

PACKAGE OF COMMON DEMANDS
ON DEBT AND THE NEED FOR
CITIZENS' CONTROL ON FINANCE
AT EUROPEAN LEVEL

-

Executive summary

Coordinated by CADTM Belgium



DEBT RESISTANCE UK

This document was written collectively by activists from nearly fifteen collectives and organizations across Europe.

It has been signed, in whole or in part, by 39 organizations from 10 European countries.

It presents their shared findings and common demands on the issue of public and private debt and on the need to establish effective citizen control, both over the means of State financing and the management of public funds, and over banks and other institutions providing credit to households and businesses.

The following organizations and collectives have decided to express their support for the entire package of demands:

As co-authors of the document:

Belgium: ACiDe (Plateforme d’Audit Citoyen de la dette en Belgique) groupes de Bruxelles et de Liège ; CADTM Belgique (Comité pour l’abolition des dettes illégitimes – Belgique) ; POUR écrire la liberté.

France: ATTAC France (Association pour la taxation des transactions financières et pour l’action citoyenne - France) ; CADTM France (Comité pour l’abolition des dettes illégitimes – France).

Greece: Undebted World.

Italy: Commissione di audit sul debito di Parma ; CADTM Italia (Comitato per l’abolizione dei debiti illegittimi – Italia).

Spanish state: Ecologistas en acción ; ODG (Observatori del deute en la globalització - Catalunya) ; PAH (Plataforma de Afectados por la Hipoteca) ; Plataforma contra los fondos buitres.

United Kingdom: Research for action.

International: CEO (Corporate Europe Observatory) – Solo los capítulos 2b, 2c, 2d, 3 y 4.

As signatories of the document, without having participated in its writing:

Belgium: ATTAC Wallonie-Bruxelles (Association pour la taxation des transactions financières et pour l’action citoyenne - Wallonie-Bruxelles) ; CEPAG (Centre d’Éducation Populaire André Genot) ; CETRI (Centre Tri-continental) ; MOC (Mouvement ouvrier chrétien) ; CIEP (Centre d’Information et d’Éducation Populaire) ; FIAN Belgium ; ITECO (Centre de formation pour le développement) ; Quinoa ; RJF (Réseau Justice Fiscale) – Solo el capítulo 3.

France: CEDETIM (Centre d’études et d’initiatives de solidarité internationale) ; Confédération paysanne ; ReAct (Réseaux pour l’action collective transnationale) ; REP (Réseau Éducation Populaire) ; Réseau foi et justice Afrique – Europe ; Ritimo (Réseau d’information et de documentation pour le développement durable et la solidarité internationale).

Ireland: ATTAC Ireland (Association for the Taxation of Financial Transactions and for Citizens’ Action - Ireland)

Luxemburg: ATTAC Luxembourg ; Etika (Initiativ fir Alternativ Finanzéierung).

Portugal: Associação Habita.

Spanish state: Audita Sanidad Madrid ; ELA Sindikatua (Eusko Langileen Alkartasuna - Euskal Herria) ; PACD (Plataforma Auditoría Ciudadana de la Deuda).

Switzerland: CADEGE (Comité pour l’Audit de la DEtte Genevoise).

United Kingdom: Debt Resistance

If your organization/collective would like to join the list of signatories, please send an email to gilles@cadtm.org

This package of demands was coordinated on behalf of CADTM Belgium by Chiara Filoni and Gilles Grégoire

The authors would like to thank all those who contributed to the translations, proofreading and corrections of this document.

Responsibility for the content and opinion set out in this document lies entirely with the authors. Neither the signatory collectives and organizations that did not take part in its writing, the translators nor any person thanked in the credits can't be held responsible for it.

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Introduction

This document has been published in the context of the beginning of the 2019-2024 European institutions' term. It aims to present the shared findings and common demands of some collectives and organizations across Europe on the issue of public and private debt and the need for real citizen control, both on the means for providing finance to States and the management of public funds, and on banks and other credit institutions.

The current strategies of budget cuts, privatization and deregulation benefit only a handful of players at the expense of all the others and have not made it possible for the economies they claim to help to "recover", quite the contrary. Moreover, almost nothing has been done either to regulate the banking and finance sector or to clean up the market for private and sovereign debt. The inflation of the private debt bubble by the ECB's policy combined with the weakening of public finances is leading us straight to a new financial crisis.

The consequences of illegitimate debts held by European holders of capital and states are felt worldwide, both in peripheral European countries (intra- and extra-EU) and in countries of the global South. Everywhere the aggravation of neoliberal policies, under the pretext of the repayment of public debt, is severely degrading people's living conditions and environment and is forcing an ever increasing number of people into debt to live with dignity and have access to basic services.

It is to face these challenges that the collectives and organizations that have signed this package of demands are organizing themselves. This package is intended for any person or organization wishing to use it and join its demands. It is also addressed to political representatives who would like to work in the interest of citizens, whether at the various national or European levels. It is not a programme in itself but a common ground, a consensual basis for the collectives and organizations that contributed to its drafting, those who signed it and all the others who will come upon it, to develop their own awareness-raising tools, their own arguments and demands, while being able to rely on the legitimacy it has as a result of its collective writing.

