

FIGURES RELATING TO THE DEBT FOR 2009

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A necessary tool to understand the current global crisis, the data collected here by Damien Millet and Eric Toussaint (CADTM) should enable us to make sense of one of the basic reasons for the international situation, as seen from the viewpoint of the global South. From the 1960s to today's global crisis, the international network of the CADTM has constantly kept a critical eye on the world economy and the mechanisms of domination that affect it. Analysing various statistics is essential to identify what is really at stake and to propose suitable alternatives. Human mal-development, inequality, odious debt, financial transfers, the prices of raw materials, the World Bank and the IMF - all the figures included in this vade-mecum for 2009 are derived from reliable sources and have been carefully examined by the CADTM team. Far from the long-winded ramblings of the dominant discourse, the CADTM's handbook simply lays out the stark reality in figures. These are the facts we need to fuel reflection about how to lay the foundations of a radically different economic logic, both socially just and environmentally sustainable.

[Abbreviations: Mn = million, Bn = billion]

1. The Third World in a globalized world

1.1 Population and wealth

	Third World	Central and Eastern Europe + Turkey	Rich countries	World
Population in 2006	77%	7%	16%	6,5 Bn inhabitants
GDP in 2006	19%	5%	76%	US\$ 48,460 Bn
GDP / inh.	US\$ 1,520	US\$ 2,700	US\$ 28,600	US\$ 5,800 \$

1.2 Inequality in the world and thwarted human development

The combined income of the 500 richest people in the world is higher than the combined income of the 416 million poorest people.

No. of people living on less than US\$ 2 a day in 2005: 2.6 billion

No. of people living on less than US\$ 1.25 a day in 2005 : 1.4 billion

No. of people living on less than US\$ 1 a day (in million)	1981	1990	2004
in Subsaharan Africa	214	299	391
in Latin America and the Caribbean	42	43	46
in South Asia	548	579	596

<i>In million</i>	2005	2007	2008
No. of starving people	848	923	963

No. of children who cannot attend primary school: 100 million

No. of women dying in pregnancy or childbirth: 500,000 per year

No. of people without regular access to clean water: 1.1 billion

No. of people without basic sanitation: 2.6 billion

Portion of the budget dedicated to basic social services and to servicing the debt in 1992-1997		
Country	Social services	Servicing the debt

Cameroon	4.0 %	36.0 %
Ivory Coast	11.4 %	35.0 %
Kenya	12.6 %	40.0 %
Zambia	6.7 %	40.0 %
Niger	20.4 %	33.0 %
Tanzania	15.0 %	46.0 %
Nicaragua	9.2 %	14.1 %

Amount that is necessary to provide the global population with basic social services (primary education, health care, clean water, sanitation): US\$ 80 billion a year for 10 years¹

The rich get richer and richer

No. of billionaires (in US\$) in 2001: 497 / Combined wealth: US\$ 1,500 Bn

No. of billionaires (in US\$) in 2007: 1,125 / Combined wealth: US\$ 4,400 Bn

On the basis of these figures a 2% annual tax on the patrimony of these billionaires would be enough to collect US\$ 88 Bn, which would cover basic needs. This is only one possible proposal, but shows that it can be done.

No. of millionaires in 2007: 10.1 million

Their combined patrimony: US\$ 40,700 Bn

A 0.2% tax would be enough to cover the US\$ 80 Bn needed.

2. Towards the debt crisis in the early 1980s

2.1 The 1960s and 1970s

	1960	1970	1980
Stock of the external debt	US\$ 8 Bn	US\$ 70 Bn	US\$540 Bn

2.2 The u-turn of the 1980s

2.2.a *Fall in the price of commodities exported by the South*

<i>In 1985 dollars</i>	Average annual variation between 1977 and 2001
Food	-2.6 %
Tropical drinks	-5.6 %
Oil and oilseeds	-3.5 %
Farming commodities	-2.0 %
Metals, ores, and minerals	-1.9 %
incl. petroleum	-3.4 %

2.2.b *Rises in US interest rates that had an impact on debt repayment*

Prime Rate evolution

Year	Nominal rate	Actual rate (after deduction of inflation)
1970	7.9 %	2.0 %
1975	7.9 %	-1.3 %
1979	12.7 %	1.4 %
1980	15.3 %	1.8 %
1981	18.9 %	8.6 %

¹ World Bank, WHO, UNDP, UNESCO, UNFPA, UNICEF, *Implementing the 20/20 Initiative. Achieving universal access to basic social services*, 1998, www.unicef.org/2020/2020.pdf. The above mentioned bodies reckon that US\$ 80 billion a year (1995 dollars) would be needed, considering that approx. US\$ 136 billion are currently used for this purpose. The annual grand total would be between US\$ 206 and 216 billion. For more details, see the mentioned document, p. 20.

