

Ndongo Samba Sylla, Kai Koddenbrock (eds.)

Delinking and Global Reparations

**Alternative Perspectives on
the Socio-Ecological Crisis**

[transcript] Global Studies

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Delinking and Global Reparations

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Introduction

Ndongo Samba Sylla and Kai Koddenbrock

The historical and ecological conditions that enabled the economic development of the West cannot be reproduced and generalized to the rest of humanity. Economists from the Global South such as Celso Furtado¹ already articulated this view in the 1970s, at a time when “the limits to growth” began to be broadly debated.² This political and theoretical conviction is the basis of the strategy of “delinking” advocated by the Franco-Egyptian economist Samir Amin.³

An often misunderstood and misrepresented concept, “delinking” is not synonymous with autarky. On the contrary, it implies peripheral countries’ negotiated and selective economic openness to world trade and finance, placing domestic interests – particularly those of the peasantry and working classes – above the dictates of the global economic system. Delinking therefore does not equate to an immediate and brutal break with the global capitalist system, but rather the adoption of a more self-centered accumulation model which may, in the long term, pave the way for the emergence of socialism.

In Africa, debates around the idea of delinking date back to the early 1980s with the implementation of structural adjustment programs, or even to the dawn of independence if one considers the pan-Africanist

1 Furtado, Celso (2020). *The Myth of Economic Development* (translated from the original 1974 Portuguese edition). Cambridge: Polity Press.

2 Meadows, Donella H., Dennis L. Meadows, Jorgen Randers, & William W. Behrens III (1972). *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind*. New York: Universe Books.

3 Amin, Samir (1990). *Delinking: Towards a Polycentric World*. London: Zed Books.

vision of Ghanaian President Kwame Nkrumah⁴ or the call for self-sufficiency by his Tanzanian counterpart Julius Nyerere.⁵ While the legacies of the Atlantic slave trade and colonialism still weighed heavily on them, African governments, in their attempts at relative delinking, looked for inspiration to Germany and Japan as late industrializers, the Soviet Union after 1917, China after 1949 and Cuba after 1959.⁶ Nowadays, the military governments of Niger, Mali and Burkina Faso are trying to find their own ways to liberate themselves from French neocolonialism and the Western grip. They jointly created the Confederation of Sahel States, as they understand that mutual cooperation in an internationalist spirit will likely increase their domestic legitimacy and their ability to fend off foreign interference.

To the extent that progressive relative delinking with a socialist horizon requires politics and economics of friendship and mutual support, new forms of regionalism and South–South cooperation will have to be experimented with. In the current context, the rise of China, as the major economic competitor to the US and the West, and the consolidation and enlargement of the BRICS (Brazil, Russia, India, China and South Africa) no doubt accelerate the trend towards a “multipolar” world and create more political space for the Global South. At the same time, it is fair to say that the BRICS’ anti-Western hegemony credentials and agenda are causing new cleavages within global capitalism rather than tracing a progressive way out of it.

Today, more than ever, there is a need to frame the issue of delinking as part of a triptych that includes two other adjacent issues: the socio-ecological crisis and the question of global reparations. Indeed, a growing body of work exposes the environmentally unsustainable trajectory

4 Nkrumah, Kwame (1963). *Africa Must Unite*. London: Heinemann.

5 Nyerere, Julius (1967). *The Arusha Declaration*. <https://www.marxists.org/subject/africa/nyerere/1967/arusha-declaration.htm>

6 Baregu, Mwesiga L. (1988). Africa: Imperatives for Delinking from the Capitalist World Economy. *The African Review: A Journal of African Politics, Development and International Affairs* vol 15 (1): 14–33.

of the global capitalist economy.⁷ The continuing patterns of economic accumulation, as observed in the Global North and, to a lesser degree, in China, contribute to the escalating climate crisis, biodiversity loss, melting glaciers, ocean acidification, and more. It is now scientifically established that the average temperature of the planet began to increase significantly from the 19th century with the industrialization of today's rich countries. The beginning of this new geological era, described as the *Anthropocene* or, even more fittingly, as the *Capitalocene*, has triggered a veritable race against time.⁸ Humanity must act before it is too late, before we reach tipping points when things will no longer be in our hands. This is the fundamental message regularly conveyed by the many reports issued by the Intergovernmental Panel on Climate Change (IPCC):

