Call for a global counter-summit of social movements to the IMF-World Bank Annual Meetings

The Annual Meetings of the World Bank Group (WBG) and the International Monetary Fund (IMF) will be held from 9 to 15 October 2023 in Marrakech, Morocco. The IMF is taking centre stage as the multi-faceted crisis that has affected the world since 2020 deepens. It has signed credit agreements with around 100 governments over the past three years. In each of these agreements the IMF demands the continuation of neoliberal policies. At the same time a new debt crisis is developing. It is high time to react.

Established in 1944, the IMF and the World Bank meet mainly in Washington and every three years they meet in a member country other than the United States. Since 1947, the General Meetings of these two institutions have been held only once in Africa, in Nairobi, Kenya, in 1973. The choice of Morocco is no accident. This country is considered by Washington and its allies as a good pupil because its government systematically applies the neo-liberal credo of the two institutions and because it supports the inhumane policy of the European Union in terms of migration and asylum.

The international CADTM network (Committee for the Abolition of Illegitimate Debts) will mobilize to actively contribute to making other voices from around the world heard at these WBG and IMF Assemblies, which bring together finance ministers and central bank governors from 189 member countries, as well as representatives from the private sector, academia and NGOs. We propose the organization of a world counter-summit of social movements against these assemblies.

In order to promote unity of action, the CADTM proposes that a common call to this counter-summit be drafted. It is addressed to all movements wishing to join forces in defence of humanity.

Hereafter the CADTM makes known its position with regard to these two anti-democratic institutions and their policies that run counter to the exercise of human rights.

Both institutions continue to promote neo-liberalism and capitalism, which have caused social, economic and ecological devastation on a global scale.

The people of the South, who gained political independence in the late 1950s and early 1960s, have been burdened with the repayment of colonial debts and the odious debts of the despotic regimes supported by the two institutions. The latter prevented the industrialization and endogenous development of these countries in favour of the promotion of export with the active support of the local ruling classes and large foreign companies according to the demands of the global market. The World Bank has financed white elephants with huge loans, large, expensive and unnecessary projects that do not benefit the local population. These factors led to the debt crisis that broke out in 1980. This was used by the IMF and the WB to impose structural adjustment programmes (reduced spending on health and education, privatizations, etc.) and the opening up of the countries of the South to the free movement of capital and goods in a context of capitalist globalization, financialization, free trade and the increasing internationalization of production chains, which reduce the sovereignty of states. The two institutions have thus contributed to the impoverishment of small producers, particularly the small peasantry, the impoverishment of the working class, the casualization of jobs, especially for women and young people, and the private indebtedness of working-class households, particularly through microcredit.

As regards the environment, the World Bank continues to develop a productivist and extractivist policy that is disastrous for people and harmful to nature. Contrary to its promises, it continues to massively finance fossil fuels, which have a disastrous effect on pollution and climate change. The World Bank also finances the construction of large dams that cause enormous environmental damage. It favours the development of agribusiness against peasant agriculture, it supports the massive use of pesticides, herbicides, chemical fertilizers responsible for a dramatic loss of biodiversity and soil impoverishment. The World Bank promotes the privatization and commercialization of land for the benefit of large landowners.

The World Bank and the IMF have also contributed to the rescue of the big private banks in the major industrialized countries following the global crisis of capitalism in 2007-2008 through massive public indebtedness accompanied by austerity policies and the destruction of social gains. They have used public debt to generalize the privatization of water, land, forests, mines, fishing grounds and public services, such as education and health.

The decay of the latter has been highlighted by the Covid pandemic. Since the beginning of the health crisis, the IMF and the WB, together with other institutions of big capital and multinationals (G20, Paris Club, etc.), have multiplied initiatives to avoid radical solutions of cancellation through deferment of payment by excluding private creditors, the main holders of the external public debt of the countries of the South. The new payment deadlines coincide with the context created by the invasion of Ukraine and the soaring prices of basic foodstuffs, livestock feed, fertilizers and energy that are hitting hardest the poorest countries already badly affected by heavy flooding and intense drought.

According to the IMF, about 60% of low-income developing countries are already in debt distress or at high risk of debt

distress.