In the case of Latin America the actual interest rate rose from an average – 3.4% (negative rate that was favorable to borrowers) between 1970 and 1980 to +19.9% in 1981, +27.5% en 1982 and 17.4% in 1983.²

2.3 How loans were used

Embezzlement and corruption

Mobutu's fortune in 1997	US\$ 8 Bn
Zaire's debt in 1997	US\$ 12 Bn
Duvalier's fortune in 1986	US\$ 900 Mn
Haiti's debt in 1986	US\$ 750 Mn

An illustration of a Barnum project that despoiled the population

Chad-Cameroon pipeline	
Length of pipe-line	1,070 km
Cost of laying pipeline	US\$ 3.7 Bn
Indemnity proposed per m ² of destroyed peanuts	US\$ 3.7 cents
Indemnity proposed per m ² of destroyed millet	US\$ 0.7 cents
Indemnity proposed for a mango tree	US\$ 4.5
Income from a mango tree's first crop (approx. 1,000 mangoes)	US\$ 150

A largely odious debt (in US\$ Bn)

Country	Dictatorship	Period of dictatorship	Odious debt (dictatorship)	Stock of the debt in 2006 (in US\$ Bn)
Indonesia	Suharto	1965-1998	150	131
Iraq	Saddam Hussein	1979-2003	122	92
Brazil	Military junta	1965-1985	100	194
Argentina	Military junta	1976-1983	45	122
South Korea	Military regime	1961-1981	33	154
Nigeria	Buhari/Abacha	1984-1998	30	8
Turkey	Military regime	1980-1989	30	208
Philippines	Marcos	1965-1986	27	60
South Africa	Apartheid	1948-1991	22	36
Syria	Assad	1971-	21	7
Thailand	Military leaders	1966-1988	21	55
Morocco	Hassan II	1961-1999	19	18
Tunisia	Ben Ali	1987-	18	18
Zaire/DRC	Mobutu	1965-1997	13	11
Chile	Pinochet	1973-1990	12	48
Pakistan	Military leaders	1978-1988	10	36
Peru	Fujimori	1990-2000	9	28
Southan	Nimeiry	1969-1985	9	19
Ethiopia	Mengistu	1977-1991	8	2.3
Congo	Sassou	1979-	6.1	6.1
Kenya	Moi	1978-2003	5.8	6.5
Iran	Shah	1941-1979	4.5	20
Bolivia	Military junta	1964-1982	3.0	5.3
Guatemala	Military regime	1954-1985	2.7	5.5
Mali	Traoré	1968-1991	2.5	1.4
Myanmar (Burma)	Military regime	1988-	2.3	6,8

² Source: Sebastian Edwards, *Crisis y Reforma en América Latina*, 1997, p.35, quoted by Eric Toussaint, *Your Money or Your Life, The Tyranny of Global Finance*, Haymarket books, Chicago, 2005, chapter 8, pp. 145-146

