainly in an attempt to deflate growing public criticism, and deflect the full potential thrust of the campaign, that these institutions, in conjunction with the G7 countries, belatedly offered some 'debt relief' for the most Heavily Indebted Poor Countries (HIPC).

All this is evidence of the impact of the international campaign against the growing 'Third World' debt.<sup>2</sup> The paradox is that, as public information expands, and the campaign makes ever greater gains, the options and issues are actually becoming more complex. As the number and range of participating organisations and countries grow, the discussions of objectives and tactics become more complicated. These debates relate not only to the methods and purposes of engaging with creditor governments, nor only to the aims and implications of, and appropriate responses to, the HIPC strategy. Within and among the anti-debt groups – particularly between some in the North and others in the South – there is a deepening debate on many of the common concepts and implicit assumptions, the tactics and strategies, and the fundamental aims and purposes of the campaign.

## Deepening debate on key issues

The IMF/WB offer of debt *relief* (or partial debt 'forgiveness', as the US and other governments refer to it) has been supported multilaterally by government creditors, but accompanied also by certain unilateral decisions on selective debt *reduction* by governments such as Canada, Norway, and Denmark. Meanwhile, non-government anti-debt groups in Europe and North America called for the *cancellation* of the 'unpayable' debts of the 'poorest' countries by the year 2000. However, there are some worrying ambiguities in their position. For, while public campaigns call for a 'halt' to the debt crisis, and for the debt to be 'dropped now', when grappling with their governments and with the IMF/WB, anti-debt groups repeatedly slip into the language of debt 'relief' or 'reduction', and resort to compromised calls for 'more substantial' debt cancellation<sup>3</sup> – that is 'wider, deeper and faster'.<sup>4</sup> The danger is that such arguments could become an implicit acceptance that debt cancellation need not be immediate or total. Yet debt cancellation is what radical activists in the debtor countries seek, and is the vision that is attracting millions of people to the campaign.

One problem is that the terms debt 'relief', 'reduction', and 'cancellation' are used interchangeably by different actors. 'Relief' can

refer to relieving the burden-carriers of their burden, but may also mean alleviating rather than terminating the problem. 'Reduction' implies only partial removal of debt repayments. And, unless explicitly defined as 'partial', 'cancellation' should mean the definitive ending of all debt. There needs to be greater clarity and consistency on the part of debt analysts and campaigners in their use of these terms, and the same must be demanded of official spokespeople, in order to prevent unintended ambiguities and misunderstandings, or indeed the deliberate 'fudging' of what is on the table.

More problematic is the interpretation of what is 'unpayable'. The IMF/WB argue that debt is 'sustainable' as long as debt payments are being kept up without default. Some Jubilee 2000 (J2000) groups also base their proposals on 'sustainability' criteria.<sup>5</sup> Others point out that such payments are sustained only at the expense of essential social spending and to the heavy cost of the populations of debtor countries.<sup>6</sup> They argue for an approach based on 'development criteria', meaning that governments have the right to spend on essential primary education and health needs before repaying debts. This begs the question: what is 'essential'? Where are the limits to be drawn when essential social needs are also developmental necessities? Surely, there can be no *a priori* expenditure levels set on what are, and have to be, open-ended and ever-expanding resource requirements for full (not token) education for all, and fully effective (not minimal) health care. These are both a key measure and fundamental means towards self-sustaining development. Nor does the 'basic needs' or minimalist approach take on board the many other social needs – which are also human rights – such as housing, clean water, decent sanitation, accessible and safe transport systems, social and physical security, as well as the right to life-sustaining employment. So, at what level, or when, does Third World debt become 'payable'?

## Don't owe! Won't pay!

To anti-debt groups in the South, the very suggestion that their countries' debts are 'payable' is outrageous. And this is the moral position of many of their supporters in the North. In fact, the debts that these governments incurred, by whatever means and for whatever purposes, have in real terms already been repaid – in some cases, many times over. They have also been paid in the incalculable terms of social and environmental damage, political unrest, conflict and wars, and profound human insecurity and suffering. In January 1999, Latin American and Caribbean

anti-debt campaigners declared in Tegucigalpa that not only do their countries not 'owe' anything, but that there is a moral, political, social, and environmental debt owed *to* them. The African non-government debt declaration, made in Accra in April 1998, similarly denounced any further debt repayments, and pointed to reparations due to Africa for the damages inflicted by the centuries of slave trade, colonial, and neo-colonial exploitation. The myth of vast external 'aid' flows into Africa is exploded by the fact that US\$1.41 in debt payments leave the continent for every dollar received in grants in 1998. This is quite apart from the vast sums that have long been flowing out of many countries in the South, in the form of super-profits on foreign direct investments,<sup>7</sup> dividends on foreign-owned equity, and unequal terms of trade.<sup>8</sup>

From such perspectives, any requirements for any further debt repayments are immoral and illegitimate. Not one cent more should be added to the prolonged outflows of precious resources from South to North: the indebted countries of the South 'don't owe, and won't pay'. For this to become the position of their governments is the challenge to anti-debt campaigners within these countries. However, it also has to be accepted and energetically pursued by Northern anti-debt campaigners in order to bring pressure to bear on their own governments.<sup>9</sup> Minimally, Northern groups must recognise the position of their counterparts in the South and so not contradict it, either explicitly or implicitly. For instance, it is deeply problematic when prominent J2000 spokespeople warn creditor agencies that they must act promptly or 'poor countries will take matters into their own hands'.<sup>10</sup> Rather than trying to pre-empt such possibilities, anti-debt campaigners should be actively helping to make debt renunciation a central component of international discourse. Influential anti-debt campaigners in the richest countries should be using their skills and contacts to prepare international public opinion — and through this the governments of both North *and* South — for this legitimate resolution of the debt crisis.