Debt suspensions are on the rise. Since 2020, 9 countries have defaulted: Argentina, Ecuador, Lebanon, Suriname, Zambia, Belize, Sri Lanka, Russia and Ghana. Several other countries are close to defaulting, such as El Salvador, Peru, Tunisia, Egypt, Kenya, Ethiopia, Malawi, Pakistan, and Turkey.
IMF and WB lending to low-income countries increased dramatically in 2020 and is expected to remain at a high level for several years. The conditionalities are increasingly binding on the populations.

Both institutions act for the benefit of a handful of big powers and their transnational corporations that reinforce an international capitalist system that is destructive to humanity and the environment. It is urgent to initiate broad mobilizations for sovereign repudiations of the debt and to build a new democratic international architecture that favours a redistribution of wealth and supports the efforts of peoples to achieve socially just development that respects nature.

The organization that would replace the World Bank should be largely regionalized (banks in the South could be linked to it), and its function would be to provide loans at very low or zero interest rates, and grants that could only be given on condition that they are used in strict compliance with social and environmental standards and, more generally, with basic human rights. Unlike the current World Bank, the new bank that the world needs would not represent the interests of creditors and impose market-righteous behaviour on debtors, but would have as its primary mission the defence of the interests of the peoples who receive the loans and grants.

The new IMF, for its part, should regain part of its original mandate to guarantee the stability of currencies, fight speculation, control capital movements, and act to prohibit tax havens and tax fraud. To achieve this objective, it should contribute, in collaboration with national authorities and

regional monetary funds (which must be created), to the collection of various international taxes.

The international CADTM network calls on networks, organizations, social and civil society movements in the South and the North to hold a global counter-summit to the IMF-WB Annual Meetings to be held in Marrakech from 9 to 15 October this year. An international follow-up committee will be set up to begin collective preparations for this very important global activist meeting, which could lead to other initiatives for a new international coordination of social movements.

Let’s make the voice of social movements heard in Marrakech next October. We want to demonstrate the power of organized peoples, defend popular sovereignty and promote social and environmental justice.

END THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND!

ATTAC CADTM Morocco, a member of the shared international secretariat of the CADTM network, will work with its allies in Morocco on organizational and logistical matters.

Source CADTM.

The official links to follow the news on the IMF-WB Annual Meetings:
https://www.imf.org/en/News/Seminars/Campaigns/2023/Marrakech2023
https://openmorocco2023.com/

This appeal was originally published by the CADTM network (Committee for the Abolition of Illegitimate Debts): https://www.cadtm.org/Call-for-a-global-counter-summit-of-social-movements-to-the-IMF-WB-Annual

Photo: March against the IMF in Buenos Aires, on the occasion of the 25th of May 2018, Gastón Cuello, CC, https://commons.wikimedia.org/wiki/File:Marcha_contra_el_FMI_5

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After the floods, Pakistan needs reparations, not charity

At the time of writing, *writes Farooq Tariq on 13 September*, more than one-third of Pakistan is under water. Flash floods, generated by abnormal monsoon rains have so far claimed the lives of 1350 people. One million residential buildings are totally or partially damaged, leaving more than 50 million people displaced from their homes.

Crucially, the flood is expected to add $10 billion worth of damage to an already teetering economy. More than 793,900 livestock have died, depriving families across Pakistan of a critical source of sustenance and livelihood. Around two million acres of crops and orchards have been impacted.

These impacts are undeniably a symptom of an accelerating climate crisis. Despite producing less than one per cent of global carbon emissions, Pakistan bears some of the worst consequences of the climate crisis globally. The nation has consistently ranked in the Global Climate Risk Index as among the top ten most vulnerable countries in the world over the past twenty years. As Julien Harneis, the UN humanitarian coordinator in Pakistan says: 'This super flood is driven by climate change – the causes are international'.

The people of Pakistan are the latest victims of a global crisis to which they have contributed almost nothing,– and which has instead been driven by the excess emissions of rich

countries and corporate polluters. This fundamental injustice is at the root of increasing demands for climate reparations from Pakistan and the wider Global South.

