From the Global North to the Global South: debt in its many states (1st part)

The debt in developing countries: a dangerous unconcern

- English -

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CADTM

Summary of the first part: Both in absolute figures and in percentage of their gross domestic product, industrialized countries are more highly indebted that developing countries. The crisis has different consequences in the North and in the South. The conjuncture seems to be temporarily favourable to governments of developing countries, but whether this situation can last depends on policies in China and industrialized countries. An unfavourable turn is possible. In such conditions the governments of developing copuntries should not wait any longer to implement radically alternative policies to those advocated by the IMF, the World Bank, the WTO, and the G20. As evidenced by several concrete examples a genuine alternative is perfectly feasible.

I. In absolute figures and in percentage of their gross domestic product, the most industrialized countries are more highly indebted than developing countries [1]

In Bn$

External public debt of all developing countries [2]	1,459
External public debt of France [3]	1,200
External public debt of Spain	318
External public debt of Subsaharan Africa	130
External public debt of the United States	3,500
External public debt of Latin America	410
External public debt of South Asia and East Asia	440

Internal and **external** public debt of the central administrations of industrialized countries: 32,000 bn$ [4]

Total external debt, showing combined public and private debt as a % of Gross Domestic Product (GDP)

Latin America	22%
South Asia	21%
incl. Pakistan	29%
India	19%
East Asia + Pacific	13%
Ireland	979%
Spain	169%
Portugal	233%
Greece	168%
Germany	148%
United States	100%
United Kingdom	400%

A third table shows that on the occasion of severe debt crises affecting developing countries over the past thirty years their total external debt as a percentage of GDP was notably lower than that of industrialized countries in the last years presented in the previous table.

External debt of some developing countries in the year of the debt crisis as a % of GDP

Country	Year of the debt crisis	% of the total external debt in relation to GDP
Argentina	1982	55.1
2001	53.3	
Brazil	1983	50.1
Chile	1983	96.4
Colombia	1982	26.4
Mexico	1982	46.7
Venezuela	1982	48.6
Russia	1998	58.5
Turkey	1978	21.0
India	1997	23.0
Indonesia	1997	63.2
South Korea	1997	26.6
Malaysia	1997	47.1
Philippines	1983	70.6
1997	61.6	
Thailand	1997	72.7

II. A context favourable to developing countries that results in a dangerous sense of unconcern, if not euphoria

The current context is favourable to developing countries in several respects, because of three factors that are engendering a dangerous sense of unconcern, if not euphoria, on the part of the governments of emergent countries, or indeed of all developing countries. Meanwhile the populations of the South derive only marginal profit from the favourable context, or even face a worse predicament because of the combined consequences of the 2007-2008 food crisis, [5] the land grabbing policies, the frenzied exploitation of their natural resources, climate change, and the extended neo-liberal policies imposed by the IMF, the World Bank, and the WTO. [6]

First factor: repayment of the public debt is currently sustainable [7] since central banks in countries of the North apply very low interest rates (around 0% in Japan for the last two decades, 0.25% in the US since 2008, 1% in the eurozone since 2009, [8] etc.) and circulate enormous amounts of currencies. [9] Those who benefit from this are bankers and other financial companies in the North since it increases their liquid assets. A collateral effect of such policies is that: the governments of developing countries can refinance their external debt with the North. The price they pay when they borrow is based on the central banks' official market rates, to which is added a country-risk premium which depends on their ratings by rating agencies. Over the past years country-risk premiums have decreased for emergent countries (several of them pay a lower premium than Greece or Ireland). In addition, for certain highly indebted poor countries, the effects of debt cancellation by the Paris Club, the World Bank, the IMF, etc. are beginning to genuinely ease the burden of debt servicing. The problems of these countries are far from being solved, but the burden of debt repayment is lighter. Note, however, that this relief is compensation for pursuing the neo-liberal policies dictated by the IMF and the World Bank and which undermine their economies, notably by favouring import goods against local products and by privatizing key industries.

Second factor: The rise in prices for raw materials (as from 2003) increases the revenues of exporting countries, and at the same time boosts their hard currency reserves, thus facilitating repayment of their external debt (which they repay in hard currency).