## Different approaches

Other differences within the international anti-debt campaign also need to be admitted. Many development NGOs,<sup>11</sup> although supporting the debt campaign, have been trying to 'improve' the HIPC initiative to embrace more than the current half-dozen qualifying countries, and to be implemented more rapidly than originally planned. However, intensive research by UK Jubilee 2000 revealed<sup>12</sup> that, even if applied to

all 41 designated HIPCs, the IMF/WB terms would largely provide ‘relief’ only on debt that is already not being paid, and which the international finance institutions know will never be paid. In fact, some HIPCs would be paying out more than they are already; and there would actually be an overall gain for creditors from this ‘debt relief’ exercise. However, the more fundamental objection is that the IMF structural adjustment conditionalities driving the HIPC programme have been a major factor in the deepening economic and social crises in the South, and a powerful reinforcement and aggravation of their external financial dependence and subjection to external controls. HIPC *and* its conditionalities are unacceptable, both in their aims and effects and in principle. Anti-debt groups that do not assimilate this are failing to understand some of the basic causes of the debt crisis, and they may in fact be helping to sustain the debt-bondage of the very countries and peoples they want to assist.

In entering into ‘debates’ with the IMF/WB – whether in order to ‘change’ or to ‘challenge’ them – and in engaging with their own governments to persuade them towards more advanced policy positions, Northern anti-debt groups are also in danger of accommodating themselves to the creditors’ selective and divisive approaches towards debtor countries. This is creating discrepancies, not only within the positions of such groups but between them and their Southern counterparts. The International J2000 Coalition explicitly focuses on ‘the poorest countries’, identifying 52, with a combined population of almost one billion, that are in urgent need of debt cancellation. In practice, however, many J2000 groups and development NGOs are drawn into the focus of the IMF/WB and their own governments on the most heavily indebted Least Developed Countries (LDCs). This is not necessarily wrong in itself, but it begs the question as to where the ‘qualifying’ line – other than simplistic quantitative GDP measures – should be drawn. Does a country such as Brazil, which is not an LDC but has the very worst income disparities in the world, and dire social and environmental crises, not qualify for debt cancellation? At what real cost will Brazil ‘sustain’ debt repayments? Similarly, does South Africa, supposedly a ‘middle-income developing country’, but with income disparities and social problems as acute as those of Brazil, not need debt cancellation in order to apply all possible resources to dealing with the continuing legacy of apartheid? And what of the dozens of other deeply indebted, socially and environmentally stressed, countries?

## More countries, more than ‘poverty alleviation’

Anti-debt groups in the South need to take a wider and more strategic approach to the country coverage and adopt broader arguments for the debt cancellation campaign. They are aware of the divisive and potentially weakening effects of selective and exclusionary debt-relief proposals and so must maintain a united front among themselves. This does not mean that all national anti-debt campaigns will be identical. There are clear differences in the scale and the structures of specific country debts, and these have to be carefully researched, the targets identified, constituencies mobilised, and diverse tactics employed. However, debt campaigners do need to agree on a set of common principles and maintain the broadest unity and strongest joint positions and common actions possible. Indebted countries cannot allow themselves to be played off against one another. Nor should there be any acceptance of arguments that debt cancellation for some countries can only be done at the expense of others that are more urgent or ‘deserving’. Such issues were at the heart of the November 1999 South–South debt summit in South Africa. Already, the official position of the African non-government anti-debt campaign is that its call for total debt cancellation applies to all African countries, irrespective of the size or structures of their debts or their official economic categorisations by the IMF/WB or other international bodies.

Anti-debt campaigners in the South have also to prevail upon their Northern counterparts to take on broader arguments for debt cancellation than ‘poverty reduction’ alone. Even if employed tactically in arguments to expose the contradictions between the official ‘poverty reduction’ and ‘debt reduction’ policies of the rich countries in the OECD,<sup>13</sup> the mere use of such notions can give additional prominence, and legitimacy, to the very limited proposals on offer in the dominant discourse on world poverty. This is counterproductive to the broader need to challenge the OECD’s approach, which is to call for a 50 per cent reduction in the numbers of those living in absolute poverty, by the year 2015. It needs to be absolutely clear in any engagement with the OECD that poverty ‘reduction’ is a totally inadequate aim, and that debt ‘reduction’ will simply perpetuate the outward flow of ‘poverty reducing’ resources. Otherwise, such notions can – unintentionally and imperceptibly – displace the South’s call for poverty *eradication* and debt *cancellation*. The alternative is to legitimise the ‘half a loaf is better than none’ approach, which leaves both the half-fed and the unfed in ongoing

hunger and misery. And, once again, it begs the question of where the line will be drawn between those to be alleviated of their misery and the remainder, who must continue in 'absolute poverty' – for how long? Fifteen years? A generation? A century?

## Wider arguments and perspectives

There are other strong justifications for debt cancellation. Most of these were endorsed in the International J2000 Declaration in Rome in November 1998, but have been inadequately projected in practice. Anti-debt groups need to promote, for example, the proposal to cancel debts incurred through ill-conceived, poorly implemented 'development projects', mainly World Bank-supported, that entailed onerous repayment undertakings without generating appropriate financial returns, or without confirming the availability of other financial resources to meet those obligations. Countries struggling with post-conflict reconstruction and rehabilitation – of which there are many in Africa, Asia, and Latin America – require the same sympathetic and enlightened consideration as was accorded European countries, victors or vanquished, after the Second World War.<sup>14</sup> In fact, such countries in the South require even more generous understanding, since they are labouring under more adverse circumstances, with far poorer human and technical resources.