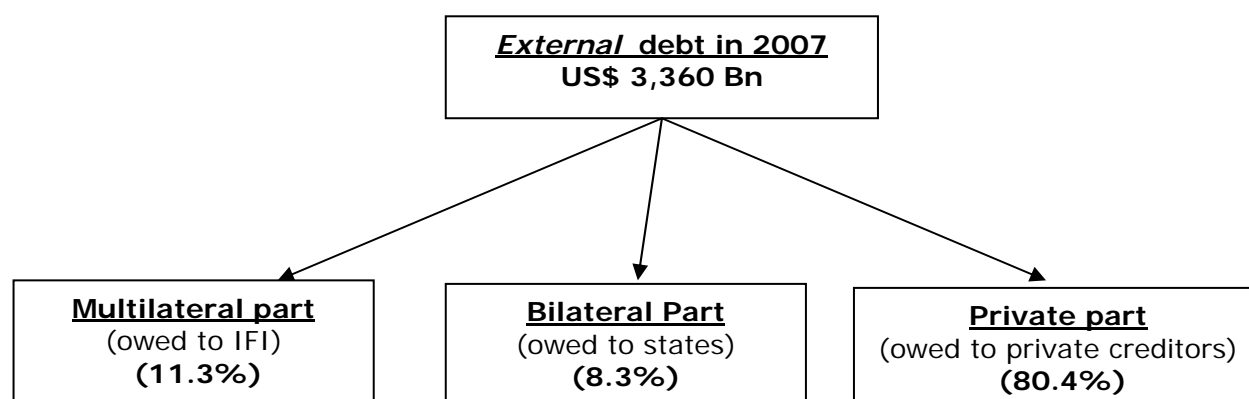
Somalia	Siad Barre	1969-1991	2.3	2.8
Malawi	Banda	1966-1994	2.2	0.9
Paraguay	Stroessner	1954-1989	2.1	3.4
Nicaragua	Anastasio Somoza	1974-1979	2.0	4.4
Cambodia	Red Khmers	1976-1989	1.8	3.5
Togo	Eyadema	1967-	1.8	1.8
Liberia	Doe	1980-1990	1.2	2.7
Rwanda	Habyarimana	1973-1994	1.0	0.4
Salvador	Military junta	1962-1980	1.0	9.1
Haiti	Duvalier	1957-1986	0.8	1.2
Uganda	Idi Amin Dada	1971-1979	0.6	1.3
Central Africa	Bokassa	1966-1979	0.2	1.0

3. Public and private external debt of developing countries since 1980

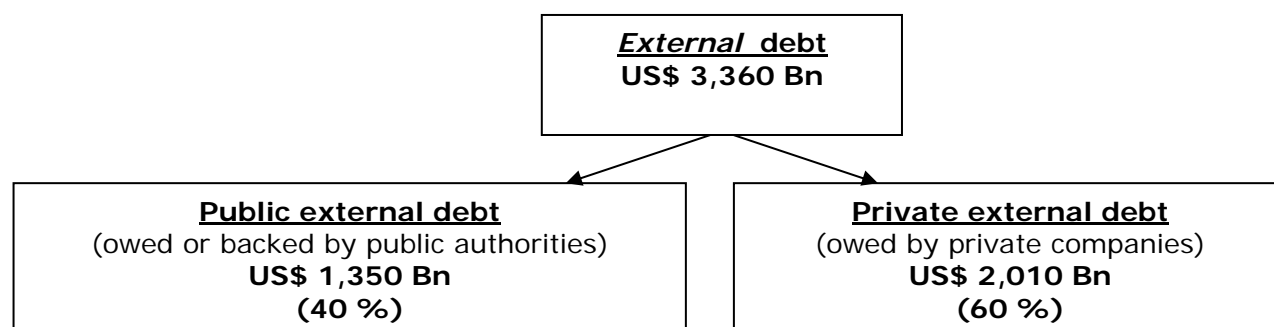
	Stock (US\$ Bn)	Service (US\$ Bn)
1980	540	86
1990	1,330	146
1995	1,950	220
2000	2,260	371
2004	2,750	437
2007	3,360	523

4. Current debt distribution

4.1 Creditors



4.2 Debtors



4.3 Region in 2007

In US\$ Bn	Stock	Service
Latin America	790	146

Subsaharan Africa	190	17
Middle East and North Africa	150	20
South Asia	240	24
East Asia	720	90
Eastern and Central Europe + Turkey and Central Asia	1,270	226
Total	3,360	523

4.4 Most indebted countries of the South in 2007 (long term public external debt)

<i>In absolute value</i>	In US\$ Bn	<i>Per inhabitant</i>	In US\$
Mexico	96	Lebanon	4,670
Brazil	85	Gabon	2,990
Turkey	78	Panama	2,370
Indonesia	67	Croatia	2,300
Argentina	65	Jamaica	2,250
India	60	Uruguay	2,180
Russia	50	Argentina	1,650

5. DCs' internal debt

DCs' public internal debt in 1997: US\$ 1,300 Bn

DCs' public internal debt in 2005: US\$ 3,500 Bn

Service on DCs' public internal debt in 2007: US\$ 600 Bn

Total servicing of DCs' public debt (both internal and external) in 2007: US\$ 800 Bn

6. Debt-related flows

6.1 Balance of repayments for public and private external debt since 1980

<i>In US\$ Bn</i>	Stock
Debt Stock in 1970	70
Debt Stock in 2007	3,360
Total repaid between 1980 and 2007	7,150

DCs have repaid about 102 times what they owed in 1970, but meanwhile their debt has increased by 48 times.

