

Bankers saved, human rights sacrificed

By [Damien Millet](#)

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The randomness of numbers sometimes throws up some striking coincidences. Behind the shadow plays conjured up by the zealous servants of neoliberal globalisation, the brutal backstage reality revealed itself this week, through the publication of two international statistics.

On the one hand, the amount of Official Development Assistance (ODA) distributed by the rich countries in 2007 is approximately 100 billion dollars. According to the Organisation for Economic Co-operation and Development (OECD), this aid has decreased by 8.4% to exactly 103.7 billion dollars. This downward trend is important, since it reveals the fiasco of international commitments.

Not one summit of the eight most industrialized countries, the G8, ends without a promise to increase ODA, particularly towards Africa, the continent which is most affected by poverty. Since 1970, the rich countries have promised to increase it to 0.7% of their Gross National Income (GNI). This figure is respected by only five countries: Norway, Sweden, Luxembourg, Denmark and the Netherlands. Last place is occupied by the US, with a figure of 0.16%...

From a global perspective, the ODA does not rise above 0.28% of the GNI, despite a series of statistical manipulations designed to camouflage the low value of the aid money given by rich countries: in fact, they include in the ODA dubious figures such as debt relief, the expenses of the US to rebuild Iraqi and Afghan infrastructures that it destroyed, the tuition fees of students from the South who study in the North, the salaries of expatriated staff and the multitude of consultants who defend the interests of donor countries or who produce costly and useless reports¹... Furthermore, this aid is largely directed towards countries of geostrategic interest to the donor country, with flagrant disregard for the real needs of the countries of the South: apart from Iraq and Afghanistan, the major beneficiaries of US aid are the Sudan, Colombia, and obviously Israel.

During the 2005 G8 summit in Gleneagles (Scotland), the commitments were clear: a significant increase in ODA, and more importantly, a doubling of the ODA to Africa by 2010. According to the OECD, this implied "*lifting aid from USD 80 billion in 2004 to USD 130 billion in 2010 (at constant 2004 prices).*" The verdict is clear: "*Overall, most donors are not on track to meet their stated commitments to scale up aid and will need to make unprecedented increases to meet the targets they have set for 2010.*"² This amounts to saying that these targets will remain unmet. Indeed, for nearly forty years, the words of a G8 leader have been cheap...

On the other hand, according to the International Monetary Fund (IMF), the potential cost of the current international crisis is approximately 1,000 billion dollars, a result of the so-called

'subprime' crisis that emerged in the summer of 2007 and continues to wreak havoc. In a report published on the 8th of April, the IMF has estimated this cost at precisely 945 billion dollars for the international financial system, of which 565 billion is directly linked to the system of risk-laden mortgage loans. Here is what happened: to obtain astronomical profits on their liquidities, credit institutions loaned out to an already heavily indebted sector of the population, within the poor or middle classes, at a fixed and medium rate for the first two years to entice clients, before the rate increases sharply during the third year. The lenders asserted to the borrowers that the property that they were buying, which also acted as guarantee against the loan, would rapidly rise in value due to ascending prices in the real estate market. In 2007 the real estate bubble burst. The crisis then spread to multiple financial actors which had devised extraordinary debt structures and had carried out enormous operations off the books.

The ministers for Finance of Western countries have strongly reacted to the publication of the IMF figure, as if it was dangerous to show the extent of the crisis.³ Everywhere across the countries of the North, whether they are conservatives or social-democrats, governments apply neoliberal policies that are particularly devastating to the majority of their citizens. The level of social services is voluntarily and severely curtailed, the profits of big capital are ignored, while the rate of VAT, which affects the poor to a greater degree than the rich, is increased.

These same governments, which are unable to help their needy populations, quickly came to the rescue of private interests. On the menu: nationalization of troubled banks, exchange of devalued and distressed debt securities for fresh cash, cash injection, rescue plans, decreased interest rates...

In 2000, the United Nations Development Programme (UNDP) advanced the figure of 80 billion dollars over ten years as the amount required to guarantee universal access to drinking water – yes, universal –, a decent diet for children, primary education for all, basic health care, including gynecological care. Thus, the challenge was to find 800 billion dollars in total. They were not found, and the living conditions of billions of individuals have continued to decline. The abrupt rise in the price of foodstuffs, due to the development of the production of biofuels, has now thrown tens of millions of inhabitants of Africa, Latin America and Asia into absolute poverty. Food riots have erupted in Haiti, Egypt, the Ivory Coast, Senegal, Cameroon, Burkina Faso and this is only the beginning. Instead of approaching the Millennium Development Goals, however tentative these may be, we are getting further away at great speed. The current banking crisis will cost 1,000 billion dollars, and will prove, that in the case of the 800 billion proposed by the UN to guarantee some basic human rights, it was the political will that was lacking. It is a flagrant violation of the Universal Declaration of Human Rights and other international treaties. It is unacceptable and unforgivable. And it is the very logic of the economic model that should be questioned.

Article in french: [Banquiers sauvés, droits humains sacrifiés.](#)

Translated by Diren Valayden with the collaboration of Christine Pagnouille.

1 See 'Les faux-semblants de l'aide au développement', *Le Monde diplomatique*, July 2005

2 OECD, Press release, 4 April 20083 Dépêche AFP, « Les pays riches reprochent au FMI son chiffrage trop sévère de la crise », 10 avril 2008.

Eric Toussaint, president of CADTM Belgium (Committee for the Abolition of Third World Debt, www.cadtm.org), author of : *The World Bank : A Critical Primer*, Pluto Press, London, Between The Lines, Toronto, David Philip, Cape Town, 2008.

Damien Millet, spokesperson for CADTM France, coauthor with Eric Toussaint of *Who owes Who?*, Zedbooks, London, 2004.

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