Third factor: Out of the huge amounts of liquid assets moving around the world, significant capital flows are temporarily channelled into the stock markets of emerging countries. As an illustration of this point: from January to September 2010 the Indian stock market attracted $34 billion in foreign investments. However, during the same period direct foreign investments experienced a 35% fall. I10I As a consequence of this influx of volatile money, the Indian currency (rupee) reached its highest level since 2007. The same situation is to be found in other countries where the local currencies gain in value by comparison with the US dollar and other strong currencies. I11I

Overall, the burden of the external public debt of developing countries has decreased over the past three or four years; this trend concerns practically all developing countries, including the poorest. The situation is much more complicated if we take into account the total public debt, because internal public debt is on the increase. The result: the burden of servicing public debt in relation to the State budget is in many cases identical to what it was several years ago. The Brazilian governement congratulates itself for having solved the debt issue but while repayment of the (internal and external) public debt amounts to 35.5% of the State budget, education expenses represent only 2.9% and health expenses 4.6% of it. I12I In order to show how much of a success its policy has been, in 2010 the Brazilian government participated in the loans granted to Greece for more than $200 million. It also loaned money to the IMF to increase its capacity to intervene and "help" industrialized countries.

Since governments of the South, the World Bank and the IMF place emphasis only on the development of the external debt, the situation at first glance seems to be improving. Yet even from the standpoint of the external debt, the situation of developing countries is not as rosy as their leaders claim. The public external debt of all developing countries taken together has increased from 2007 to 2009: it went from $1,324 billion in 2007 to 1,373 billion in 2008, then to 1,459 billion in 2009. I13I And it continues to rise...

III. This favourable context is fragile since it relies on factors beyond the control of the developing countries

1. China. The development of one of these countries, namely China, is to play a decisive part. This country, also called the 'workshop of the world,' is the largest importer of raw materials. China's constant high rate of raw material imports keeps prices for these products at a high level. If China's orders for raw materials should drop, there is a real risk that prices will decline or plummet (especially if this occurs concurrently with the bursting of the speculative bubble on raw materials that has been inflating at a steady rate since 2007-2008 - see next item).

Several factors can endanger China's current growth, all related to an eventual decline in Chinese demand: 1. stock market speculation in China, with the market seeing considerable fluctuations; 2. the growth of a real estate bubble which is taking on alarming proportions (as Chinese authorities acknowledge) - linked to an exponential indebtedness as doubtful debts explode, which can jeopardize the essentially public Chinese banking system... We may see several bubbles bursting in China, I14I and it is difficult to foretell what the consequences could be for the rest of the world, including the developing countries.

Any reference to the risk represented by the high internal indebtedness of China and the growth of a huge real estate bubble is generally met with some scepticim since the actual situation is not well known. In 2008 the Chinese authorities implemented a large-scale recovery plan to the amount of 4,000 billion Renminbis (about 12% of China's GDP. 1 USD = 6.8 Renminbis; 1 euro= 9.4 Renminbis or Rmb). The implementation of the plan resulted in a considerable increase in loans granted by public banks to public companies and administrations. The total of new loans granted in 2009 reached 9,600 billion Rmb (that is, somewhat over 1,000 billion EU, about 30% of China's GDP). This is twice what Chinese banks had granted in loans in the previous year. In 2010 the volume of new loans should reach 7,000 billion Rmb. Faced with such increase in loans and with the risk of a bank crisis, Chinese authorities demanded that banks increase their capital and their liquid assets. Doubtful debts are increasing because an important part of loans have been granted to local authorities and to public companies to meet the wish of Chinese authorities to achieve their recovery plan without banking institutions checking the solvability of borrowers or the exact destination of loaned money. As it happened, a considerable part of this money was used to buy real estate, which further contributed to the bubble. If the real estate bubble should burst, it will result in a huge depreciation of assets, in bankruptcies in the real estate sector but also in all other sectors that participated in the real estate casino. Those households that went into debt in order to buy a property will default.

2. Interest rates in industrialized countries will go up again. Since 2008-2009 private banks in North America and in the European Union have been able to borrow from central banks at a very low rate. They loan only a limited proportion of these enormous liquid assets to companies investing in production and to consumer households. The majority of these assets are used to speculate on raw materials, on food commodities (in stock markets like Chicago), on public debt securities, on currencies (the daily volume for the currency market amounts to $4,000 billion). As for the high price of raw materials, this is due to the combined effects of Chinese demand and speculation.