It is unequivocal that human influence has warmed the atmosphere, ocean and land [...] Approximately 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change. Human and ecosystem vulnerability are interdependent. Regions and people with considerable development constraints have high vulnerability to climatic hazards. Increasing weather and climate extreme events have exposed millions of people to acute food insecurity and reduced water security, with the largest adverse impacts observed in many locations and/or communities in Africa, Asia, Central and South America, LDCs, Small Islands and the Arctic, and globally for Indigenous Peoples, small-scale food producers and low-income households. Between 2010 and 2020, human mortality from floods, droughts and storms

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- 7 Næss, Petter (2006). Unsustainable Growth, Unsustainable Capitalism. *Journal of Critical Realism* 5(2): 197–227. doi.org/10.1558/jocr.v5i2.197; Marques, Luiz (2020) *Capitalism and Environmental Collapse*, Cham, Switzerland, Springer.; Ghosh, Jayati, Chakraborty Shouvik & Debamanyu Das (2023) Climate Imperialism in the Twenty-First Century. *El trimestre economico* [online] 90(357): 267–291. doi.org/10.20430/ete.v90i357.1785
- 8 Moore, Jason W., ed. (2016). *Anthropocene or Capitalocene? Nature, History, and the Crisis of Capitalism*. Oakland, CA: PM Press.

was 15 times higher in highly vulnerable regions, compared to regions with very low vulnerability.⁹

Changing the current global economic “model” has become a matter of urgency and survival for human and non-human species. A shift towards “green” forms of industrialization is required, and, more generally, towards production and consumption patterns that are less dependent on fossil fuels, more resource-efficient and more mindful of ecological sustainability. On this point, a variety of approaches can be observed in the North, ranging from more radical perspectives such as Degrowth to more conservative ones revolving around the idea of “green growth” based on technological innovation and pro-market solutions. Halfway between the two are the Green New Deal projects promoted by social-democratic political parties.

From the perspective of the countries of the South, and African countries in particular, the question is how to eventually achieve delinking within that framework.¹⁰ First, it is implicit that past models of industrialization will not be accessible to these countries, as they were based on an ecological over-exploitation and destruction that is unsustainable and therefore not reproducible by all countries of the world. Second, while countries in the Global South are struggling to ensure access to electricity and a decent life for their populations, the Northern

9 IPCC (2023). Summary for Policymakers. *Climate Change 2023: Synthesis Report*. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1–34, doi.org/10.59327/IPCC/AR6-9789291691647.001

10 Féliz, Mariano (2024). Dependency, Delinking and Degrowth in a New Developmental Era: Debates from Argentina. *De Gruyter Handbook of Degrowth*, edited by Lauren Eastwood and Kai Heron. Berlin, Boston: De Gruyter, pp. 327–338. doi.org/10.1515/9783110778359-023; Koddenbrock, Kai (2023) *German Trade and Investment in Africa: Geoeconomics, Regional Complementarities and Domestic Resource Mobilization*. <https://afripoli.org/german-trade-and-investment-in-africa-geoeconomics-regional-complementarities-and-domestic-resource-mobilization>

countries seem to be telling them that they must shift away from fossil fuels, which, for some, constitute an important source of export and fiscal revenues. Third, so far, there is no guarantee that the ecological transition scenarios considered by the Global North will not be to the Global South's detriment, given the new forms of dependence they might imply.¹¹ Some authors are raising the spectre of "green colonialism."¹² These different considerations motivate the plea by African environmental scientists and movements for a "just transition" that is African-driven and reflective of the continent's concerns and priorities.¹³

Conscious of the urgency of resolute climate action, the unique challenges facing the countries of the South, and the fact that the latter have been (and will likely continue to be) more the victims of the Capitalocene than its driving agents, movements have gradually emerged over the past few decades to demand global reparations for the benefit of the Southern countries and the racial minorities within the North, as they are often the main victims of the climate crisis.¹⁴ Such reparations claims cover crimes against humanity, such as the Atlantic slave trade, slavery and colonialism, in addition to climate and environmental injustices.¹⁵ Although global reparations movements include both memory and epistemic dimensions in their demands, they tend to focus primarily on unilateral monetary transfers.