Southern groups are also insisting on the illegitimacy of debts incurred by military dictatorships and other repressive regimes, which are left for successor governments, and the victims of the former regimes, to pay off. The illegality of loans wittingly made to illegitimate régimes – like those in Argentina, Chile, and Brazil, or Mobutu in Zaïre, Marcos in the Philippines, and a host of others – is enshrined in the Doctrine of Odious Debt, already part of international law and precedent. The creditors of such regimes – whether governmental, commercial, or institutional – have to be confronted with the legal, as well as legitimate, right of subsequent governments to renounce responsibility for such debts. The illegality as well as the illegitimacy of the debt inherited by democratic South Africa from the apartheid régime falls squarely into this category.

These arguments constitute a more comprehensive and just approach, although a politically more challenging one. Some argue that bringing up all these other dimensions will simply cloud the main issue and confuse the majority of supporters. This is debatable. The more real danger is that

anti-debt campaigners – North and South – might allow themselves to be drawn into the questionable proposition that the respective country debts have to be broken down so that such ‘illegitimate’ debts can be clearly identified and dealt with.

## Political illegitimacy and illegality

It would be an extremely complex exercise to isolate ‘illegitimate’ debts, and would hardly be possible without the fullest co-operation of all the parties involved. Further, the guilty banks and governments could deliberately prolong the process. More significantly, such an approach could be falling into the trap of implicitly accepting that the other, or remaining, parts of the debts are somehow ‘legitimate’. The main point about the different aspects or components of national debt is that they apply in different combinations in the respective countries, and precisely because these different dimensions and sources of indebtedness are extremely difficult to unravel, these considerations should not become the basis of ‘technical’ investigations and legal processes. They would have more effective impact if they were marshalled as part of the argument for straight debt cancellation *tout court*.

A further set of problems relates to the use of international law and judicial bodies to pronounce on the ‘illegality’ of specific cases of odious debt. There are undoubted campaigning uses to be made of this concept, and of selected cases, to highlight a significant source of indebtedness in many countries. But there are also questions about using odious debt as a legal weapon *per se*. There are manifest problems within most countries in pursuing such processes through biased and discredited judicial systems. However, even within somewhat more reliable international judicial bodies and processes, experience has shown that in cases between rich and poor, strong and weak, an essential precondition for equity and justice is that disadvantaged complainants are provided with all the financial, legal, technical, and other backing required to pursue such processes. Such considerations would have to be an integral part of any legal strategies by national or international debt campaigns in this direction, and would still not guarantee full success.

There is an argument which holds that achieving success in even one such case would be a powerful deterrent against further and future irresponsible and illegal lending practices.<sup>15</sup> This assumes, somewhat naïvely, that, under the threat of possible legal action against them if they are uncovered, banks will desist from their traditional *modus operandi*



and refrain from using their vast financial and legal resources to continue evading the law as long and as far as they can. This is made all the more likely with the proliferation of dubious banks around the world. Skilful evasions of legal actions are even more feasible with the extensive deregulation of the global financial system, and the uncontrolled, weakly supervised, and poorly monitored practices of banking organisations in the global economy. In fact, campaigners should not rely on the voluntary compliance of banks with national or international legal pronouncements. Nor should they be trying to encourage better 'self-regulation' by banks. The grossly irresponsible behaviour of banks exposed by the Third World debt crisis, and the success of any 'odious debt' legal process, should rather be used – in combination with much broader global campaigns – to call for the international public re-regulation of all financial institutions. This requires closer supervision of banks and related financial organisations, and their subjection to full national and international public scrutiny, social and environmental responsibility, and democratic accountability.

## Roles and responsibilities

Clearly, the above considerations raise challenging questions and pose broader tactical and strategic possibilities for the international anti-debt campaigns. Unfortunately, not all of them have yet been taken up with conviction by Northern anti-debt groups, let alone by the general public in the North. Most of these activists are still mainly motivated by the traditional desire among (undoubtedly well-meaning) people in rich countries to alleviate the suffering of the 'helpless poor' elsewhere. This may be sincere, but it will not end the suffering of the poor as long as it does not tackle the multiplicity of causes of that suffering, which include the roles of their own governments, banks, and other lenders, as part of the *sources*, and not only the 'solvers', of the crisis.

This failure of understanding is evident in the tendency of some influential development organisations in the North<sup>16</sup> to focus mainly, like their home governments, on the roles and responsibilities of Southern governments for the indebtedness of their countries. And they see the improvement of such governments, or 'governance', as the priority condition for – and even before – debt cancellation. There are certainly sound arguments for improving the technical reliability and the political accountability of government, and these go way beyond the requirements of debt (re)payment. However, even within the framework of debt

cancellation, this is not a simple or straightforward matter. None know better than the long-suffering peoples of the South the self-serving abuses of power, irresponsibility, indifference, incompetence, and gross corruption that characterised most of their governments most of the time. However, not all governments are totally or equally guilty of such abuses. It is a sweeping generalisation, and shows a superficial understanding of the real process, simply to hold debtor governments responsible, let alone solely responsible, for the predicament of their countries. It is ironic that many Southern campaigners, strongly critical of their own governments, find themselves having to point out to NGOs as well as official agencies in the North that many such governments were both victims *and* culprits in the process. In most cases, the debts escalated due to factors beyond their control, such as dramatic rises in international interest rates that were caused by economic processes and self-serving decisions in the richest countries, particularly the USA. At the same time, countries of the South were handicapped by declining incomes, due to the deteriorating prices for their commodity exports: the harder their people worked, and the more they exported, the lower prices fell. Some governments tried to diversify their national economies to reduce such commodity dependence and vulnerability, but that often entailed further external borrowing. Many indebted governments tried in vain, and somewhat naïvely, to appeal to their creditors to lessen the burden. Others did not even attempt that. Most often, cash-strapped governments feared the reaction of their populations more than they resented their own dependency upon their creditors, and thus they kept returning, year after year, for their next financial fix, just to keep going. And each year they would be rewarded with another ‘debt-rescheduling’, and another tranche of ‘aid’ in the form of loans and grants – but only if they had dutifully followed the right policy prescriptions. Whatever their approach, all of them were inextricably tied down by their creditors’ payment demands and heavy macro-economic conditionalities. And these were upheld and secured by the mutually reinforcing ‘cross-conditionalities’ between the bilateral (governmental) and multilateral (institutional) lending agencies.