The central banks in the industrialized countries know that new bubbles are in the making and that - at least in theory - they ought to raise their rates so as to reduce the liquid assets presently circulating. But they are reluctant to do so. If they increase their rates, this could trigger new bankruptcies for banks, insurance companies, industrial corporations and trading companies, since all of them have financed old debts with new ones, taking advantage of the low interest rates. Many companies have also invested in the medium term the money they borrowed in the short term. This accounts for the current procrastination among central bankers. It is a choice between plague and cholera: if interest rates remain low, new bubbles will form and inflate to alarming proportions. If interest rates increase, these bubbles will burst all the more quickly.

If the bubble on raw materials bursts, this will lead to a drop in prices for these materials. If interest rates rise, the cost of repaying private and public debt will increase both in the North and the South. To sum up: if interest rates eventually rise, the developing countries will be strapped by higher debt servicing combined with a decline in hard currency income due to a drop in raw materials prices (see previous point).

3. Volatile capital flows from the North to the South. Finally Capital flows towards the stock markets of emergent countries may suddenly change tack, thus destabilizing the economies of those countries. This is what happened during the 1990s (the tequila crisis in Mexico in 1994-1995, the Asian crisis in 1997-1998...). India is now a case in point. As mentioned above, from January to September 2010 the Indian stock market attracted some $34 billion in foreign investments but in the first two weeks of November 2010, 5 billion went away. Western bankers and institutional investors cashed their profits by selling part of the shares they had bought during the previous months.

Provisional conclusion: If they are not careful, developing countries may find themselves in the same situation as during the 1980s: the rise in interest rates decided on by the US Federal Reserve at the end of 1979 (and adopted by the other central banks in the most industrialized countries, and then by private banks) triggered a brutal increase in debt repayments by developing countries that also had to face a decline in their export revenues because of plummeting raw materials prices (note that raw materials prices were on a downslide from 1981 to 2003). [15]

Recommendations: Under pressure from social movements, governments of developing countries ought to take advantage of the favourable context to impose a solution to the debt issue to their various creditors. Most developing countries currently have an unprecedented amount of hard currencies, which makes it possible for them to meet on equal terms both the foreign financial institutions and the most industrialized states that could threaten to cut off credit. Another argument in favour of an energetic response on the part of developing countries in terms of debt cancellation: from the beginning of the crisis in the North in 2007-2008 to the second quarter of 2010 private banks in the most industrialized countries wiped off about $1,600 billion (for a start) in doubtful debts related to the incredible financial package devised between 2004 and 2007. The debts contracted by the governments of developing countries with private banks represent a very limited proportion of this amount: $136 billion, i.e. a mere 8.5% of the $1,600 billion that have already been wiped off the slate. If private banks could wipe off 1,600 billion in less than 3 years, it is hard to see why the governments of the South could not demand some relief from the burden of their external public debt.

On the other hand, the total amount owed by the governments of developing countries to the most industrialized countries in bilateral debts, $326 billion end of 2009, is negligible compared with the amounts spent by European governments to bail out their reckless bankers after the October 2008 crisis: in all, EU1,100 billion (or $1,446 billion), I 16I most of it for nothing, since governments did not seize the opportunity to get permanent control of these banks and enforce a radical policy changes in the financial sector. We must also take into account the US government's bailout, amounting to more than $700 billion. The total amount paid to private banks by EU and US governments over 2008-2010 is in excess of $2,140 billion, or almost seven times the total amount of bilateral debts owed by developing countries to the most industrialized countries. After a thorough auditing, the governments of developing countries should refuse to repay bilateral debts identified as illegitimate, an amount that in any case comes to very little compared with the gifts to bankers.

Finally, governments of developing countries should also refuse to go on repaying amounts claimed by multilateral institutions (the IMF, World Bank, regional development banks, etc.), estimated at $490 billion at end of 2009, on the grounds that this multilateral portion of their debt was used to enforce the Washington consensus, with disastrous social, economic and environmental consequences that also led to the outrageous practices culminating in the current crisis.

In terms of alternatives, some limited breakthroughs have been achieved by certain progressive governments, particularly in Latin America.

IV. Alternatives

1. Public debt auditing under citizens' control

CADTM proposes an essential measure bout public debt: unilateral or multilateral (if several indebted countries can join) suspension of debt repayment during which public authorities will carry out an audit of their public debt (under citizens' control) so as to determine which debts must be cancelled or drastically renegotiated because illegitimate, illegal or odious.

