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World Bank/IMF Summit

Debt Abolition Activists Gear Up for Countersummit as World Bank and IMF Meet

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Activists in the global movement for debt abolition are gearing up to mobilize in Marrakesh, Morocco, where the World Bank and International Monetary Fund (IMF) are holding their [annual meeting](#) October 9-15, despite the devastating earthquake that laid waste last month to whole sections of the country.

Planned in protest of the elite meeting, the activist [countersummit](#) will bring together delegations from social movements from all over the world, creating a counterforce to the roughly 10,000 bankers, corporate CEOs and government bureaucrats who will descend on the country to stay in five-star hotels and discuss how to manage the [debt system](#) they impose on countries of the Global South.

Truthout's Ashley Smith talked with one of the key organizers of the countersummit, Éric Toussaint, about the nature of the debt system and struggle to abolish it. Toussaint is the spokesperson of the [Committee for the Abolition of Illegitimate Debt](#), and part of the Scientific Council of ATTAC France. He is the author of many books, including [The Debt System: A History of Sovereign Debts and Their Repudiation](#) and the newly released [The World Bank: A Critical History](#).

Ashley Smith: The Global South is caught in yet another growing sovereign debt crisis. What caused so many countries to get trapped in debt? What has triggered the current debt crisis?

Éric Toussaint: Since the Great Recession, there has been an enormous increase in indebtedness among developing countries, particularly the poorest ones. The root cause of this growth in debt is the policies adopted by imperialist states to revive their economies.

They implemented [quantitative easing](#), injecting billions of dollars, euros and pounds into their financial markets to revive big banks and investment funds that were on the verge of bankruptcy. Flush with cash, these financial institutions sought out profitable sites for investments.

They did not find them in Global North, where rates of return were near zero. So, instead, they purchased sovereign bonds issued by developing countries, including desperately poor ones like Rwanda and Ethiopia. They reaped between 4 and 6 percent returns on those bonds.

The rulers of these countries then convinced financial markets to lend them more money. In turn, they boasted to their people that the sale of bonds and the new loans would garner them a better future.

Access to these private investors and lenders was a new development. Previously, the poorest countries could only secure loans from the IMF, World Bank, and other multilateral banks as well as bilateral creditors like France, Britain, China and the U.S. But the price of this access was the massive growth of indebtedness.

Several shocks to global capitalism precipitated a new debt crisis. First, the pandemic temporarily shut down world economy. Poor countries were suddenly subject to huge expenses in public health, while their export markets closed down and tourist travel stopped, throwing the states into budgetary crises and their economies into freefall.

On top of that, the Ukraine war drove up the price of food, which many if not most developing countries import, imposing new costs on poor people. And then, the Federal Reserve Bank and other central banks dramatically raised their interest rates to combat inflation, depress demand and lower wages. The new rates dramatically increased the price of new loans to keep their states and economies afloat.

These shocks have triggered the sovereign debt crisis that is sweeping whole swathes of the Global South. In just one example, Ghana, which had been celebrated as a neoliberal success story, was forced to [suspend their payments](#) to creditors.

Who are the main holders of the Global South's debt today?

Private creditors like investment funds, banks and the local ruling classes of the Global South hold more than 50 percent of the total external debt. About 25 percent is held by multilateral institutions like the IMF, the World Bank, the Asian Development Bank, the African Development Bank and the Inter-American Development Bank. The rest is in the hands of bilateral creditors like the U.S., European countries and China.

The poorest are mainly in hock to the IMF and World Bank. Some emerging countries are also under their thrall; Argentina owes them about \$44 billion and Ukraine about \$20 billion.

The IMF and World Bank will be meeting in Marrakesh, Morocco, this month. What agenda are they attempting to advance at their summit? What impact will that have on the indebted countries?

Their agenda is to affirm a few key things. First, they will remind the world that no other institution (and especially not the BRICS New Development Bank) can replace them. We must remember that the U.S. controls the IMF and World Bank and uses them as its imperialist tools, despite the participation in the two by other countries, including China.

So, the U.S. wants to assure that the IMF remains the creditor of last resort and the World Bank the principal lender for national development in the Global South. Washington thus wants to fend off China's bid to rival its economic and political hegemony.

Second, the U.S. wants to reinforce its model of its neoliberal model — deregulation, privatization, flexibilization of labor markets and opening countries up to multinational capital. Of course, they cannot say this publicly as such policies are so discredited.

Instead, they will say that their aim is to alleviate debt, lessen poverty and strengthen the economies of the developing countries to confront climate change and ecological crisis. But this is hardly credible especially from current leaders of the two institutions.

Just look at Ajay Banga, the new head of the World Bank. Before his appointment, he was the director of Mastercard and had no experience in development but was adept at fleecing people by charging them exorbitant interest rates for credit cards.

For example, [he convinced the African National Congress government in South Africa to end its policy of disbursing social assistance in cash](#) to poor people and instead do it through a credit card. Of course, this came with the offer of signing a contract to pay any debts they incurred at 5 percent interest. [This was such a corrupt racket that it was shut down in just five years.](#)

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The managing director of the IMF, Kristalina Georgieva, has an equally checkered history. While employed as a senior official at the World Bank, an independent inquiry found that she had [doctored data to make China's business practices look better](#) to justify granting it increased voting rights at the World Bank at a time when Washington and Beijing were collaborating under the Obama administration.