What needs to be underscored is that there are many causes for the deepening of debt, and responsibility rests on many ‘culprits’ on all sides. Some argue that much of the problem of developing countries can be attributed to the ‘objective workings of the market’. But active agencies include not only commodity brokers, stock-market speculators, and currency dealers, but also legal and illegal (odious) commercial lenders,

together with their clients, and industrialised-country governments, along with the multilateral financial institutions that they control. Thus, if anti-debt groups in the North support their governments' demands, as many do, for proof of 'good governance' by erring debtors, as a political condition for debt relief or reduction, they should also call for equally demanding conditions to be placed on the whole range of self-serving, unprincipled, and irresponsible financial agencies, whether governmental, inter-governmental, or commercial.

## Conditions and counter-conditions

To be consistent, effective, and fully legitimate in the South, anti-debt campaigners in the North should demand that conditions be placed also upon their own governments, the banks they support, and the institutions they control. A major factor in the creation of the debt crises and democratic deficits in the South derives from the geopolitical, as well as financial, motivations of Cold War governments in bank-rolling highly dubious (but useful) governments in Africa, Asia, and Latin America. Criticisms can also be made of many of the creditor governments which supplied 'tied' grants and loans to promote the interests of their own producers; and which provided (and continue to provide) guarantees to their own exporters, and protections to avaricious and irresponsible banks. And yet these same governments now self-righteously demand that debtors prove their probity. If such developed-country 'democratic' governments now eschew responsibility for the negative practices of their predecessors, they must allow the same latitude to today's governments in the South, who bear little responsibility for the acts of their predecessors in creating their countries' debts.

The leverage that is being incorporated in proposals for debt 'relief' is a blunt instrument to deal with the complex combination of domestic and international factors underpinning governmental abuses and failures in many countries of the South. The domestic factors are many and varied, and arise both from objective factors and subjective failings. The latter include inadequate self-organisation and self-assertion by independent civil-society forces and information media, to challenge and correct the harmful practices of their political, bureaucratic, managerial, and business élites; or to counter their own suppression by them. But, most often, these ruling élites were able to behave as they did by courtesy of the indifference or the conniving *Realpolitik* of the dominant international forces, governmental and entrepreneurial. As the Accra

Declaration states, accountability, transparency, and democracy must be established in all government institutions in Africa, but also in the structures and operations of international lending agencies. This includes both public and private, governmental, commercial, and institutional actors. Without such international regulations and institutional controls, attempts to stop debt crises re-emerging just by disciplining current debtor governments will simply not suffice. Conditions and controls do have to be set, but they must be effectively designed, internationally agreed, transparent in operation, closely monitored – and applied to *all* involved.

In this respect, a further guarantee is in the effective role and rights of popular civil-society organisations (CSOs) in the indebted countries to monitor and help to determine the social uses to which the financial resources released by debt cancellation will be applied. This is supported by anti-debt groups in both North and South, although a particular responsibility rests on Northern groups to give all the support they can to the strengthening of popular organisations in the debtor countries. Without this, the role of civil society in the South could be largely tokenistic, and the task will, in effect, be carried out, as so often, mainly by well-positioned, powerful (and sometimes self-promoting) NGOs in the North ‘on behalf of’ the South. A case in point is the proposal by some Swiss development groups that the ‘savings’ made by Swiss-government debt relief in Africa be channelled through ‘debt swaps’ to the projects of Swiss NGO groups working there. This would in effect divert to themselves resources that should be within the purview of independent local groups and national governments. In this way, well-meaning – but frequently paternalistic and often self-serving – Northern development agencies effectively displace local people from determining how their own resources recovered from external debt drainages should be used.

The real empowerment and effective role of local groups and social movements in the South is even more difficult with respect to proposals for the inclusion of ‘all stakeholders’ in a future international debt summit under the auspices of the UN. The same applies to the role and ‘right of local organisations’ to be heard in the proposed Debt Review Bodies,<sup>17</sup> or in relation to other debtor–creditor arbitration panels, as proposed by UNCTAD. Given existing patterns in many such international processes, the role and rights of ‘civil society’ will largely be enjoyed by the better resourced and strongly organised Northern CSOs ‘on behalf of’ all global social forces, whose needs and aspirations they do not necessarily understand or represent.

## Resources and reimbursements

Much of this whole debate resolves around ensuring that the 'resources released' by debt cancellation will be turned to good social use and not mis-applied or squandered by incompetent governments, or stolen by the corrupt, as has so often happened in the past with monies received from abroad. Campaigners in the South note this new-found concern about such abuses with some irony. It would have helped to control irresponsible external borrowing if the lending agencies – governmental or commercial – had been more scrupulous in their choice of those upon whom they bestowed their loans in the first place. However, the more crucial point now is that the financial resources being 'released' are from the resources of the debtor countries, their own export earnings, which would then be available for essential external expenditures requiring foreign exchange (such as medicines and medical equipment) and other needs within their own economies. *In other words, debt cancellation amounts to 'allowing' these countries to keep and use their own hard-earned money!*

The second point relates to the argument constantly posed by creditor governments, and implicitly or explicitly taken up by many non-government groups, that debt cancellation will somehow carry 'costs' and even require 'new resources'. There may well be costs to creditor governments, and some will undoubtedly have to forgo some income. The alternative is to argue that government coffers in the rich countries should continue to receive such inflows – which, though minuscule within their overall revenues, are huge within the revenues of debtor governments. More importantly, many of the so-called costs or losses will actually be incurred by commercial banks. This would be income forgone rather than real losses, since most have already been fully reimbursed for the loans they provided. However, even if some have not totally recouped their outlays, loan defaults are part of the calculated risks that creditors have to take and plan for. In fact, most such banks have long ago written off many of the 'bad debts' owed them in the Third World, although, in order to maintain the myth of the 'inviolability' of banking principles and the inescapable 'obligations' of creditors, they do not publicise this. Any talk by Northern governments about 'new resources' needed to compensate banks for their losses is a matter between them and their banks and other financial bodies. Alternatively, if the public assumption of responsibility for private debts is unacceptable to Northern tax-payers, then it is a domestic issue between citizens' campaign groups in these

countries and their governments. This is not the responsibility, nor the concern, of the victims of these processes in the South, and it should not form part of the international negotiations on debt cancellation.