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- 11 Gabor, Daniela & Sylla, Ndongo S. (2023). Derisking Developmentalism: A Tale of Green Hydrogen. *Development & Change* 54(5): 1169–1196. doi.org/10.1111/dech.12779
 - 12 Hamouchene, Hamza & Sandwell, Katie (2023). *Dismantling Green Colonialism. Energy and Climate Justice in the Arab Region*. London: Pluto Press.
 - 13 Sokona, Yocouba (2023). *Just Transition: A Climate Energy and Development Vision for Africa*. https://justtransitionafrica.org/wp-content/uploads/2023/05/Just-Transition-Africa-report-ENG_single-pages.pdf
 - 14 Táiwò, Olúfẹ́mi O. (2022). *Reconsidering Reparations*. Oxford: Oxford University Press.
 - 15 Sylla, Ndongo S., Andrew M. Fischer, Annina Kaltenbrunner & Sreerekha Sathi (2024). Global Reparations within Capitalism: Aspirations and Tensions in Contemporary Movements for Reparatory Justice. *Development & Change* 55(4): 560–600.

Whatever view one may take on the issue of global reparations, it is clear that a win–win ecological transition for people in both the North and the South will require net transfers of resources from the North to the South. So far, however, the opposite has been the case: for a variety of reasons, Northern countries tend to receive net transfers of resources from Southern countries.¹⁶ How can this “anomaly” be reversed? To what extent can the need for net resource transfers from the North be combined with a strategy of delinking for the South? What reforms may be required to the global economic order to achieve a comprehensive and inclusive ecological transition? What changes should be considered for monetary and financial systems at national and global levels? What are the implications for industrial and trade policies?

These issues were the focus of the second edition of the Conference on African Monetary and Economic Sovereignty, held in Dakar from 25 to 28 October 2022, at the Musée des Civilisations Noires, in Dakar, Senegal.¹⁷ The 13 chapters in this book are a sample of the papers presented at the conference.¹⁸

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- 16 UNCTAD (2020). *Topsy Turvy World: Net Transfer of Resources from Poor to Rich Countries*. Policy Brief No.78. Geneva: UNCTAD.; Dorninger, C. et al. (2021) Global Patterns of Ecologically Unequal Exchange: Implications for Sustainability in the 21st Century. *Ecological Economics* 179: 106824. doi.org/10.1016/j.ecolecon.2020.106824; Hickel, Jason, Christian Dorninger, Hanspeter Wieland & Intan Suwandi (2022) Imperialist Appropriation in the World Economy: Drain from the Global South through Unequal Exchange, 1990–2015. *Global Environmental Change* 73: 102467. doi.org/10.1016/j.gloenvcha.2022.102467; Hickel, Jason, Morena Hanbury Lemos & Felix Barbour (2024) Unequal Exchange of Labour in the World Economy. *Nature Communications* 15(1): 6298. doi.org/10.1038/s41467-024-49687-y
 - 17 On the first edition held in Tunis in 2019, see Ben Gadha, Maha, Fadhel Kaboub, Kai Koddenbrock, Ines Mahmoud & Ndongo Samba Sylla, eds. (2021). *Economic and Monetary Sovereignty in 21st Century Africa*. London, Pluto Press.
 - 18 We are grateful to the International Development Economics Associates, the Rosa-Luxemburg Foundation and the German Research Foundation for having funded the conference. We also thank Mariem Abdennadher for her tremendous support in editing the book.