Ecuador carried out an integral audit of its debt

Seven months after his election the Ecuadorian president Rafael Correa decided to carry out an analysis of the country's debt and of the conditions in which it had been incurred. To this end a commission for the audit of the debt consisting of 18 experts, including CADTM, was set up from July 2007 onward. After 14 months work it filed a report which showed that several loans had been granted in violation of basic rules. In November 2008 the new government started from this report to decide that it would suspend repayment of the debt consisting of debt securities maturing in 2012 and 2030. Finally the government of this small country was victorious in a test of strength with North American bankers. It bought back for less than $1 billion securities that were valued at $3.2 billion. Ecuador's public treasury thus saved some $2.2 billion of debt stock to which must be added $300 million a year for interests over 2008-2030. This made it possible to find financial means for social expenditure in health care, education, allowances, and in the development of communication infrastructures.

2. States having recourse to "sovereign acts"

There are recent examples, particularly in Latin America, of soverign acts aiming at resisting the dominance of international financial institutions, private creditors, TNCs, or imperialist countries.

- As mentioned above Ecuador unilaterally suspended repayment of its debt;
- in 2006 Paraguay successfully repudiated an illegal debt contracted with Swiss bankers;
- after suspending repayment of its debt in 2001, Argentina eventually renegotiated it at 45% of its value in 2005;

Argentina

From 2001 to 2005 Argentina refused to repay its debt. Such suspension had not been planned but it was beneficial for the country. As Argentinian economist Claudio Katz writes, The representatives of the financial sector said that this isolation would have tragical consequences but the opposite happened. The break in international financial relations boosted Argentina's economy. The absence of external payments contributed a lot to help the internal recovery. The country's defaulting facilitated negotiations with creditors, thus showing that a high debt is the bankers' problem. [17] Thanks to a unilateral moratorium on debt securities for close to $100 billion, Argentina eventually renegotiated its debt at 45% of its value in March 2005. Because of not repaying its debt the country could reconnect with economic growth (8 to 9% of annual growth rate in 2003-2010). [18]
Argentina still has a $6 billion debt to members of the Paris Club, which stands for the interests of industrialized countries. Since December 2001 it had not paid anything to those countries. The Paris Club hardly mentions this, since they want to avoid other governments following suit. It is to be noted that Argentina now belongs to G20, and that it is in no way marginalized in spite of such unilateral sovereign acts. On 16 November 2010, after 9 years of unilateral suspension of payment Argentina announced it had persuaded the Paris Club to restart dialogue with a preliinary requirement: the IMF would not be allowed to comment on the economic policy of Argentina's government argentin.

- while they had been condemned by the International Center for Settlement of Investement Disputes (the ICSID, or World Bank tribunal in these matters), which usually stands on the side of private corporations against sates that takes measures in the public interest, some countries such as Bolivia and Ecuador indicated that they did not recognize its decisions and arbitrations any longer. Moreover, in 2009, Ecuador repealed 21 bilateral investment treaties;

- some countries such as Venezuela since 2002 and Bolivia since 2006 have retrieved control on their natural resources, for instance through nationalizations, and on other key sectors in their economy;

- notably Bolivia, Ecuador and Venezuela have introduced a tax on new contracts with TNCs in extractive industries (oil, gas, minerals...) so as to boost taxes and royalties;

- the unilateral end of concessions granted by States to some transnational companies whose policies go against public interest. Bolivia put an end to concessions granted to Bechtel (at Cochabamba in 2000) and Suez (at El Alto, near La Paz in 2005) in the field of water distribution/sanitation.

3. Ecuador's Constitution: a model in terms of public indebtedness [19]

On the question of indebtedness, the new Constitution of Ecuador (adopted by universal suffrage in September 2008) represents a big step forward which other countries should take as an inspiration (see box). Indeed Articles 290 and 291 define and strictly limit the conditions in which the authorities of the country can contract loans. These Articles forbid the taking out of loans to pay old debts. They refuse debts involving capitalization of late payment interest (designated as anatocism, a form of compound interest), which is a common practice of creditor members of the Paris Club. [20] They warn lenders that if they grant loans in illegitimate conditions, the legitimacy of these loans will be challenged. They consider as imprescriptible any offences concerning public debt. They rule out the possibility of the State's assuming the debts of private banks or other private entities. They stipulate the setting up of a full, permanent mechanism for auditing the internal and external public debt.