The 'losses' that will be incurred by the multilateral financial institutions entail two other considerations. The first is the formal issue that the statutes of the IMF, World Bank, and related financial bodies prohibit them from writing off debts, as private banks do all the time. This is a question to be resolved between them and their main financial under-writers and decision-makers, the G7, and other rich countries. The same applies to the regional banks, such as the African Development Bank and its counterparts in Asia and Latin America. All these multilateral financial institutions have to be made to take responsibility for their wrong decisions in the past, their poor project assessments, and, above all, their bad policy impositions. If not, they will continue with the practices and the policies that have contributed to creating economic decline and debt crises in their client countries.

The more immediate issue for countries in the South, above all in Africa, is the proposal<sup>18</sup> that the losses incurred by the international finance institutions should be off-set by the sale of some of the IMF's gold reserves. On the one hand, this may merely be used by the IMF to ensure that its Enhanced Structural Adjustment Facility (ESAF) receives the necessary financial resources to become self-sufficient and self-perpetuating.<sup>19</sup> On the other hand, such massive gold sales will affect yet another area of the commodity-export earnings of a whole range of countries – from relatively 'rich' South Africa to poverty-stricken Burkina Faso in Africa, and others elsewhere. Of course, such dependence upon commodity exports and vulnerability to international commodity-market price fluctuations is a fundamental problem in itself. However, what this (well-meaning but ill-conceived) proposal means is that, once again, what is purportedly (but not actually) being 'given' to the countries of the South with the right hand is taken away with the left.

## Unilateral, bilateral, and multilateral approaches

There are various proposals for multilateral debt-negotiation forums, processes involving the UN, or the creation of international arbitration bodies where debtors and creditors can be brought together. There are also innovative proposals for the establishment of international and national legal instruments enshrining the right of effectively bankrupt countries to have recourse, like struggling companies, to insolvency

procedures and protections from their creditors. This is part of the legal approach to the debt problem, which could also include the use of Bisque Clauses that entitle debtors unilaterally to suspend or defer debt payments. These are not 'revolutionary' proposals, but core principles and well-established procedures within the capitalist economic system. They are designed to encourage the entrepreneurial endeavours that are supposedly at the very core of the market dynamics that drive capitalism; and to do so by underpinning risk-taking business ventures with guarantees and protections in the event of operational difficulties or business failures.

Some argue that these proposals – and the recourse to the Doctrine of Odious Debt – are overly legalistic, compromising, and constricting. They hold that governments should simply go into unilateral *de facto* default, as some have done even in the recent past (although this is not widely publicised by their creditors, in order not to encourage others to do the same). But, unless a number of countries happen to do so simultaneously, debt default could expose weaker economies to financial, trade, and other reprisals. The more radical and definitive solution would be for all Third World debtor countries explicitly and collectively to renounce or repudiate their debts – but they would also have to be prepared to stand united against counter-actions by the world's financial and political forces. This strategy would require both political will on the part of such governments, and informed popular support and preparedness for the probable short- to medium-term economic consequences. It would also require extensive prior preparation and mobilisation of international public opinion. Thus, recourse to the collective repudiation of their debts by the countries of the South, as a legitimate, definitive, and last-resort resolution of the debt crisis, needs to become part of international discourse and campaigning activities. Getting there will have to be an incremental political process, although culminating as joint public action. The political ground must be laid to encourage ever-wider – if unpublicised – commitment by increasing numbers of governments to a joint public declaration.

Another collective approach is to make debt cancellation an integral part of international economic negotiations in multilateral institutions, such as the World Trade Organisation (WTO). Already there are tentative proposals that developing countries should insert the 'trade-related' aspects of indebtedness, along with 'trade-related' commodity-price instabilities and other issues of concern to them, into their negotiating packages in the multilateral processes. In this view, such demands could

be used as possible trade-offs in the multi-sectoral 'Millennial Round' of WTO negotiations that was to have been proposed by the developed countries at the WTO meeting in Seattle in December 1999. The problem is that this approach proposes trading off the essential needs of developing countries and relatively limited concessions to the weaker economies, in exchange for major gains in the restructuring of the world economy in the interest of the strongest economies and 'their' global corporations. Hence the increasing demand by many developing-country governments, and a growing international campaign by non-government forces, against the proposed 'Millennial Round' altogether.

Needless to say, virtually all debtor governments are still counting on continued bilateral agreements, or continued multilateral negotiations, between themselves and their creditors in the Paris Club to alleviate their debt burdens. Even the 'collective' position of the Organisation of African Unity (OAU) does not go beyond appealing for 'better' HIPC terms and more 'understanding' of Africa's problems by the creditor governments and institutions.