We are now taking out more loans to simply pay off the interest of our previous debts. The money sent out of Pakistan to pay off our international creditors could be spent instead on rehabilitating the millions who are displaced

One such demand is debt cancellation. Debt injustice and the climate crisis go hand in hand. As extreme weather events intensify countries on the frontlines, such as Mozambique, and island states in the Caribbean are facing increasing economic damages. After these events, low-income (and often already heavily indebted) governments face a shortfall in funding and have little choice but to take out further loans to rebuild livelihoods and communities.

We can already see this cycle happening in Pakistan. Even before the floods, Pakistan was drowning in debt, having faced a steep fall in foreign exchange because of soaring global commodity prices and a rise in the US dollar. The cost of electricity and food has soared. By the end of this year, Pakistan will have had to pay a total of around $38 billion dollars to the IMF, World Bank and other financial institutions including the Chinese State Bank. A spiral of borrowing is generating an impending economic crisis.

The floods have prompted a flurry of foreign aid, with USAID contributing $30 million, adding to a United Nations contribution of $3 million last week. The UN is launching a new flood relief plan for Pakistan, as its officials echoed calls for greater contributions from around the world. But still, it is nowhere near enough.

As humanitarian organizations scrabbled for emergency funds, a familiar face reared its head once more. The International Monetary Fund (IMF), recently approved a bailout request with

a plan to release $1.1 billion to the country. At first glance, this may seem like a vital step in Pakistan's recovery, but to pile further debt on a country already in the grips of a financial crisis will only end in further disaster.

The empirical evidence overwhelmingly supports the view that a large portion of government debt harms economic growth potential, and in many cases, the impact gets more pronounced as debt increases. Pakistan's high degree of indebtedness has made it more vulnerable to economic shocks and weakened the country politically vis-a-vis powerful external lenders. It has also greatly reduced Pakistan's ability to invest in education and healthcare, or its infrastructure.

If the West intends on supporting Pakistan through this crisis, it needs to implement a series of measures that tackle the scale of damage inflicted by the Global North upon the South since the Industrial Revolution. As a first step, this should include comprehensive debt cancellation, alongside greatly increased climate finance to support communities to adapt to the impacts of climate change.

In addition, many climate-vulnerable countries including Bangladesh, Ethiopia and Tuvalu are now also calling for compensation from rich countries for the disasters they are now facing.

This is often termed as 'Loss and Damage', which even now in 2022 is still not an official part of the negotiations agenda at the UN climate change conference, COP. Climate-vulnerable countries have on numerous occasions demanded climate compensation from the rich countries and corporations that have created climate chaos – each time they have been blocked. At COP27, there must be further concrete progress on these discussions.

The concept of waiving debt is not new. During the pandemic, some debt relief was put in place for low-income countries,

although the private sector has continued to collect payments, which inevitably exacerbated the economic crisis generated by Covid-19. But even private creditors can be kept at bay when there is a strong moral demand. In July, a few months after Russia's invasion, Ukraine's creditors made a landmark agreement to cease collecting debt payments during the war.

If international institutions suspended the collection of debts, Pakistan wouldn't need new loans. The money sent out of Pakistan to pay off international creditors could be spent instead on rehousing the millions who are displaced. Pakistan needs at least four years to rebuild and reconstruct its economy and to cover up the damages done by floods and heavy rains.

But there also remains a wider question: who should pay for the climate crisis? Why should Pakistan have to take out any loans at all to pay for the impacts of a crisis it has not caused? Pakistan's climate minister Sherry Rehman told The Guardian that global emission targets and reparations must be reconsidered, given the accelerated and relentless nature of climate catastrophes hitting countries such as Pakistan.

Of course, repairing climate apartheid and fixing the crisis is not as simple as writing a cheque, and many other measures are needed to support Pakistan's people through the catastrophe they are facing.

Yet without debt relief or funding to compensate for loss and damage, Pakistan's cycle of debt and climate crises is only set to worsen



By Farooq Tariq

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coalition member of the international platform La Via Campesina.

This article is republished from the website of CADTM, the Committee for the Abolition of Illegitimate Debt. CADTM is an international organisation based in Liege, Belgium and is led by Eric Toussaint, a writer of several books on debt published by Resistance Books, here and here.



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