6.2 Net transfer on the debt (difference between received loans and repayments)

Net transfer on long term public external debt in 2007	-18.9 Bn \$
Total 1985-2007	-759 Bn \$

6.3 Several Marshall Plans from the South to the North

Marshall Plan for Europe after WWII	100 Bn \$
Net transfer on public external debt 1985-2007	759 Bn \$
No. of Marshall plans transferred to rich countries between 1986 and 2007	7.5

6.4 Comparison of some amounts entering and leaving the DCs in 2007

Public development aid	+ 104 Bn \$
Repatriation of TNC profits	- 238 Bn \$
Migrants' remittances	+ 251 Bn \$
Service on public external debt	- 190 Bn \$

6.5 DCs are net creditors for developed countries

Total amount of DCs' foreign exchange reserves³: US\$ 4,500 Bn

DCs' public external debt: US\$ 1,350 Bn

US public external debt as Treasury bonds⁴: US\$ 2,200 Bn

Total US public and private external debt in the form of various securities: US\$ 6,642 Bn

Comparison between currency reserves and public external debt (Bn \$)

Country	Currency reserves en 2008	Public external debt en 2006
China	1,890	86
Russia	435	50
India	301	60
Brazil	206	85
Algeria	138	4

Who are the US' external creditors ?

Country	Amount in US securities ⁵ in June 2007
China (including Hong Kong)	1,000
Japan	976
Britain	500
Luxembourg	469
Caiman islands	461
Belgium	372
Ireland	261
Petroleum exporting Gulf countries + Iran	169
Germany	166
Switzerland	155
Russia	148
Bermuda	148
Netherlands	140
South Korea	132
Canada	127
Taiwan	110
Brazil	105
France	90
Mexico	89
Total Asia	2,583
Total Europe	2,553
3 island tax havens (Caiman, Bermuda, Jersey)	664
All of Latin America	265
Petroleum exporting Gulf countries + Iran	169
Canada	127
Total for Africa	20
Unknown countries	213
International institutions	39
Other known countries	9
Total for the world	6,642
Including developing countries	2,055

7. Dependence on exports

³ Foreign currency assets held by a central bank.

⁴ If we add the external debt of paragonovernmental agencies such as Freddy Mac and Fannie Mae, which accounted for US\$ 1,414 Bn in June 2007, the US government's total public external debt is more than US\$ 3,600 Bn. As a consequence of the nationalisations of banks and insurance companies that occurred in 2008, the US public external debt suddenly increased as the State took on the debts of nationalized private institutions. See *Preliminary Report on Foreign Holdings of U.S. Securities at End-June 2007*, Department of the Treasury, Washington.

⁵ These bonds are debt securities emitted by the US Treasury (US\$ 2,200 Bn), paragonovernmental credit and mortgage companies (GSE) such as Freddy Mac or Fannie Mae (US\$ 1,414 Bn), private companies (US\$ 3,034 Bn).

Country	Main export commodity	Portion of this commodity in export revenues in 2000
Benin	cotton	84 %
Mali	cotton	47 %
Burkina Faso	cotton	39 %
Uganda	coffee	56 %
Rwanda	coffee	43 %
Ethiopia	coffee	40 %
Nicaragua	coffee	25 %
Honduras	coffee	22 %
Sao Tomé and Príncipe	cocoa	78 %
Malawi	tobacco	61 %
Mauritania	fishing	54 %
Senegal	fishing	25 %
Guinea	bauxite	37 %
Zambia	copper	48 %
Niger	uranium	51 %
Bolivia	natural gas	18 %

Farming subsidies paid by countries of the North to farming corporations: US\$ 1 Bn a day.