## Varied tactics and targets

Radically different as these approaches are, they need not all be mutually exclusive, but nor are they equally useful. Many, such as the moderate appeals for further debt relief and re-schedulings, have long proven ineffective. Other approaches can be utilised simultaneously, or at different phases, by differently situated actors for different targets or specified purposes. However, these multiple or parallel tactics are not without their dangers. For example, skilled researchers who can analyse and expose the fallacies in the arguments of the international financial institutions can certainly make an important contribution. Anti-debt campaigners situated in influential development organisations and social/religious bodies in the North should indeed use their influence with their national media and lobby their governments. But individual researchers or lobbyists, however effective, cannot substitute for organised public opinion. And organised public opinion in the North cannot substitute for organised popular mobilisation in the South.

Although all useful to differing degrees, such varied players, tactics, and targets are not of the same order of significance. Organised popular forces in the North can help to create a propitious climate within and through which governments can be persuaded or pushed towards the required positions. Intellectual efforts and information should be aimed



primarily at informing and activating increasing numbers of people. The cogency of technical arguments and the weight of the data amassed are simply not enough, in and of themselves, to impel governments towards making real policy changes. Similarly, popular mobilisation in the South is of a qualitatively different order from that in the North. Northern groups are important in influencing the media, general 'public opinion', and their own governments; and thereby even influencing the governments of the debtor countries to adopt more assertive positions. It is an unfortunate fact, and testimony to their level of political and psychological dependence, that many governments in the South take more notice of such developments taking place in the North than within their own countries. But the empowerment of the people of the South is both a crucial means and has to be the ultimate end of such a campaign. This is essential, if they are to be truly 'liberated' from their bondage and poverty with and through the process, and if their countries are to break out of, and move beyond, economic and political subordination.

As we have already seen, however, there are other real problems when individuals or groups mainly focus on directly 'influencing' government or media figures, or institutions. Although projected as mere differences of tactic, or as a neutral 'division of labour' between different forces in a campaign, the gradualist 'tactical engagement' approach has dangers in itself, and can pre-empt its more far-reaching aims and potential.

The focus on government structures, or even specific official or 'entertainment' figures, can achieve some gains. But these efforts can also distract attention, energies, and resources from the broader public information and mobilisation that is the most fundamental way to bring 'influence' to bear upon governments, both in the North and the South. Among the tried and tested tactical responses by governments to growing popular campaigns, partial concessions – used skilfully by government 'spin doctors' and institutional PR operators – are presented as being much more than they actually are, in order to placate and effectively demobilise campaigners, and to undermine the campaign's potential and fundamental aims. Such 'engagement' tactics invariably entail conscious moves by campaign strategists towards the positions of governments and related institutions, so they can operate within their frameworks and use language that is 'acceptable' to them.<sup>20</sup> The aim may be to draw their adversaries towards the intended objective; but this approach generally has the contrary effect of imperceptibly drawing leading campaign figures into their adversaries' 'logic', rather than the other way round.

Similarly, anticipating where adversaries will draw the final line, and preparing in advance for accommodations or compromise positions, are measures that invariably assume a dynamic of their own. 'Fall-back' stances rapidly become 'front-line' positions, or are drawn to the fore by perceptive adversaries on the basis of how they assess the susceptibilities of leading negotiators or spokespeople on the other side.

The alternative to accepting piecemeal 'gains' through 'engagement' tactics is for campaigners to adopt advanced bargaining positions, using creative initiatives and energetic pro-active strategies to draw or impel governments forward. This is integral to the planning and organisational debates among campaigners everywhere and represents the perennial dilemmas and tactical options that face trade unionists confronting employers, NGOs dealing with governments or their own funders, or even governments negotiating with other governments or institutions. Tactical choices reflect assessments of the nature of the adversary; the mood, potential force, and direction of action of supporters; the real and perceived balances of power; and so on. But such choices are also a function and reflection of the underlying strategic aims and objectives – that is, whether these aims are minimal and reformist, or radical and transformational. In the anti-debt campaign, many of the *tactical* choices being made reflect differing conceptualisations of the overall *strategic* aims and objectives.

## Strategic aims and objectives

At one end is the view that (some sort of) debt cancellation is an important – and achievable – end in itself, as long as the campaign remains suitably focused as a 'single issue' campaign, with simple or straightforward demands. In this view, the general public in the developed countries who have taken the debt question to heart would be confused by more complex analyses of all the contributing factors, or would be put off by attempts to add legal, political, and economic dimensions to what they see as a clear moral or 'justice' issue.

At the other end is the view that even if the total debt were to be cancelled immediately, this would not solve the profound socio-economic and environmental problems of the debtor countries, and failure to take this into account could be fundamentally counter-productive. It would be seriously disillusioning and demobilising if inadequately informed debt-campaign supporters in the North were to see their efforts, even their success in getting the debt fully cancelled, fail

to solve the poverty problems in the South. And it is the people of these poverty-stricken countries who would bear the brunt of the ensuing general defeatism, or specific 'Afro-pessimism', or 'poverty fatigue', or 'donor fatigue' in the North.

Focusing only on debt is addressing a symptom, rather than the underlying causes of financial dependence and economic subordination. Tackling the debt problem is necessary but totally insufficient as a response to the long-standing structural features of these economies and the nature of their role and location in the global economy. The underlying causes of dependence certainly reside, in part, in economic factors internal to these economies – limited technical and management resources, structural distortions, and sectoral disarticulations, with heavy orientations to external markets and extreme vulnerabilities to external shocks. But these, in turn, are produced and aggravated by factors and forces in the international system. Industrialised-country governments and international companies constantly act to reinforce such external dependence, and their own trade and investment access to, control over, and exploitation of the countries of the South. More recently, the international financial institutions have been marshalled to place pressure on these economies to 'open up' to global investors, exporters, TNCs, and service companies. And it is in this context that the indebtedness of countries is important not merely, or even mainly, for the financial returns produced – although these are substantial. More critically, indebtedness is an effective way to exert political controls or 'policy leverage' (as expressed by the World Bank) which it secures for creditor governments and financial institutions over other governments and economies throughout the world.