1. Socializing banks and recognizing their responsibility for the crisis

Contributors : Aline Fares (Belfius est à nous/CADTM Belgium), Chiara Filoni (CADTM Belgium), Patrick Saurin (CADTM France, Sud BPCE – France), Jean-Marie Harribey (Attac France)

Findings:

Following the 2007-2008 financial crisis, governments went into huge debt to save banks. This transformation of private debt into public debt (socialization of losses) did not stop banks from subsequently reducing their services to the population and continuing their speculative activities. The effects of the economic crisis that followed have been multiplied by the States' decision to implement austerity measures. At the same time, almost no action has been taken against those responsible for the financial

crisis and no serious regulations have been put in place to avoid a new crisis. Substantial and strict regulation of the banking sector is therefore essential, and certain measures remain unavoidable.

Alternatives and demands :

- **Restructuring banks:** Reduce banks' size; Separate investment banks from retail banks; Investment banks must have no guarantees from the State; Speculation, trading in derivatives, high-frequency trading, short selling, securitization and other practices that lead to banking crises, as well as illicit dealings by banks, should be stopped; Halt secret banking and banks carrying on transactions with tax havens.
- **Banking regulations:** Banks must be able to absorb any losses they themselves bring about, and their risks must be reduced drastically. That requires a significant increase in the equity held by banks, to 20%; Prohibition of socialization of losses and improvement of the bail-in procedure; Fair taxation for banks.
- **Public discussion on the purposes of the banking sector.**
- **Socializing the banking sector:** The public sector must hold a monopoly on banking activities, with one single exception: a small cooperative banking sector; Citizen participation in banking management; Financing by banks of projects in the general interest; Guarantee accessibility to banking services for everyone.

2. Put an end to EU practices favoring banks and corporations

a. Stopping Member-states funding through the financial markets, to the benefit of financial institutions

Contributors: Gilles Grégoire (CADTM Belgium, ACiDe – Belgium), Eric Toussaint (CADTM), Jean-Marie Harribey (Attac France)

Findings:

- Article 123 of the TFEU which requires private banks to have the monopoly for providing finance to the States automatically increases public debt to the benefit of private banks.
- The single currency is unfavorable for the Peripheral countries that are subjected to the competitive power of the Center countries' corporations. In response to this, their governments practice "internal devaluation", that is, cuts in wages to increase shareholders' dividends.
- During the Eurozone crisis, the ECB demonstrated its porosity to political and economic issues and bore a huge responsibility for the socioeconomic disaster in Greece.
- The quantitative easing (QE) set up by the ECB provided enormous quantities of liquidities to big banks and corporations by buying their loan issues at near-zero rates. The huge sums involved have hardly at all been used to stimulate economic activity.

They were used for speculation and so making an important contribution to the gigantic new speculative bubbles in the field of private debt, thereby, undoubtedly sowing the seeds of the next financial crisis

- If they do not opt for monetary financing, States raise funds on the financial market by issuing bonds promising high returns. This creates a *de facto* dependence of governments on those markets. However, this financing method is by no means inevitable. From 1947 until the 1970s, the French State required banks to buy debt securities from it at prices and interest rates that it defined itself. States should revert to a similar system and expand it to large companies and the wealthiest households. An increased use of State bonds could also be a good thing.

- The ecological and social emergency and the upcoming financial crisis must persuade public institutions that it is essential to free themselves from banks and financial markets to put this type of alternative into place in order to unleash public investment for the benefit of all.

Alternatives and demands :

- A monetary policy that serves the common good. States must free themselves from the financial markets, be able to obtain financing directly from central banks and set up an internal financing system.

- The Euro as it exists today is an instrument that is only useful to holders of capital at the expense of the European peoples, which is why it must be abandoned. There can be no single currency without a political union and solidarity transfer mechanisms and, as things stand at present, no common currency without national currencies in parallel.

- Emergency measures must be taken to prevent future financial crises and to finance environmental and social justice policies

Public debt is one instrument that could finance a vast program of ecological transition instead of being used to impose anti-social extractivist and productivist practices that egg peoples into mutual competition.

b. To break free from accounting rules that stifle local investment in favour of public-private partnerships (PPP)

Contributors: Adrien Peroches (ACiDe Bruxelles - Belgium), Nicola Scherer (Observatori del Deute en la Globalització - Estado español), Fanny Malinen (Research for Action - UK)

Findings:

The European Union and its Member States must comply with their obligation to actively and passively disclose standards in the field of public accounting. The opacity of the technical content of these standards is an obstacle to the legitimate exercise of citizen control and allows an increasing and insidious infiltration of political interests within them. The ESA 2010 standards are the most striking illustration of this issue.

Member States must follow strict constraints on their budget deficits. These constraints extend to all levels of government, public administrations and many subsidized organizations. However, ESA 2010 accounting standards constitute an impassable obstacle for local authorities to respect these budgetary constraints. They force public services to achieve high cost-effectiveness targets to help repay public debt and also make it almost impossible for local authorities to carry out public investments without relying on public-private partnerships (PPPs).