8. The HIPC initiative (Highly indebted poor countries)

8.1 Eligible countries in 2008

HIPC Initiative	
No. of HIPCs	49
HIPC population as a percentage of DCs	11 %
HIPCs with a sustainable debt	4
HIPCs refusing to be part of the initiative	4
HIPCs likely to be selected	41
HIPCs that had reached decision point in July 2008	33
HIPCs that had reached completion point in July 2008	23

8.2 Progress in July 2008

Completion Point reached		Decision Point reached		Waiting
Uganda	May 2000	Guinea-Bissau	Dec 2000	Ivory Coast
Bolivia	June 2001	Guinea	Dec 2000	Comores
Mozambique	Sept 2001	Chad	May 2001	<i>Erythrea</i>
Tanzania	Nov 2001	R D Congo	July 2003	<i>Kirghiz rep.</i>
Burkina Faso	April 2002	Burundi	Aug. 2005	<i>Nepal</i>
Mauritania	June 2002	Congo	March 2006	Somalia
Mali	March 2003	<i>Haiti</i>	Nov 2006	Sudan
Benin	March 2003	<i>Afghanistan</i>	July 2007	Togo
Guyana	Dec 2003	Central Africa	Jan. 2008	
Nicaragua	Jan. 2004	Liberia	March 2008	
Niger	April 2004			Countries that opted out
Senegal	April 2004			Laos
Ethiopia	April 2004			Myanmar
Ghana	July 2004			<i>Sri Lanka</i>
Madagascar	Oct 2004			<i>Bhutan</i>
Honduras	April 2005			
Zambia	April 2005			
Rwanda	April 2005			Rejected countries

Cameroon	April 2006			Angola
Malawi	Sept 2006			Kenya
Sierra Leone	Dec 2006			Vietnam
Sao Tomé & Príncipe	March 2007			Yemen
Gambia	Dec 2007			

[In italics, countries not initially registered but incorporated in 2006.]

8.3 Evolution of the long term public external debt of the 31 HIPC

<i>In US\$ Bn</i>	Long term public external debt of the 31 HIPCs that are eligible in Sept 2007
1996	103.8
1997	102.0
1998	107.1
1999	100.0
2000	96.8
2001	92.1
2002	100.3
2003	110.6
2004	110.4
2005	100.6

8.4 Debt service of the first 31 eligible countries

<i>In Bn \$</i>	Service of the 31 eligible HIPC Sept 2007
2000	3.80
2001	2.87
2002	3.00
2003	3.29
2004	3.69
2005	3.88
2006	3.29

8.5 Sham debt relief for some poor countries

Ratio current net value of the debt / exports (the objective of the HIPC initiative is to bring it below the 150% threshold).

Country	Completion year	Expected ratio at decision point	Actual ratio at completion point
Burkina Faso	2002	185.5%	207.5%
Ethiopia	2004	173.5%	218.4%
Niger	2004	184.8%	208.7%
Rwanda	2005	193.2%	326.5%
Malawi	2006	169.0%	229.1%
Sao Tomé and Príncipe	2007	139.7%	298.7%

9. Debt in the North and debt in the South

9.1 Debt figures in the North in 2007

	In Bn \$
Public debt of rich countries	30,000
US public debt	9,300
Public debt of Japan	8,000
Public debt in the Euro zone	8,100
UK public debt	1,300
US total debt	49,000

DCs' public external debt	1,350
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9.2 Debt of countries in the North and of areas in the South with which they entertain privileged relations

<i>Amounts in 2007</i>	In Bn \$
Public debt of France	1,800
Public debt of Belgium	410
Public external debt of Subsaharan Africa	130
US public debt	9,300
Public external debt of Latin America	400
Public debt of Japan	8,000
Public external debt of South and East Asia	420

9.3 Expenses related to the Northern lifestyle

Annual advertising expenses	US\$ 486 Bn
Annual military expenses	US\$ 1,339 Bn
Service of DCs' public external debt	US\$ 190 Bn
Annual expenses related to drug trafficking	US\$ 400 Bn
Total of US expenses directly related to the war in Iraq before the end of 2007	US\$ 400 Bn

US expenses in one month for the war in Iraq and Afghanistan: US\$ 16 Bn
 UN annual budget: US\$ 16 Bn

9.4 Deposits by the DCs' affluent class in banks of the North

<i>In 2007. In Bn \$</i>	Public external debt	Deposits in banks of the North
Latin America and the Caribbean	400	490
Middle East and North Africa	110	360
Subsaharan Africa	130	230
South Asia	160	190
East Asia and the Pacific	260	450
Eastern and Central Europe + Turkey and Central Asia	290	660
Total	1,350	2,380

Ill-gotten gains restored by Switzerland to DCs (Nigeria, Philippines, Peru...): US\$ 1.6 Bn

9.5 The 2008 international crisis

Financing⁶ of markets by central banks and states between April and October 2008: US\$ 7,800 Bn