At the European Commission, she supposedly helped Haiti recover from its earthquake in 2010. Such aid from the Europe, the U.S. and the international financial institution has left Haiti worse off today than ever before.

So, no one should take at face value these two institutions' professed concern about ethics, debt and poverty. It is just rhetoric. At best, they want private lenders to alleviate some debt and take a haircut in the value of their loans. They say the same to bilateral creditors like China.

But the IMF and World Bank themselves never reduce the volume of their loans to developing countries. Of course, they periodically announce schemes for temporary suspension of payments and debt alleviation for the poorest countries. But never debt cancellation.

They merely offer new loans, expanding overall indebtedness. For example, they just announced [\\$1.3 billion more in loans to Morocco](#) supposedly to help it recover from the disastrous impact of the earthquake it recently suffered.

But these loans will only add to its existing external debt of \$63 billion, which is over 70 percent of the country's GDP. So, the IMF and World Bank are really just imperialist loan sharks masquerading as angels of development and charity.

You have helped organize a countersummit to challenge these two institutions. Who is part of the countersummit, and what will the assembled forces be demanding and what campaigns are you launching?

Over 20 groups from Iraq are sending a delegation. Palestinian organizations will be participating, as well groups from Niger, Mali, Burkina Faso and Gabon. And we will have delegations from Latin America, Asia and Europe.

We have large delegations coming from all over the world. [They are coming from groups active in movements for debt abolition, climate justice, women's rights, social justice and economic equality.](#)

We have very important delegations from countries in Africa and the Middle East. For example, over 20 groups from Iraq are sending a delegation. Palestinian organizations will be participating, as well groups from Niger, Mali, Burkina Faso and Gabon. And we will have delegations from Latin America, Asia and Europe.

The main demand that we will be making is for the immediate and total cancellation of sovereign debt. On top of that we will be addressing a host of other related issues that debt exacerbates from climate change to systemic poverty.

One thing that is striking through all the preparations for the countersummit is the radicalism of a new generation of activists. Almost everyone involved in climate justice campaigns know perfectly that this system cannot be reformed. This is especially true among young activists like Greta Thunberg.

Such radicalism today is typical, not exceptional. People don't have the same illusions as they had in the '80s, '90s and early 2000s. Back then global justice organizations like ATTAC believed they could win a Tobin tax on speculative transactions as a reform to combat indebtedness and speculation.

But 20 years later, we have no Tobin tax, speculation has run rampant and the debt crisis is even worse. So, activists have fewer illusions about such limited reforms.

However, the overall movement is weaker. In the early 2000s, it was easy to mobilize tens of thousands and in some cases hundreds of thousands of people for countersummits in cities like Washington, Prague, Bangkok and Genoa.

Today, we do not have this capacity. There are many reasons for this including disillusionment, repression and the difficulty of traveling. There is also a temptation to substitute small group actions for mass ones.

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Of course, we defend and support civil disobedience to disrupt summits. But such actions, however well intentioned, will not stop the imperialist powers, their financial institutions and private lenders from enforcing their debt system.

We need masses of people in motion internationally to win debt abolition. We see our countersummit in Marrakesh as a step in building a new internationalism and renewed capacity for mass mobilization.

One of the countries you are calling attention to at the countersummit is Ukraine. How does it fit into the overall pattern of debt and structural adjustment? Why should countries in the Global South see its struggle for self-determination and debt cancellation as part of their own?

Everyone should support Ukraine's struggle against Russian imperialist aggression. It, like all oppressed countries, should have the right to self-determination. But Ukraine's struggle is not just against Russia but also the Western powers, which nominally support it.

The U.S. and its allies imposed a [shock doctrine](#) on the country in the 1990s and maintain it in debt peonage today. So, Ukraine's struggle is against two enemies — Russian imperialism and Western imperialism.

The West wants to strengthen NATO and impose its neoliberal model on Ukraine, where it has not been fully adopted. So, the U.S. and its allies use the carrot of integration into the EU to accept the stick of neoliberalism.

Of course, the Zelenskyy government and the Ukrainian oligarchs are complicit in all this. They, just like ruling classes in the Global South, have profits to make from neoliberalism and integration with global capitalism.

Thus, Ukraine's predicament is not all that different from countries in the Global South. So, there is a basis for solidarity with people in Africa, Middle East, Asia and Latin America. We should unite in solidarity raising demands of self-determination and debt cancellation everywhere from Ukraine to Ghana.

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But it's not an easy argument, because many see the U.S. and European powers as the principal enemies, which is understandable given their long and brutal histories of imperialism. And Vladimir Putin takes advantage of that to pretend to represent the interests of the Global South.

That is a lie. In workshops at our countersummit, we will expose the Russian regime as a brutal imperialist power.

Why is it so important to win debt cancellation for the Global South?

Abolition of illegitimate debt is an essential but insufficient condition to make structural reform in impoverished countries. Such reform is impossible if countries are not emancipated from their imperialist creditors.

Those powers use debt to impose their will on underdeveloped countries. Debt alleviation is no solution, as it maintains indebtedness, and with it, national oppression. That's why we demand unconditional abolition.

At the same time, abolition of debt alone is not enough if domestic ruling classes maintain private ownership of the economy and natural resources. So, abolition of debt must be a key component of building a radical, anti-capitalist movement for system change in each country and globally.

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