These PPPs give very large companies the opportunity to acquire and benefit from major infrastructure projects (compromising the very principle of public service), while transferring a large part of the real financial costs and risk to public entities and therefore ultimately to the population. Now PPPs are often expensive and highly risky. Moreover, PPPs fail to address the gender gap, or the increasing divide between rich and poor. They increase risks of corruption and reduce the capacity of governments to regulate in the public interest and can result in the abuse of human, social and environmental rights.

Alternatives and demands :

On accountability rules:

- Public accounting standards must be rethought and reshaped in order to apply the usual annual depreciation principles and to " release " ecological and social investment expenditure (according to criteria that would take into account local peculiarities) by removing them from the calculation of annual public deficits. The principles of social relevance and environmental protection must be central to the establishment of accounting, budgetary and financial standards.
- Citizens' full understanding of these standards and public financial management mechanisms must be made possible by the institutions.
- A effective and permanent citizen control over public finances must be established.
- The public service missions of the State must be guaranteed and they must be universally accessible. Therefore, they should not be subject to profit purposes and even less should they be privatized.
- If no change in the current regulations occurs in the interest of citizens, public authorities should consider disobeying existing standards with a perspective, as in Spain, of a municipal front against debt and austerity.

On private sector involvement in public services and goods:

Global action against financialization has to be taken as PPPs are only a tool for financial institutions and corporations to increase their grab on the economy and their profit.

Specifically on PPPs, we demand the implementation of the following recommendations: No over-dimensioning infrastructure demands; Calculating the actual costs of the current PPPs; Recognizing the risks of the current PPPs.

The following areas of alternatives to PPPs should also be examined by the public authorities: commitment to the public sector and defense of common goods; prioritizing respect for economic, social, cultural and environmental rights and equity.

c. Protect social rights by rescinding European budgetary mechanisms that impose austerity and neoliberalism

Contributors : Gilles Grégoire (CADTM Belgium, ACiDe – Belgium), Hamel Puissant (ACiDe Bruxelles – Belgium), Renaud Vivien et Eva Betavatz (CADTM Belgium), Jean-Marie Harribey (Attac France)

Findings:

Since the Single European Act of 1986 and up to the present day, the European Union has been increasingly vividly coloring its legislative corpus with neoliberal ideology. The euro is the most obvious example of this shift. Its adoption by States is conditioned by strict, arbitrary budgetary measures that are incompatible with the social and economic realities of peripheral European countries. These rules and the measures to enforce them (mainly implemented by the European Commission) have been strengthened as the treaties have been adopted, despite the clear refusals expressed by the peoples of several European countries.

This tendency was accelerated following the 2008 crisis, since these standards were supplemented by austerity and economic liberalization measures resulting from the successive "pacts". These injunctions have a direct impact on citizens' quality of life and also tend to structurally reinforce public budget deficits by drastically reducing the financing capacities of States. But since budget treaties also force governments to limit their debt, this can only lead to a permanent state of austerity and to the capture the public investment capacities (i.e. public capital) by the private sector. Moreover, if a State still gets into debt, the treaties force it to resort once again to the private sector (in this case the major banks) to do so, generating considerable revenues for the latter. Consequently, austerity, debt repayment, labor flexibility, tax inequalities and privatizations are no longer temporary measures supposed to help some countries get out of the crisis but legislative standards of unlimited duration.

Alternatives and demands :

- Rejection of the deadly economic and budget policies resulting from these treaties. Complete overhaul of the European Union's institutional framework on the basis of preserving the fundamental rights of the peoples of Europe. Governments must be ready to take the initiative to unilaterally reject these policies by relying on democratic and social norms enshrined in the European treaties and the Charter of Fundamental Rights.
- Establishment of European standards that, instead of limiting public investment and transferring it to the private sector, would favor investments in the social and ecological domains and in strategic economic areas of public interest. Governments must also take the initiative to unilaterally promulgate such policies. The absolute priority must be to satisfy the basic needs of populations and preserve their living environment. Policies oriented towards common interests, equality for all and towards the real needs of populations rather than austerity and privatization will restore a viable economy in the long term. Quality public services at affordable prices would also benefit the prosperity of all while contributing to the preservation of the environment.
- Abolition of the principles of economic and social competition between European States and regarding third countries in order to promote the development of local economies and cooperation. Strong measures must be taken against corporations playing the game of the "relocation blackmail". In the event of massive relocation, countries must be able to save productive capital and jobs by socializing the factories concerned. Moreover, to ensure the stability of the economy, the ecological transition and the sustainability of national strategic issues (particularly in terms of food and energy sovereignty), the entire banking sector and strategic sectors of the economy must be socialized (except small residual cooperative with social purposes).

- In future negotiations involving any institutional framework at European level, citizens and all levels of power (especially the local level that most closely impacts the life of the communities) must be endowed with real decision-making power.

d. Bury EU directives aiming to speed up centralization of economical and financial power

Contributors : Gilles Grégoire (CADTM Belgium, ACiDe – Belgium), Kenneth Haar (Corporate Europe Observatory)

Findings:

The Treaty of Lisbon significantly extended the European Commission's (EC) powers and autonomy. Exactly one year before the signature of this treaty, a Directive that paved the way to the centralization of economic and financial power in the hand of the Commission for the benefits of private corporations was adopted: the Directive on services (Directive 2006/123/EC). This directive has liberalized services in many sectors crucial to the public interest. However, business lobbies and the Commission itself consider that the provisions it prescribes are not sufficiently applied by the public authorities. The lobbies have therefore drafted a proposal for a new directive that would create a "Notification procedure" which would give the EC the power to require public authorities to cancel regulations that would be in conflict with the Services Directive, even before these regulations are passed by the elected representatives. This procedure would also include corporations in the decision-making process.

