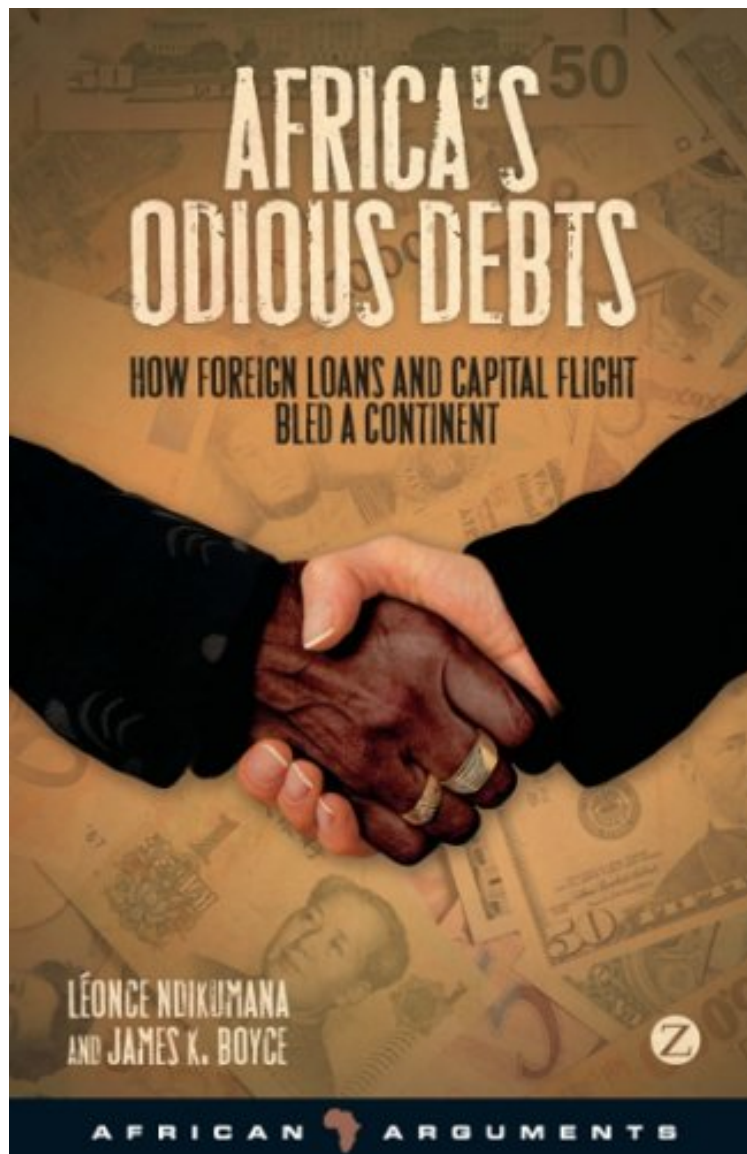


(Download) Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent (African Arguments)

## Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent (African Arguments)

*Leacute;once Ndikumana, James K. Boyce*  
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**Leacute;once Ndikumana, James K. Boyce : Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent (African Arguments)** before purchasing it in order to gage whether or not it would be worth my time, and all praised Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent (African Arguments):

0 of 0 people found the following review helpful. A dictator borrows and flees; should the farmers be left holding the bag? By Sasha Alyson In 1919 a kleptocratic dictator in Costa Rica borrowed money from the Royal Bank of Canada, then fled the country as his regime collapsed. (He took the money with him, in case you were wondering.) The Bank sued the new Costa Rican government to get the loan repaid. William Howard Taft, Chief Justice of the U.S. Supreme Court and former Republican president, arbitrated the dispute. He essentially ruled that, as the Bank had known that the money was simply going into the dictator's pocket, the country of Costa Rica was not responsible for repaying it. Odious debt does not have to be repaid; the Bank was out of luck. The world has changed. So have Republicans. Today, it is the people who live in corrupt dictatorships who are out of luck, as their countries struggle to repay debts that never benefited their country, and were never intended to. This short, readable book highlights the injustice of a system in which Western banks make millions from an utterly indefensible system.

