

The COVID19 pandemic has brought long-standing social and economic ills to breaking point. We are today deep in a multiple crises of health, economic survival and climate change. With no signs of abating, the crises have already exacted steep costs in terms of millions of lives and jobs lost, and many more languishing in poor health, starvation, homelessness and other forms of deprivation.

The International Monetary Fund and the World Bank hold their Spring Meetings amid these unparalleled conditions to discuss mainly, “supporting a resilient recovery”, to find ways of reducing poverty and to prevent future shocks, among others. But their actions thus far are leading us down a path towards deeper indebtedness, more austerity, greater economic and gender inequalities and higher risks to future shocks from more virulent pandemics to intensifying climate change. Behind the posturing, the Bretton Woods institutions’ key interest remains bound to ensuring debt service payments and peddling more debts.

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Let us first be reminded that the IMF and the World Bank have yet to account for the long list of illegitimate debts to their names, which include debts that supported repressive regimes, caused the imposition of unjust economic and fiscal policies, enabled corporate abuse, displaced communities, eroded local livelihoods, polluted water and food sources, exacerbated the climate crisis and exploited women’s labors. This is a bigger historical, social and ecological debt owed to peoples of the South, which dwarfs the financial debts claimed by the IMF and the World Bank, bilateral lenders and other creditors. This debt has been accumulated through decades of exploitation that persists to this day, of our natural resources, our labor, and our economies.

The World Bank today, remains true to form in refusing debt cancellation in response to the COVID-induced crises. It has shown more concern over losing its triple-A credit rating than its professed development mandate of poverty reduction. Instead, it has pushed loans of up to \$160 billion for COVID measures, narrowly seeing liquidity and sustained debt payment capacity as the crux of the crises. Equally alarming is the Bank’s vigorous promotion of Public-Private Partnerships, which its own review process saw as racking up hidden debts by private investors that governments eventually had to assume.



*We resoundingly reject
false solutions!*

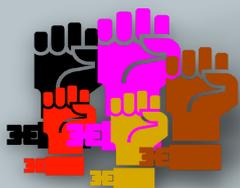
The pandemic-induced crises has starkly exposed the debt problem as systemic, structural and more than just a matter of liquidity and insolvency or sustainability of payments. We demand bolder, wider, system-changing actions that pave the way for building forward, new systems that are truly just, equitable, and ecologically sustainable.

On the part of the IMF, the “big bazooka” of \$1trillion has yet to fire. Like the World Bank, it claims readiness to help and yet has deployed less than 5% of its lending capacity during the pandemic. It approved much more in new lending commitments amounting to \$75 billion during the global financial crisis than the \$52 billion in COVID times. At the same time, it persists in foisting the very same cut-to-grow logic that brought the South to our current position of great vulnerability. Most acutely felt today are the grave inadequacies of public health systems, ailing from years of neglect by governments complying with IMF loan conditionalities for social spending cuts and private provision. Civil society research found that 24 of 57 countries identified by the World Health Organization even before the pandemic as dangerously short of public health workers, had received Fund advice to slash or freeze the public sector wage bill.

The IMF and the World Bank laud the G20 and the Paris Club in launching, respectively, the Debt Service Suspension Initiative (DSSI) and the Common Framework for Debt Treatments Beyond the DSSI, even as they are gravely inadequate, short-term and cover far too few countries. Middle-income countries ineligible to access even these limited measures will see some 72 million of their people pulled into extreme poverty or four-fifths of the total new poor globally. For the poorest countries, a suspension only delays the painful dilemma that they will eventually face in 2022, when debts fall due and when crises will have, by then, devastated their societies and economies.

We resoundingly reject these false solutions! The pandemic-induced crises has starkly exposed the debt problem as systemic, structural and more than just a matter of liquidity and insolvency or sustainability of payments. We demand bolder, wider, system-changing actions that pave the way for building forward, new systems that are truly just, equitable, and ecologically sustainable.

- Immediate debt cancellation by all lenders public and private for all countries in need including middle income countries.
- Immediate and unconditional cancellation of illegitimate debts.
- Channel public funds freed from debt service into adequate, affordable and quality COVID responses and rebuilding infrastructures for public health, water and sanitation and other essential public services.



www.apmdd.org
www.debtgwa.net

Asian Peoples' Movement on Debt and Development
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