Despite the fact that such a measure would infringe the subsidiarity principle, the Commission has decided to defend the lobbies' text as such. In addition, municipalities and citizens were kept away from negotiations designing this directive even though the local level would be the most affected by its implementation.

Following a campaign led by a network of collectives and municipalities across Europe, several Member States expressed their concerns about this project and prevented its adoption under the previous European legislature. However, the EC is now trying to bypass this refusal and to force its way through.

In short, the adoption of this directive would drastically restrain the practice of democracy, especially at the local level, would cause unnecessary delays in addressing social needs and limit the capacity of public authorities to carry out social, labor and environmental policies, would give an alarming new power to the corporations at the expense of the public interest, would underline, once again, the complete lack of transparency from the EU institutions and the Member States when negotiating on commercial norms.

Alternatives and demands :

- Full withdrawal of the draft Directive on the Notification Procedure (COM (2016) 821) and full repeal of the 2006 Service Directive (Directive 2006/123/EC).
- Stop centralization of power by the EU institutions (and particularly by the Commission) which benefits corporations, by repealing the relevant treaties such as the Treaty of Lisbon and the subsequent legislation. Re-founding the European peoples' representation. Strengthening parliamentary assemblies directly elected by citizens and

their representativeness rather than technocratic institutions such as the EC as is currently the case.

- Start, at the continental level, a process of decentralization in favor of the citizens by recognizing their right to control policies that directly concern them. This goes along with the empowerment of the municipalities.
- Set up efficient legislation at continental and national levels against the harmful influence of the business lobby groups.
- Revamp the subsidiarity principle so as to open a real space for democratic decision-making at the local level.

3. Stop tax evasion and tax gifts, which are key causes of the accumulation of public debt

Contributors : Christian Savestre (POUR Ecrire la liberté - Belgium), Pascal Franchet (CADTM France), Jean-Marie Harribey (Attac France).

Findings:

Tax evasion is one of the main causes of increasing public deficits as it drives governments to contract loans. Yet, public debt is rarely linked to tax evasion. Instead, public services and people in precarious situations are used as scapegoats to justify budget deficits. Tax fraud by ordinary citizens is over-mediatized, thereby making invisible tax evasion of high incomes, which constitutes the vast majority of unpaid taxes. In addition, tax evasion by high-income (legal or natural) persons is legitimized by the use of misleading language (including the term "tax optimization"). The rich people's tax evasion is a powerful cause of tax fraud among the poorest people.

Tax gifts, mainly at national level, also contribute to public deficits and ultimately benefit only corporations, financial institutions and the richest part of the population, at the expense of the rest. Now, tax competition is a consequence of EU treaties that insist on free movement of capital and services as well as freedom of establishment. We therefore have to question those treaties if we want to put an end to tax evasion. In addition, the unanimity rule in force within the European Council on tax matters is another way of ensuring the absolute reign of tax competition.

It is impossible to overcome tax evasion without waging war on those who organize it, i.e. first of all at the "Big Four". However, the latter are constantly growing with the blessing of the public authorities and the EU which pay them millions of euros every year for their biased advice while continually weakening tax administrations.

Alternatives and demands :

- Organizing citizen audits of public debt, full transparency on the identity and activities of public debt creditors and a black list of creditors who resort to tax evasion. Public authorities cannot tolerate enriching those who steal them.
- Each state must stop the use of tax gifts and not engage in the harmful and endless game of tax competition.

- Penal transactions must be forbidden, and all tax and financial offenses must be dealt with in court.
- Closely supervising the activities of audit and advisory firms in order to prevent them from organizing tax evasion. Establishing legal frameworks and providing sufficient resources to do so.
- Refinancing the services of the national ministries of finance responsible for tackling tax evasion and setting up European coordination to this end.
- Financial transactions must be taxed everywhere in Europe.
- See also the other claims mentioned in the memorandum of the Tax Justice Network (RJF) and Financieel Actie Netwerk (FAN).

4. Fight the actors of financialization and prohibit profits on illegitimate private and public debts

Contributors: Antonio Gambini (CNCD – Belgium), Eva Betavatzki, Renaud Vivien y Mats Lucia Bayer (CADTM Belgium), Vicente Losada, Walter Actis, Mari Ángeles Bueno, Ángel del Castillo, Roberto Moreno y Miguel Vázquez (Plataforma contra los fondos buitres – Estado Español), Pedro Martin Heras (Plataforma de lxs afectadxs por la hipoteca, PAH – Espado español), Virginie de Romanet (ACiDe Bruxelles – Belgium)

Findings:

The growing hegemony of financial actors due to financialization (chapter 6.d.) gives them control over individuals, companies, corporations and governments. They bear a major responsibility for the economic and social crisis, starting with that of private banks. Their rescue by the States, following the bursting of the credit bubble they had generated, had the effect of converting their debts into public debt. More than 10 years later, the consequences of these rescues are still being felt: budget cuts, eviction, privatization of rights - the right to health, housing, education... Households therefore have no choice but to compensate for government failures, which leads to a further increase in private debt and non-performing loans. This situation is very beneficial for vulture funds, speculative funds specialized in the repurchase of risky debts (private and public) which make sure by all means to make lucrative profits from them.