DCs' public external debt: US\$ 1,350 Bn

Losses⁷ and depreciations of bank assets between August 2007 and August 2008: US\$ 500 Bn

Losses⁸ of banks in the US, the UK, Spain and Switzerland in 2008: US\$ 1,200 Bn

DCs' public debt to private banks in the North: US\$ 200 Bn

IMF estimate of the total cost of the crisis for banks in January 2009: US\$ 2,200 Bn

Losses for the Royal Bank of Scotland in 2008: US\$ 30 Bn

⁶ <http://www.latribune.fr/actualites/economie/international/20081028trib000303732/la-crise-va-couter-2800-milliards-de-dollars-au-systeme-financier-selon-la-banque-dangleterre.html>

⁷ <http://www.mediapart.fr/journal/economie/economico/010908/crise-financiere-500-milliards-de-dollars-de-pertes-pour-le-moment>

⁸ http://www.lemonde.fr/economie/article/2009/01/20/le-systeme-bancaire-reste-desesperement-asphyxie_1144144_3234.html

Kenya's GDP: US\$ 30 Bn

9.6 Towards a new debt crisis in the Third World

Fall of income from exports of commodities and farming products

Commodity	Unit	Highest point over the last year	Date of the highest point	Price on 17.02.09
Petroleum	\$/barrel	146.35	15/07/08	36.78
Copper	\$/ton	8,980	03/07/08	3,406
Cotton	cents/lb	86.88	04/03/08	44.60
Rice	cents/lb	24.68	24/04/08	12.49
Wheat	cents/bushel	1,275	13/03/08	535
Corn	cents/bushel	757.75	26/06/08	363.50

Consequences: sharp fall in the revenue that the governments of the South derive from exports and renewed difficulty in repaying the public debt.

Moreover the cost of repayment has increased for two reasons.

a. Most debts are in US\$, which has appreciated by comparison with other currencies since July 2008. To acquire the dollars needed to repay their debts, governments of the South must pay more in national currency than before.

b. Risk premiums (spread) paid by DCs in order to borrow money have risen sharply since July 2008.

All this forced the governments of developing countries to dig into their currency reserves. Russia's dwindled by US\$ 50 billion during the second half of 2008. Countries with weak currency reserves (such as Ecuador) will have to consider a discontinuation of debt repayment.

It is most probable that public debt will also increase because of the States bailing out bankrupt private companies.

9.7 A new crisis of public debt in the North is looming

The huge cost involved in bailing out banks and insurance companies considerably increases the public debt of countries of the North, as well as the cost of rollover (refinancing). Simultaneously the recession involves a sharp reduction of tax revenues. After the crisis of private debt that started in 2007, a new crisis of public debt is in the offing.

10. IMF figures

10.1 Voting rights at the IMF

Distribution of voting rights among the 24 IMF board members in Nov. 2008					
Countries	%	Group chaired by	%	Group chaired by	%
United States	16.77	Belgium	5.14	Indonesia	3.52
Japan	6.02	Netherlands	4.78	Egypt	3.20
Germany	5.88	Spain	4.45	Switzerland	2.79
France	4.86	Italy	4.10	Brazil	2.42
United Kingdom	4.86	Canada	3.64	India	2.35
Saudi Arabia	3.16	Sweden	3.44	Iran	2.42
China	3.66	South Korea	3.44	Argentina	1.96
Russia	2.69	Sierra Leone	3.01	Rwanda	1.35

[Mauritania and Somalia did not vote.]

10.2 Comparing voting rights of various countries

Countries or group	Population in 2005 (in million)	Voting rights at the IMF (%)
China	1,313	3.66

India	1,134	2.35
United States	300	16.77
Group chaired by Rwanda	225	1.35
Russia	144	2.69
Japan	128	6.02
France	61	4.86
Saudi Arabia	24	3.16

10.3 Evolution of voting rights since 1945

Countries	1945	1981	2000
Industrialized countries, incl. :	67.5	60.0	63.7
United States	32.0	20.0	17.7
Japan	-	4.0	6.3
Germany	-	5.1	6.2
France	5.9	4.6	5.1
United Kingdom	15.3	7.0	5.1
Oil producing countries, incl.	1.4	9.3	7.0
Saudi Arabia	-	3.5	3.3
DCs, incl.	31.1	30.7	29.3
Russia	-	-	2.8
China	7.2	3.0	2.2
India	5.0	2.8	2.0
Brazil	2.0	1.6	1.4