Ecuador's Constitution with regard to public debt

A great step forward that remains to be put in practice

Art. 290. - Public debt will be subject to the following rules:
1. There shall be no recourse to public borrowing unless fiscal receipts and resources from international cooperation are insufficient.
2. Precautions will be taken to ensure that public indebtedness does not affect national sovereignty, human rights, people's well-being and the preservation of nature.
3. Public debts will be used exclusively to finance investment programmes and projects in the sphere of infrastructures, or programmes and projects that generate resources that permit repayment of the debt. An existing public debt cannot be refinanced unless the new terms are more advantageous for Ecuador.
4. Renegotiating agreements shall not contain any explicit or tacit form of anatocism [21] or usury.
5. Debts declared illegitimate by a competent body shall be challenged. In the case of debts that are declared illegal, the right to recover sums linked to the damages caused shall be exercised.
6. Actions involving administrative or civil responsibility regarding borrowing or management of public debt shall be imprescriptible.
7. The "nationalization" of private debts is forbidden.

[...]

Art. 291. - The competent bodies, determined by the Constitution and by law, will carry out preliminary financial, social and environmental analyses of the impact of projects in order to determine the financing possibility. These bodies will also undertake the control and financial, social and environmental audit of each phase of internal and external public borrowing, both in the contract phase and in the phases of management and renegotiation.

4. In addition to unilateral sovereign measures, regional integration initiatives should be developed to reinforce solidarity among peoples

- ALBA (Bolivarian Alliance for the Americas) is an alternative integration project proposed by the president of Venezuelan president Hugo Chávez in 2003 in response to FTAA (Free trade area of the Americas) - an initiative launched earlier by US president Bill Clinton. ALBA has been operational since 2004 and now includes Venezuela, Cuba, Bolivia, Nicaragua, Dominica, St Vincent and the Grenadines, Ecuador, Antigua-and-Barbuda. Integration perspectives include projects in several fields such as finance, education, infrastructures, science and technology, energy, environment, etc. The most significant initiative to date is Petrocaribe, which provides Venezuelan oil at affordable conditions to other State members. At its peak in 2008, the total value of Venezuelian oil exports to Petrocaribe partners reached $10 billion.

The Bolivarian ALBA project aims to give a social justice content to the project of continental integration. Among its objectives: to regain public control over the natural resources of the region and over its major means of production, trade and commercialization, to raise the social status of workers and small producers, and to reduce inequalities among the various economies in the region. At a meeting at Cochabamba, Bolivia, on 17 October 2009, ALBA adopted the constitutive treaty on **SUCRE** (Unified system of regional compensation) [22], a currency to be used for trading among members of the Alliance. The affirmed aim in the final declaration signed by heads of State, is to make it "an instrument to conquer monetary and financial sovereignty" and to achieve "independence towards the US dollar in regional trade, reduction of asymmetries and gradual consolidation of a zone of shared development". [23] Will this be a first step towards the adoption of a common currency? [24]

- The Bank of the South launched in 2007 by seven South American countries (Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay and Venezuela) is designed to provide these countries with a public multilateral institution that will finance projects favouring integration and reduction of asymmetries among countries. [25] The agreements signed by the seven governments focus on food and energy sovereignty, natural resources, education and health care (financing projects that are to contribute to these objectives). Unfortunately the Bank of the South is not yet in operation. [26]

The above-mentioned measures are only part of the policies to be implemented to break with three decades of neo-liberal policies. The various CADTM publications present a complete and consistent set of measures to be developed in order to achieve social justice. We invite you to check our website, books and periodicals.

As can be seen, there are alternatives to subjugation by debt, and the current context is favourable to developing countries. There is a real risk that it will not last, which is why it is urgent for social movements and citizens seeking social justice to increase the pressure on leaders of the South. But in their struggle they may well obtain the support of several organizations in the North, since as a consequence of the international crisis that started in 2007-2008, the populations of industrialized countries are also bearing the burden of a colossal debt...

To be followed: 2nd part. Debt in the most industrialized countries

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Post-scriptum :

The present text is a modified and extended version of the introduction to the workshop "Public debt in the South and (in the) North" during the national conference of local committees of ATTAC France held at the University of Saint-Denis (Paris VIII) on 16 and 17 October 2010. Another version was presented during the training session organized by the International Debt Observatory and CADTM in Liège on 29 and 30 November 2010 (see www.cadtm.org/Dette-publique...) and at the 4th workshop for CADTM South Asia in Colombo (Sri Lanka) on 9 and 10 December 2010 (see "Le CADTM Asie du Sud réuni à Colombo au Sri Lanka", http://www.cadtm.org/CADTM-South-As...). It was also exposed in Nagercoil (Tamil Nadu, India) on 28 December 2010.

The 2nd part will discuss the debt of the most industrialized countries.