Vulture funds are increasingly involved in the health sector, particularly in Spain. Their strategy is to buy and "purge" the companies they acquire (by reducing wages and expenses) and then sell them to the highest bidder. This absolute prioritization of profit is disastrous in terms of public health issues.

The situation regarding access to housing is similarly dramatic in Europe and also generates a profusion of illegitimate private debts. The issue can be summarized in three key aspects: a growing trend to privatize public housing, the takeover of large parts of the housing stock by a few transnational financial actors, and an increasing deregulation of the renting and buying market. The social consequences are extremely serious while capital holders are making record profits. Households are increasingly pushed to fall into heavy debt in order to have access to decent housing, while banks are

engaging in financialization through the securitization of mortgage loans. Current European standards ensure that the latter have a most profitable collaboration with vulture funds. Taking advantage of the explosion in household debt, their actions extend to many other sectors such as public transport, telecommunications or consumer loans granted by distribution chains.

States are also targeted through the purchase of public debt.

Alternatives and demands :

- In accordance with the European Parliament Resolution of 28 March 2018 on "enhancing developing countries' debt sustainability" the EU should adopt European legislation to counter vulture funds based on the 2015 Belgian law. Member States must also take the initiative to adopt such legislation.
- Laws similar to the Belgian law protecting states must be adopted throughout Europe to protect households and SMEs from vulture funds.
- Promulgating measures to prevent the entry of speculative funds into basic public or private services, such as housing, health or care for the elderly, and to promote management to meet the needs of citizens.
- Always give priority to the general good before considering any debt payment (contrary to current European and national practices).
- We also support most of the demands of the call made by the European Citizens' Initiative (ECI) "Housing for All" which we find complementary.

5. Cancel illegitimate public debts, which are tools of geopolitical and class domination

a. Against the domination of central EU governments over peripheral intra-EU European countries and candidate countries

Contributors : Cristina Quintavalla (CADTM Italia, Commission de auditoria de la deuda de Parma – Italia), Tijana Okić (militante – Bosnia), Chiara Filoni, Gilles Grégoire y Eva Betavatzki (CADTM Belgium)

Findings:

The European economic and budgetary treaties benefit large private companies in the Central EU countries (in particular German industry) which take advantage of the disparities between the EU economies to increase their profits and strengthen their competitiveness. The euro and the ECB's monetary policy play a fundamental role in these disparities.

When Member States join the euro, the old national currencies are converted into the single currency. This conversion is unequal and makes the Center's exports more competitive on the markets of other European countries to the detriment of the Peripheral countries' industries.

The ECB's monetary policy perpetuates this bias. Although the main beneficiaries of this situation are the German capital holders, this situation does not benefit the majority of German citizens.

The euro, the lack of political union and of genuine common policies of solidarity have contributed to widening pre-existing disparities between EU countries. The abolition of national currencies has left the citizens of Europe helpless in front of capital holders. Belonging to the euro also means for the countries of the Periphery to put on a real monetary straitjacket that is very disabling in the event of a crisis, as is the case today (chap. 2.a.).

In addition, the EU is implementing an integration strategy that undermines the standard of living of newly integrated populations. To begin with, the EU will urge the candidate countries to liberalize their economies and take on significant debt to develop their trade and financial networks. Once these states are integrated into the single market (or into the Union itself), the EU will impose its "convergence criteria" on them. They will therefore have to try to reduce their debt while reducing in the meantime their public spending and accelerating the liberalization of the economy. Through this process of accelerated liberalization and the connection of their economies and banking circuits with the industries and major banks of the Central EU, these countries then become the new areas of export and speculation for the latter. As a "counterpart", the financial elites of these peripheral countries will be able to access the lucrative European financial markets. They will also contribute to the massive indebtedness of their country's population and companies by acting as a bridge between the Center's capital and local borrowers.

The domination of peripheral countries by the Central EU countries through the debt strategy is particularly striking in the Balkan countries.

b. Against the domination of the rich EU countries on Southern non-European countries

Contributors: Nathan Legrand y Chiara Filoni (CADTM Belgium), Rémi Vilain (CADTM France , PFDD – France), Mark Perera (Eurodad – Europe), Omar Aziki (Attac–CADTM Marocco)

Findings:

The colonial past of the major European powers ravaged the social fabric in colonized territories and replaced it with a violent relationship of submission. Since then, colonialism has evolved into neocolonialism, in which violence is less visible but dependency towards the most industrialized capitalist centers remains. The European Union and its member states bear an overwhelming responsibility for the situations of dependency, poverty and conflict in the Global South, which forces millions of people to leave their homes or even their countries (Chap. 6.c.).