11. The World Bank

11.1 Voting rights in the World Bank

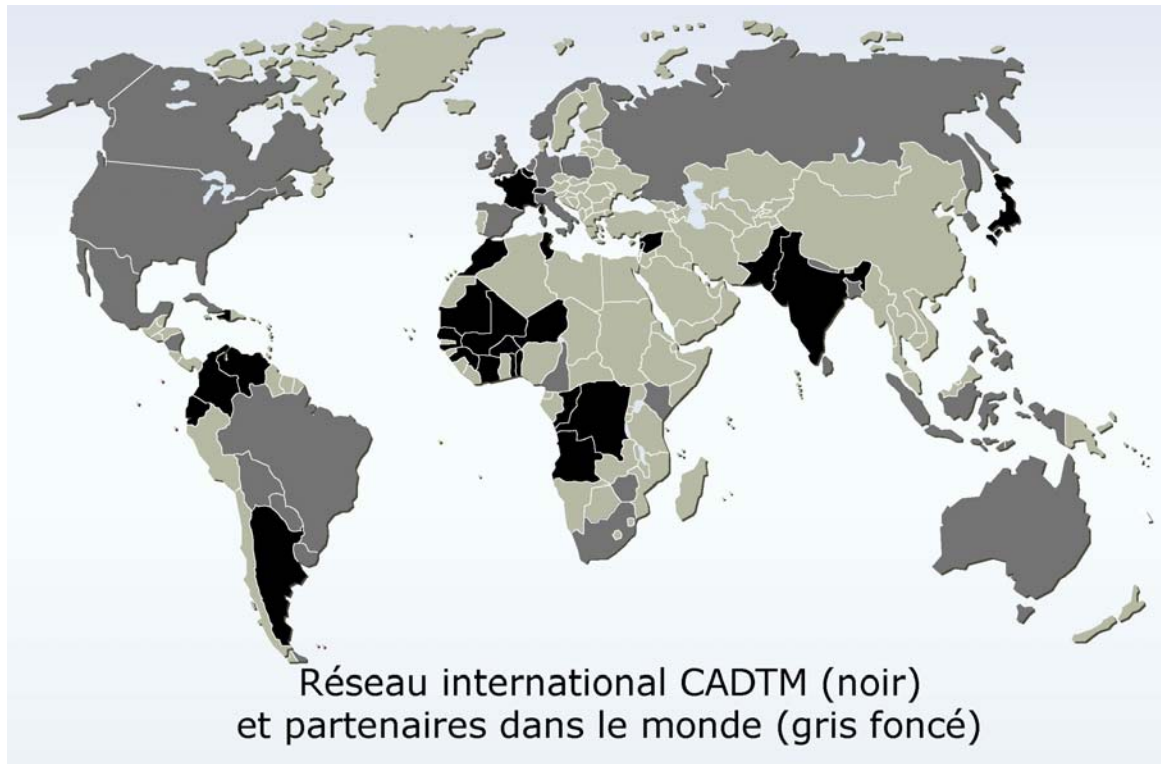
Distribution of voting rights among WB board members in Nov. 2008					
Countries	%	Group chaired by	%	Group chaired by	%
United States	16.40	Austria	4.80	Thailand	2.54
Japan	7.87	Netherlands	4.52	Kuwait	2.91
Germany	4.49	Venezuela	4.50	Switzerland	3.04
France	4.31	Italy	3.51	Colombia	3.59
United Kingdom	4.31	Canada	3.85	India	3.40
Saudi Arabia	2.79	Norway	3.34	Algeria	3.19
China	2.79	Australia	3.45	Chile	2.32
Russia	2.79	Liberia	3.36	Mauritius	1.92

[Erythrea, Mauritania and Somalia did not vote.]

11.2 Comparing voting rights of some countries at the World Bank

Country or group	Population in 2005 (in M)	Voting rights at the IBRD (%)
China	1,313	2.79
India	1,134	2.79
United States	300	16.40
Group chaired by Mauritius	225	1.92
Russia	144	2.79
Japan	128	7.87
France	61	4.31
Saudi Arabia	24	2.79

12. The CADTM network



The CADTM's International Network (black) and our partners round the world (dark grey)

[Sources: World Bank, IMF, OECD, UNDP, FAO, UNCTAD, BIS, Forbes]