The strategic approach lying somewhere between or linking the differing approaches would argue that the issue of debt *is* important in itself. But, because of its very clarity, debt provides an excellent prism through which to expose to wider public view the full spectrum of international financial relations, particularly North–South relations, the functioning of global financial institutions, and the global economic system. If perceived in this way, the anti-debt campaign could carry many millions of indignant and already mobilised people towards these broader issues and to a deeper and fuller understanding of the nature and sources of the poverty and injustice that so move them. They would be activated not only by the plight and needs of millions of poor people in the world, but by the underlying inequitable and exploitative nature of relations between the rich North and the poor South. Millions of people

would see more clearly the nature of the relations, or collusion, between rich governments, banks, and other financial agencies, the driving forces and motivations behind the increasingly liberalised global economic system. And the exploitative, damaging, and polarising essence of the global free-market system dominating all peoples and countries would become the active concern of many more millions, North and South.

## Related issues and campaigns, alliances, and coalition building

The corollary to this is that anti-debt campaigners have to include such explanations and arguments in their campaigns, and must link up with other related international campaigns, such as that against MAI (the Multilateral Agreement on Investment), and for the international imposition of the Tobin Tax and other instruments for re-regulation and controls on global financial forces. The problem of indebtedness and the demand for debt cancellation must be inserted into the debates, decisions, and demands of these various campaigns; and these constituencies must be drawn into supporting the debt campaign. And *vice versa*. This can be done without necessarily reducing their main focus on debt *per se*, while wider alliances will certainly help to strengthen their efforts. It is through such multi-faceted, mutually supporting coalitions that the range, combination, and weight of international popular forces will become commensurate with the challenges posed by the unaccountable power of gargantuan TNCs, the vast resources of international banks, and the global institutions they use in shaping the 'global economy'.

Building such global coalitions demands political skill and strategic vision on all sides, as is clear from the challenges of building North–South cooperation and mutual support even within the international anti-debt campaign. Engagement in the same campaign, and even fundamentally shared concerns, do not automatically translate into mutual understanding and unity. This paper has highlighted some of the differences between some groups located in the North and others in the South, although, it must be stressed, these divergences and convergences of tactic and strategy also cut across the North–South divide. However, a basic difference that must be recognised is that anti-debt groups in the North can opt out whenever they feel that they have done what they can (and some J2000 groups indeed plan to 'close shop' in December 2000, whether total debt cancellation has been

achieved or not), whereas their counterparts in the South will still have to live with, and continue to struggle against, the causes and consequences of economic exploitation and subordination, of which indebtedness is just one symptom.

This is what gives anti-debt campaigners in the South such an important political role. It is their unequal burdens and respective roles and responsibilities that require groups in the North to give full weight to proposals and demands emanating from the South. (It is interesting to note here that there are significant differences between many Northern development agencies acting somewhat paternalistically on behalf of the South, and political solidarity groups in the North that tend to be somewhat more sensitive to the nature of such relationships, and rather more realistic about their role and ‘rights’<sup>21</sup>.)

However, ‘moral authority’ and ‘political principle’ are insufficient bases upon which anti-debt groups in the South should expect their Northern counterparts to take their lead. This role and these relationships have to be securely underpinned by their own research and analyses, mobilisation of their own peoples, and actions within their own countries. Groups in the North cannot expect their counterparts in the South to do this rapidly or easily. They often operate under extremely difficult economic and political circumstances, and require all the support they can get. Certainly, groups in the South should not have to contend with divisive interventions into their initiatives by their counterparts in the North, some even using the familiar ‘neo-colonialist’ method of promoting and using their own ‘client’ groups. While there clearly are differences of method and objectives between anti-debt groups in and of the South, there are also intense debates going on among them and an emerging consensus on strategic objectives and common principles (see the box on the following pages). It would be seriously divisive for groups in the North to pick off specific groups in the South – particularly any that choose to stand outside the nascent South–South consensus. Nor should groups and coalitions in, and of, the South have to contend with defensiveness and possessiveness over the global campaign by longer-established and relatively well-endowed groups in the North that, consciously or unconsciously, resent their ‘leadership’ being encroached upon.

## Jubilee South

Extract from South–South Summit Declaration, ‘Towards a Debt-Free Millennium’, Johannesburg, 18-21 November 1999. (Full text available at [www.aidc.org](http://www.aidc.org))

The External Debt of countries of the South is illegitimate and immoral. It has been paid many times over. A careful examination of the origins, development, effects, and consequences of this debt can lead us to no other conclusion. We thus reject the continued plunder of the South by way of debt payments.

Peoples and countries of the South are in fact creditors of an enormous historical, social, and ecological debt. This debt must be repaid in order to make possible a ‘New Beginning’. In the spirit of Jubilee, we demand restitution of what has been taken unjustly from us, and reparations for the damage wrought.

We forcefully denounce the growing concentration of wealth, power, and resources in the world economy as the essential cause of the increase in violence, impoverishment, and ‘indebtedness’ of the South. The elimination of extreme poverty cannot take place without the elimination of extreme wealth. We thus demand the eradication of extreme wealth and the vicious system that generates such inequalities. In this context, we reject the perpetuation of external debt collection and debt payments which are Life or Death matters for the millions of persons who are exploited and excluded in our societies.

The External Debt is an ethical, political, social, historical, and ecological problem. It entails responsibilities at different levels and demands imperative and comprehensive action so as to resolve in a permanent and definitive manner. There can be no piecemeal solution to the ‘Debt problem’. We thus welcome the momentum that Jubilee 2000 initiatives around the world have generated on this issue and we call on them to broaden and deepen their understanding, educational efforts, and mobilisation beyond the year 2000, in order to achieve our overall aim of a Debt-free Millennium, including the repayment of the debt owed by the North to the South.