This interference can be characterized by a broad set of policies, among which we could highlight:

- the implementation of a permanent system of indebtedness, poverty trap in favor of external creditors;
- the disinvestment in the productive sectors of the local economy, thus condemning the populations to a permanent state of precariousness and poverty;

- the implementation of free-trade agreements (by the EU and the WTO), which favor the most industrialized nations by encouraging the development of export-led economic models (and extractivism) and competitiveness between countries;
- the political, financial and material support to authoritarian leaders as a way to maintain preferential interests (economic, commercial, financial and geopolitical);

The public debt of the countries of the South remains at a very critical level. Among the causes of this renewed crisis we can list: the fluctuations in the price of raw materials which are intended for export in exchange for foreign currencies essential for the repayment of foreign debt;

the increase in interest rates; the private creditors' take-over of a majority share in the financing of the countries of the South, participating to double the external public debt of those countries between 2010 and 2017; the quantitative easing policies and the low interest rates in the Western world that rose the amount of loans to developing countries and their attached interest rates.

c. Against the domination of capital holders over the populations, in the centres and the peripheries

Contributors : Cristina Quintavalla (CADTM Italia, Comisión de auditoria de la deuda de Parma – Italia), Pascal Franchet (CADTM France), Gilles Grégoire (CADTM Belgium, ACiDe – Belgium), Eva Betavatzi (CADTM Belgium)

Findings:

Ten years after the crisis, a slowdown in global growth has been observed. Recession signals in the United States have spread everywhere, aggravated by the fall in interest rates. Global debt has reached \$184 trillion (three times the value of global GDP) and the recipe used to get out of the crisis is the same one that caused it.

The increase in debt is falsely linked to the deficit (i.e. social expenditure) and the recommended solutions consist of extraordinary measures (privatization, liberalization, structural reforms, etc.). In reality, debt has a dual task: 1. to increase the value of the huge flow of capital in circulation through new forms of investment; 2. to remove the costs of social reproduction from public intervention so that they are borne by individuals who must therefore struggle to afford the services and benefits provided by powerful economic groups seeking ever higher profit levels.

Public debt is the result of political and economic choices of two kinds: less social protection and more financialization and accumulation. Social rights (pensions, schools, universities, transport, health) are increasingly subordinated to private supply. This is the end of public service, in the sense of social interest and as a defense of the common good.

The social consequences of these neoliberal policies have given rise to a multitude of exceptional responses: feminist movements, youth movements for the environment and climate, but also a plural and unprecedented movement in Europe demonstrating the ability of citizens to reclaim the political and economic challenges facing society (as the citizen audit movement does): the *Gilets jaunes* ("Yellow vests").

Alternatives and demands for the whole

Chapter 5

Towards the countries of the Periphery (in Europe and worldwide):

Implement a moratorium on the repayment of credits granted to Southern countries; audit European countries' credits to the South; Replace informal creditor bodies with an international independent debt restructuring mechanism, under democratic control, recalling the primacy of fundamental human rights; Increase official development assistance, exclusively in the form of grants and without any conditionality; Determine financial compensations to be paid to the peoples of the South for profits made by Western countries by exploiting them.

In Europe :

Setting up audits of the northern countries' debt; refounding the Monetary and Economic Union by abolishing the disproportionate privileges of the Central countries and the logic of competition in order to rely instead on genuine international solidarity; refounding the European treaties to make effective the primacy of fundamental rights over those of creditors and capital holders; the criteria for the union of European countries can in no case serve to enrich capital holders and to submit economically and financially the peripheral countries. Only the criteria of respect for human rights and democracy and international solidarity must be preserved; the European Investment Bank must be transformed into a real development aid institution by granting very low-interest loans, excluding PPPs and making loans only conditional on guarantees for use in the public interest and social and environmental standards; establishing real partnerships and constructive communication with neighboring regions in place of the current dynamics of oppression and rivalry.

In both North and South:

Abolishing all illegitimate, odious, illegal and unsustainable debts; challenging the macroeconomic role and policies of the international financial institutions; ensuring respect for universal human rights; imposing measures to control capital movements, both within the European area and towards poor countries and former colonies; denouncing and countering the role of rating agencies in the conduct of financial institutions and their interference with States' political-economic choices; introducing local credit and complementary currency systems for domestic trade ; fighting, everywhere in the world, free trade agreements that are contrary to the social and environmental interests of populations; ensuring free access to common goods, in opposition to the privatization and monetization of production and service functions; stopping police repression against protest movements demanding social and environmental justice; establishing real means of citizen control over the actions of public institutions and guaranteeing the exercise of democracy from below.

6. Fight against debt, beyond the strictly financial and economic consequences

a. Against gender inequalities

Contributors: Ecologistas en acción (Estado español), Camille Bruneau y Chiara Filoni (CADTM Belgium), Nicola Scherer y Blanca Bayas (Observatori del deute en la globalització – Estado español)

Findings:

The capitalist economic system is sustained by mechanisms and issues that it keeps invisible. Particularly, the capitalist system benefits from the undervaluing and invisibilizing of unpaid work, especially care work, mostly performed by women.

The debt system has evolved as part of the capitalist and patriarchal context and has a deep impact on women. Therefore, it cannot be studied or discussed without taking gender issues into account.