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[1] According to international bodies (IMF, WB, OECD) developing countries include all countries in Latin America, Africa, the Middle East, Eastern European countries (including some member states of the EU as well as Russia), countries in Asia (including China but excluding Japan and South Korea).

[2] Figures for 2009. Source: World Bank, *Global Development Finance*, online.

[3] This only includes the debt of the central government. Source: OECD, *Central Government Debt: Statistical Yearbook 2000-2009*, Paris, 2010, p. 31

[4] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Irleand, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, United States, United Kingdom - 24 countries in all. Figures calculated by the author based on OECD, *Central Government Debt: Statistical Yearbook 2000-2009*, Paris, 2010, p. 29

[5] See Damien Millet and Eric Toussaint, *Retour sur les causes de la crise alimentaire mondiale*, August 2008, www.cadtm.org/Retour-sur-les... . See also Damien Millet and Eric Toussaint, *La crise, quelles crises ?*, Aden-CADTM-CETIM, Brussels-Liège-Geneva, 2010, chapter 6.

[6] See Renaud Vivien and Eric Toussaint, *Vers une nouvelle crise de la dette du Sud ?*, April 2010, www.cadtm.org/Vers-une-nouve...

|7| Nota Bene: even if repaying the debt is sustainable for the budget, it does not relieve governments of the need to carry out an audit so as to identify illegitimate and/or illegal or odious debts, which can then be repudiated. Moreover the notion of sustainability is totally subjective: repayment is sustainable if social expenses are cut so as to channel a maxium of public resources towards creditors. From the point of view of the populations such policy is unsustainable while the WB, the IMF and the overwhelming majority of leaders claim the opposite.

|8| These rates are actually negative since they are lower than inflation.

|9| In early November 2010 the US Federal Reserve decided to buy treasury bonds from private banks for $600 billion (on top of what had been bought before). From May to October 2010 the European Central Bank (ECB) bought 65 billion of public debt securities from the banks (Source: Financial Times, 9 November 2010). When they buy public securities from private banks, central banks in fact release money that bankers immediately lend at a profit. Private bankers lend this money to governements and private companies both in the North and in the South.

|10| *Financial Times*, 26 October 2010.

|11| Their exports become less competitive. Some countries such as Brazil took measures to restrict the influx of foreign capital, especially since such capital can move out again with highly destabilizing consequences

|12| See http://www.divida-auditoriacidada.o...

|13| World Bank, *Global Development Finance*, online.

|14| This is what is called 'twin crises', a stockmarket crisis and a property crisis resulting in a bank krash, as happened in Japan in 1990 and in the US in 2007-2008.

|15| See Damien Millet and Eric Toussaint, *60 Questions on the IMF-World Bank and the Debt Scam*, VAK, Mumbai, 2009, question 11.

|16| If we also take into account the guarantees offered to the banks by governments, we obtain a total of EU4,589 billion in public aid. See the European Commission website: http://europa.eu/rapid/pressRelease...

|17| See http://www.cadtm.org/Grece-2010-Arg...

|18| Obviously the growth rate of the GDP as a measure of the social success of a country is not adequate. Still it gives an idea of the condition of the economy.

|19| Ecuador's 2008 Constitution, as also Bolivia's, voted in the same year, and Venezuela's, voted in 1999, include other interesting alternatives. Check the complete versions.

|20| An informal grouping of the 19 most powerful creditor nations of the planet. It holds its meetings at the Ministry of Finance. See www.clubdeparis.org

|21| Anatocism: the conversion of late payment interest into capital, or in other words, capitalization of late payment interest. (Note by CADTM)

|22| The decision to create a new currency called SUCRE was taken by the major ALBA leaders at Cumana, Venezuela on 16 April 2009. It would mainly be used as a reckoning unit for trade exchanges among subscribing countries. It could prefigure a genuine common currency. Its name also commemorates a hero of South-American independence, José Antonio Sucre (1795-1830).

|23| See the final declaration of the ALBA summit (in Spanish) at http://alainet.org/active/33762

|24| While the Sucre is to be introduced gradually from 2010, no schedule was decided on at Cochabamba for a transition towards a single currency.

|25| See Eric Toussaint, *Bank of the South. An Alternative to IMF-World Bank*, VAK, 2007

|26| See Éric Toussaint's interview in the Swiss daily paper Le Courrier on 16 October 2010. http://www.lecourrier.ch/index.php?... ou http://www.cadtm.org/Du-Venezuela-a...