Debt is essentially an ideological and political instrument for the exploitation and control of our peoples, resources, and countries by those corporations, countries, and institutions that concentrate wealth and power in the global capitalist system. The accumulation of Foreign Debt in countries of the South is a product of the crisis of that very system and it is used to perpetuate the plunder and domination of our nations often with the acquiescence, if not active collaboration, of local élites.

The neo-liberal global economic system is destructive and genocidal in its workings and effects. Women suffer disproportionately its consequences, as do children, the elderly, and the environment. The same institutions and system responsible for its creation cannot bring about a lasting solution to the ‘Debt problem’. That system must be changed and can be changed.

In the process of addressing the 'Debt problem' and changing the neo-liberal global economic system, we must continue to develop an ever closer understanding of the linkages between debt and other related aspects including trade, finance, investment, consumption patterns, food security, environmental depredation, and diverse forms of military and anti-democratic, neo-colonialist intervention and repression.

Many working-class and impoverished and excluded peoples' groups and movements in both the South and the North are engaged in different ways to challenge and transform this system of domination and we must join with them. As Jubilee South we will add our voice and support for the strengthening and creation of alliances and coalitions deeply rooted in historical struggles against all forms of oppression within the long-standing anti-imperialist framework and tradition.

Resistance to debt-related domination unites us as social movements and organisations throughout the South and provides us with an historic opportunity to organise ourselves as part of a broader movement. As Jubilee South, we are born and rooted in Africa, Asia, the Pacific, Latin America, and the Caribbean, but we reach out to all who are part of this historical, political, and ethical South.

Respectful of our different identities and traditions, as well as our varying forms of struggle, we must be united in a common determination to achieve Justice for all: a New Beginning in the New Millennium. In this way South-South and South-North solidarity can be strengthened, as we exercise our collective human right to determine our own future and engage in the struggle to build and defend inclusive and comprehensive alternatives to the present global system that are:

- from the bottom-up
- reflective of different sectoral needs
- respectful of cultural and biological diversity, and
- conducive to new modes of democracy and development that are respectful of human rights, justice, and wellbeing for all.

The North cannot act without the South, even if it is argued that the industrialised countries have a particular responsibility because the chief culprits are 'their' governments, corporations, and banks, and the global institutions controlled by them. This understanding is to be welcomed, but such groups in the North must also recognise that 'their' governments, banks, and international institutions are also 'ours', and indeed 'everyone's' in today's highly integrated global system. We have to find ways to oppose these dominant forces together. Northern groups

cannot substitute for and certainly cannot continue to act paternalistically ‘on behalf’ of the South, particularly as the South becomes more organised and enters more fully into international campaigns. However, while campaigners in the South need to develop a strategic vision based upon their own experiences, understanding, and unity, they must also acknowledge the vital role that supporters and counterpart forces in the North can and must play. Popular movements in the South need allies in the North, because of the strategic positioning of the latter nearer the centres of global power, their accumulated experiences, considerable skills, and greater resources. These are invaluable in supporting organisational development and campaigning endeavours in the South.

In the final analysis, however, what must unite all such movements are not mere tactical considerations or pragmatic calculations about the mutual or respective gains to be made. The quintessential basis of North–South people’s solidarity and united action has to be the strategic understanding of the vital importance of people’s global coalitions and unity, on the basis of our common humanity and in the interests of our common planetary home.

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## Notes

1 With some pioneering writers in the North such as Susan George.

2 This paper assumes that readers are familiar with the statistics of Third World debt. Further information is available from the UK J2000 Coalition.

3 ‘Crumbs of Comfort’, UK J2000 Coalition, June 1999.

4 World Development Movement, ‘Stop Sapping the Poor’, June 1999.

5 Jürgen Kaiser, J2000 group, Germany – electronic communication 5 June 1999.

6 UK J2000, Christian Aid, and others.

7 UNCTAD’s 1995 study on foreign direct investment (FDI) in Africa points to extremely favourable rates of return to foreign investors – up to 25 per cent. This is much higher than their profit ratios in both developed and developing countries for most years from 1980 to



1993. This pattern was borne out by the 1999 UNCTAD analysis, which revealed rates of FDI profit in Africa of 29 per cent; compared with six per cent even in most of the Asian 'emerging' economies.

**8** The terms of trade for Africa declined every year during the 1980s, with losses of US\$19 billion in export earnings in 1985-86 alone. It is estimated that sub-Saharan Africa lost potential exports earnings of some US\$278 billion between 1980 and 1994, according to studies by UNCTAD and the African Development Bank.

**9** Such as the UK J2000 'Don't Collect! Won't Collect' call to the British government.

**10** Anne Pettifor, Director of UK J2000.

**11** The most notable, in this respect, being Oxfam GB.

**12** Joe Hanlon, 'What will it cost to cancel unpayable debt?', UK J2000 Coalition, March 1998.

**13** Ibid.

**14** Joe Hanlon 'We've been here before: debt default and relief in the past – and how we are demanding that the poor pay more this time', UK J2000, April 1998.

**15** Patricia Adams *Odious Debts: Loose Lending, Corruption, and the Third World's Environmental Legacy*, London: Probe International.

**16** Such as Oxfam GB, Bread for the World-USA, and others.

**17** Anne Pettifor in the *New Internationalist*, No. 312, May 1999.

**18** Originally formulated and promoted by development agencies such as Oxfam GB and Christian Aid.

**19** This would free the IMF from having repeatedly to go back to its financial under-writers and 'would equip the IMF with a permanent ESAF that will keep it forever involved in the poorest countries and their economic policies', according to Carol Welch, Friends of the Earth (USA), writing in *Economic Justice News*, Vol. 2, May 1999.

**20** This has been explicitly stated to this writer by a leading J2000 researcher and strategist.

**21** Although in this respect there is often a tension over whether they 'take their lead' from counterpart CSOs or from the governments of the countries with which they are in solidarity