Debt is a foundational and systemic pillar of the white hetero-patriarchal capitalist hegemonic model. It constructs a reality in which the work and the activity of men is more valued than that of women, which is often reduced to invisibility, while it sustains the well being and reproduction of society.

Austerity measures and adjustment plans result, first, in an increasing gender wage gap and second, cuts in social expenditure, especially public services related to care (health, old age, education, childcare). Women are impacted both as workers and beneficiaries.

Debt implies discrimination in women's access to the labor market. It also has serious health implications, such as the rise in undetected breast cancers, of child mortality or of unwanted pregnancies.

Poverty is a by-product of debt, pushing women to use their bodies as commodities

Next to social class and gender, poverty hits harder those with different sexual orientation, or belonging to a religion or an ethnic group that is discriminated against.

Women are the main debt creditors of public debt. Through their invisible work they replace the withdrawal of the State in basic services such as care for the elderly, children, etc.

Alternatives and demands :

- Recognize the cumulative impacts of debt and austerity measures, which are more important according to ethnic and social status, especially when the factors of marginalization add up. The intersection of oppression based on ethnicity, gender and social class makes it essential to pay particular attention to certain populations such as migrant women or single mothers.
- Provide access to the data necessary to allow a sectoral audit about the impacts of debt and austerity on women's rights.

- Anti-social policies that place women in ever growing situations of poverty, instability and dependence must be ended and replaced with policies that allow states to meet their basic social obligations.
- Recognize the contributions of feminist economics and ecofeminisms, which put life at the center of reflections instead of capital and debt.
- Replace a culture of domination with a world based on a participatory economy, on a sense of community and social democracy, without any discrimination of race or gender, a world pervaded by mutual help and respect of individual independence, with a global ecological vision.
- Put in place a non-sexist education and sensitizing at school on equal rights, abortion, violence on women.
- Stop gender-based career orientation and gender-based reproductive work.

b. Against the destruction of the environment

Contributors: Ecologistas en acción – Estado español, Robin Delobel y Camille Bruneau (CADTM Belgium), Nicola Scherer (Observatori del deute en la globalització (ODG) – Estado español)

Findings:

Financial debt plays a strategic role in the neocolonial system (Chap. 5.b.). It organizes the grabbing of 'Southern countries' wealth by capital holders. The oil, gas, uranium, gold, copper, diamonds, etc. which used to be plundered from former colonies are now acquired as debt service. The excessive exploitation of natural resources not only deprives their inhabitants of their right to use them, but results in major environmental damages. We speak of an *ecological debt*.

This concept was created by social movements of the global South but has since been reused and altered: it is now supposed to be an ecological debt of an undifferentiated 'humankind' towards future generations or towards the planet.

On the contrary, we insist on the original concept and on the existence of a debt of the holders of capital towards the rest of the populations (and more particularly those living in the southern hemisphere) and toward the ecosystems. This ecological debt includes:

- Carbon Debt;
- Biopiracy;
- Environmental liabilities;
- Waste displacement.

It is also necessary to mention the issue of private arbitration tribunals, which have the prerogative to focus only on commercial aspects and ignore any social or environmental concerns. In addition, payment of external debts diverts funds which should be allocated to ecological measures.

Alternatives and demands :

Ecological debt is closely related to external debt. Indeed, the latter is usually used as a way of gaining access to the natural resources of the debtor countries, which further

increases the ecological debt of the creditors. Ecological debt is thus another powerful argument for refusing to pay illegitimate external debts.

That is why it is imperative to explicitly acknowledge the ecological debt the Center powers have contracted towards the peoples of the periphery, to assess and quantify its damage in order to balance the external debt, or even achieve its total cancellation on the basis of other grounds of illegitimacy; to take into account the ecological debt in future international economic and trade agreements ; to dedicate specific financial resources to the adaptation of economies and ecosystems to the consequences of climate change. Refusing the payment of illegitimate debt is the first step public authorities have to take.

c. For migrant justice

Contributors: Spyros Marchetos (Undebted World – Greece), Cécile Vanderstappen (CNCD – Belgium), Gilles Grégoire (CADTM Belgium, Acide – Belgium)

Findings:

Migrations, in their many forms, have always existed and will always exist. Even though only a minority of migrations goes from South to North (35%), this topic has become a divisive political issue in the wealthiest regions of the world. There, conservative politicians and the mainstream media are cultivating and exploiting nationalist anxieties. They rarely examine the mechanisms of migration and show little interest in understanding causes, among which debt and economic inequalities.

The debt that weighs down individuals and local economies is an important factor in migration in poor countries (mainly within the country). Various cases illustrate the complexity and perversity of this system. Migrations also raise gender issues that are encountered in the country of origin as well as in the transit or arrival countries. Women are particularly exposed to violence. Indebtedness, and often debt servitude, play an important role in the national and international migration of women, in a wide range of contexts between part-time domestic service and sexual slavery. Finally, child labor is an especially malignant aspect of debt induced migration. The labor generated by forced migrations becomes available to capital at a very low cost and creates a new form of servitude. Today, certain migratory pathways follow the imposition of “structural reforms” around the world, destroying the environmental balance and social cohesion in the countries affected by such massive departures. For these expropriated masses, migration is not a choice but a leap into the unknown often motivated by despair and absolute necessity.