1 of 1 people found the following review helpful. A continuous cycle of corruption By ewaffle Otherwise intelligent commentators on the economics of development are at a loss when dealing with the problems of sub-Saharan Africa. William Easterly, professor of economics at NYU, Co-Director of NYU's Development Research Institute and constant thorn in the side of Jeffrey Sachs seems to miss the point when he writes that the power of democracy and free markets, implemented by "homegrown political, economic, and social reformers and entrepreneurs" (in other words a new and as yet non-existent generation of local elites) as if this can be accomplished by the debt-ravaged nations of the poorest continent. Leacute;once Ndikumana and James Boyce point to one of the most intractable problems faced by African countries, "odious debt", defined as debts incurred without the consent of the people, used for private benefit rather than public good and issued by creditors who were either aware, or should have been aware, of the lack of consent and benefit of such loans. One could also add (at least I would) that the lenders of such debt, whether transnational organizations like the IMF, international financial institutions like the World Bank or the African Development Bank or the money center banks with headquarters in New York, London or Paris and with world-wide reach were also aware that the chances for actual repayment of interest and principal on many of these loans was negligible. For example, more than half of the money borrowed by African governments in recent decades departed in the same year, with a significant portion of it winding up in private accounts at the very banks that provided the loans in the first place. Perhaps the best (worst) example of this and certainly the most flamboyant was the Congo where Mobutu Sese Seko, kleptocrat in chief, rerouted at least five billion dollars in development aid to Zaire/DRC into accounts for himself and his family in European and American banks. International banks know everything about the theft and capital flight from sub-Saharan Africa since much of the loans that the banks make or facilitate to African nations comes back to the banks as deposits by "high net worth" individuals. The combination of sheer incompetence, delusion, corruption, and regulatory failure that allowed American banks to push the world economy to the edge of collapse was exactly why those same banks continue to lend money to the region, even though it would obviously never be repaid. The authors have plenty of recommendations for dealing with the hemorrhage of capital from sub-Saharan Africa. They include cleaning up the balance sheets of the banks to reclassify these loans so they are not carried as assets, making real efforts to stop money laundering; billions of francs flowing from the DRC to Paris banks left a digital paper trail, for example, and current capital flight continues to do so. It is a target-rich environment. Most importantly though, Ndikumana and Boyce say that odious debts should be selectively repudiated as illegal under international law and the laws of creditor countries. This would not be a wholesale, unilateral cancellation of external debt but a selective use of the hammer of debt repudiation against the worst of the loans that fund capital flight from the debtor nations and do nothing to benefit the citizens of those nations.

0 of 0 people found the following review helpful. A must-read By Roberta Badger-Cain For those who wish to understand the dynamics of international lending and borrowing, economic colonialism, and the way the game of economic power politics is played, Africa's Odious Debts is a must-read. For those who are concerned about the well-being -- or not -- of human and natural resources, it is also a must-read. I strongly recommend Africa's Odious Debts, together with a book referenced by Mr. Ndikumana, Treasure Islands by Nicholas Shaxson, be studied together. These books document the tremendous work that needs to be done to bring ethics and justice to our global economic system. Organizations addressing such issues, like Jubilee USA Network, Afrodad, Eurodad, and others, can use our involvement and support.

In Africa's Odious Debts, Boyce and Ndikumana reveal the shocking fact that, contrary to the popular perception of Africa being a drain on the financial resources of the West, the continent is actually a net creditor to the rest of the world. The extent of capital flight from sub-Saharan Africa is remarkable: more than \$700 billion in the past four decades. But Africa's foreign assets remain private and hidden, while its foreign debts are public, owed by the people of Africa through their governments. Leacute;once Ndikumana and James K. Boyce reveal the intimate links between foreign loans and capital flight. Of the money borrowed by African governments in recent decades, more than half departed in the same year, with a significant portion of it winding up in private accounts at the very banks that provided the loans in the first place. Meanwhile, debt-service payments continue to drain scarce resources from Africa, cutting into funds available for public health and other needs. Controversially, the authors argue that African governments should repudiate these "odious debts"; from which their people derived no benefit, and that the

international community should assist in this effort. A vital book for anyone interested in Africa, its future and its relationship with the West.

"Africa's Odious Debts is a path-breaking book that should be read by every student, professional and policymaker concerned with the causes of the region's underdevelopment. In a masterful, easily comprehensible and professionally thorough manner, the authors demolish the myth that African countries have received large net capital flows. In a detailed empirical presentation, they show quite the contrary: capital outflow from the poorest countries in the world, to the richest. This book should radically alter thinking and policy." -John Weeks, Professor Emeritus, School of Oriental and African Studies, University of London

"Ndikumana and Boyce present a coruscating analysis of the deleterious impact of crushing debt and capital flight on poor African countries that are ironically among the largest recipients of foreign aid. Eminently readable, it is a fascinating study on how absolute power corrupts absolutely beyond the tethers of human conscience." - Dev Kar, Lead Economist, Global Financial Integrity

"This is probably the most important book on Africa in recent years; it is vital reading for everyone with an interest in African affairs. The story of Africa's revolving door of inflowing debts and outflowing capital is one with catastrophic consequences for the ordinary people of Africa. Leacute;once Ndikumana and James Boyce have put in many years of legwork to explore the dimensions of this scandal, and the data they marshal shows, conclusively, how Africa has become a net creditor to the rest of the world, while remaining shackled to poverty by outstanding odious debts. Much can be done to free African countries from this appalling burden, and the authors are right to identify strengthening transparency, curtailing money laundering, repudiating odious debt and recovering stolen wealth as top priorities. Enraging, enlightening and encouraging in equal measure, this book combines passion and research excellence: a genuine tour de force." - John Christensen, Director, Tax Justice Network