Europe is resorting to practices that are more and more outrageously in contradiction with human rights and at the same time trying to deny that it is doing so. Since 2016, Southern European countries, with the support the EU and of the other member States, have externalized the management of their migratory policies. Agreements resulting in innumerable human-rights violations are signed between European countries and countries like Libya and Turkey, to handle border management for the EU. In addition, the EU resorts to inhuman detention practices. Since 2015,

Europe has set up “hotspots” intended to filter migrants before they arrive on the European continent.

Alternatives and demands :

Appropriate solutions to migration issues can only be found in the context of a new balance between North and South. Global resistance to the neo-colonial dynamics at work must be strengthened and, with it, a denunciation of the extractivist capitalist system itself.

We cannot accept that inhuman treatment of migrants become trivial, nor be fooled by the rhetoric of reversal of responsibilities. We must build solidarity in all areas and denounce the systemic rejection, fear and hatred cultivated against people of foreign origin.

To counter the phenomena of involuntary migration, countries of the South must see their development freed from the interest of the industrial and financial powers of the North. To this end, it is essential to fight for the cancellation of illegitimate public and private debts that are used to consolidate these interests.

Various ways are possible to:

1. Reduce inequalities so that each person can live decently where he or she chooses
2. Implement legal and safe access to European territory and end violence at the borders
3. Ensure equality of rights for all persons and strengthen social cohesion

d. For democracy

Contributors : Spyros Marchetos (Undebted World – Greece), Nicola Scherer (Observatori del deute en la globalització – Estado español), Fanny Malinen (Research for action – UK), Gilles Grégoire (CADTM Belgium, ACiDe – Belgium), Jacques Gaspers (ACiDe Liège – Belgium)

Findings:

Debt is much older than both democracy and capitalism but in the course of the last five centuries it has become inseparable from the latter, while on the other hand it cannot coexist with democracy.

Indeed, political democracy is unattainable in societies where wealth and power are very unequally distributed. The last four decades of financialization hardened social class boundaries, while economic and social inequalities have grown apace, with the active support of public economic policies.

Financialized capitalism implies a generalized recourse to debt by globalized companies and States to ensure their financing. These debts are then massively bought and sold as ordinary commodities. This system is highly unstable and to the clear and unique advantage of the capital holders. Public property is privatized to enable the latter to obtain direct benefits and to influence their speculative value and thus increase the profits even more. Eventually, the privatization of public services and their commodification also force households to rely more on debt to meet their basic needs. Their debts further increase the transfer of wealth to creditors and are also subject to their speculative games. Tax injustices also fuel this system of dispossession. During the inevitable and repeated outbursts of these gigantic credit bubbles, the burden of

colossal losses is transferred to the States and, ultimately, to the population. This massive system of dispossession based on speculation and the grabbing of resources and products of the economy by the capital holders is by its very nature anti-democratic and destructive of social rights and the environment.

Whether in countries of the South since the debt crisis in the 1970s and 1980s, or today in countries of the North, the so-called debt crisis resolutions have always been accompanied by real democratic regression in the countries concerned. This is not a coincidence nor an accident but the very purpose of these tools. Debt comes to the fore during financial crises, in which any functioning democratic principles and institutions collide with the priorities and the logic of the creditors. This logic leads to capital's concentration in fewer and fewer hands, but also to the ever-increasing reproduction of enslavement. The "Golden Rule" establishing a budget balance which has been transposed into the constitutions of several Member States and the "European Semester" are other examples of denials of democracy imposed by the European institutions and the Center Member States.

In response to popular protests against the loss of democracy and the decline in the population's standard of living, governments have so far responded by further distorting the democratic frameworks of states.

Austerity imposed on the people in order to channel resources to the creditors, and the resulting social polarization, create huge social tensions and malignant political sentiments such as fear, anger, and despair. This fills the 'pool' in which fascism thrives, and fuels the rise of extreme Right movements. These focus blame on convenient scapegoats such as immigrants, foreigners, women and LGBTQI+ people.

Alternatives and demands :

The development of a truly democratic system, establishing effective equality between individuals and guaranteeing them real freedom, necessarily requires a radical overhaul of the economic system and its productive paradigm.

In concrete terms and in the immediate future, we demand at least:

- an audit of public debts and the cancellation of their illegitimate, odious, unsustainable and/or illegal part. This demand also applies to credits held by countries of the North against countries of the South; these cancellations must be accompanied by reparations;
- the setting up of citizens' permanent committees monitoring public finances at all levels of power and in all countries. These committees must yield a real veto power about political decisions;
- the most complete transparency in the management of public finances;
- the achievement of real tax justice;
- a clear halt to financialization processes and the introduction of alternatives to the financing of public services (Chap. 2.a.);
- the organization of public audits of household debts and the cancellation of all those that have an unsustainable impact on low-income people;
- stopping privatizations and restoring adequately funded public services to ensure social and environmental justice;

- the end of repressive policies against protest movements and the abandonment of repressive laws;
- the establishment of production volumes that meet both the needs of the population and the need to balance our fragile ecosystem;
- The refusal of all political parties to collaborate with any extreme right-wing party or movement and/or to allow it to come to power.

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