This volume is divided into four parts. The first deals with the issue of delinking. Chapter 1, by sociologist Max Ajl, suggests enriching this concept by explicitly addressing the ecological question, by adopting a more “flexible” approach in the treatment of the “subjects” or agents of transition, and by integrating issues of social reproduction put forward by feminist political economy. Ajl insists that past experiences of delinking, such as in China or Nicaragua, have always involved an ecological component and, as such, the concern to maintain a delicate balance between the preservation of the environment and the imperative of making rapid economic progress to guard against the onslaught of imperialism. In the present context, Ajl believes that a successful strategy of delinking should be grounded in a peasant path of development conscious of the non-neutrality of technological choices and anchored in renewed forms of democratic practice within the framework of a renaissance of regionalism.

In Chapter 2, economist Demba Moussa Dembélé traces the genesis of Samir Amin’s concept of delinking, placing it in the context of the exhaustion of developmentalist efforts by African states in the period 1960–1980, the failure of the New International Economic Order (NIEO) agenda brought to the United Nations by the G77 countries, and the Lagos Plan of Action. With the imposition of structural adjustment programs from the 1980s onwards under the aegis of the Bretton Woods institutions, Amin sought to indicate an alternative development path by advocating delinking. According to Dembélé, this plea remains relevant and more topical than ever, and he dwells, from a pan-Africanist perspective, on the forms this delinking must take and the areas in which the continent must urgently reclaim its sovereignty.

In Chapter 3, environmental scholar and activist Hamza Hamouchene describes the lineaments of what he calls “green colonialism”, i.e. the reproduction of colonial dependency relations between central and peripheral countries in the current context of the race towards renewable energies and the desired transition to post-carbon economies. Taking the case of North Africa, and in particular countries such as Morocco and Tunisia, he highlights instances of “green grabbing” by multinationals intent on producing green goods – such as green hydrogen – for ex-

port, rather than for domestic consumption. In the face of such trends, Hamouchene calls for a just transition, as well as a mobilization of the countries of the South to demand repayment of their “ecological debt” from the countries of the North, payment of climate reparations and other measures to limit the global power of multinationals, including their monopoly on technologies.

Chapter 4 begins the second part, devoted to the question of reparations. Economist Franklin Obeng-Odoom speaks of ecological crises in the plural, a way of emphasizing that they cannot be reduced to the climate crisis alone. Countries of the Global North are the main culprits and, unfortunately, the most vocal and influential in terms of policymaking on the matter. Obeng-Odoom’s thesis is that sustainable solutions to ecological crises require reparations from the Global North to the Global South. There are three justifications for this: reparations should compensate the countries of the South (i) for their underdevelopment caused by centuries of imperialism, colonialism and neo-colonialism, (ii) for the past and contemporary injustices and damage caused by ecological imperialism, and (iii) ultimately, to help build a better world. Obeng-Odoom also discusses how the implementation of an alternative tax system informed by Georgist political economy (named after the 19th century American political economist and social reformer Henry George), such as a ‘single tax unlimited’, could contribute to these goals.

Like the authors of the previous chapters, economic historian Matthias Schmelzer argues in Chapter 5 in favor of (ecological) reparations for the Global South. As one of the most prominent authors of the Degrowth movement, he is keen to clarify this concept, which is often misunderstood and, in particular, caricatured by critics. Degrowth is an approach which, starting from the observation of the unsustainability and highly unequal character of the production and consumption system in Northern countries, proposes the construction of democratic societies where prosperity for all is disconnected from the imperative of economic growth and made compatible with a reduction in carbon emissions and material throughput. Schmelzer’s main thesis, however, is that the degrowth movement, which is so far essentially focused on the North, should integrate the question of global reparations into its

political agenda. Only in this way will it be able to take a coherent, internationalist approach to the demands for global justice coming from the Global South. Conversely, according to Schmelzer, movements for global reparations in the South should in turn call for degrowth – or whatever term one prefers to use – in the countries of the North. Without this, eventual reparations would neither put an end to the North's imperialist appropriation of the South's resources and labor, nor guarantee the non-repetition of the injustices for which the South is now demanding compensation. In a sense, to transform the world and steer it in a more ecological and just direction for peoples, movements for degrowth in the North and those for global reparations in the South will need to collaborate more closely and build alliances based on their respective strengths and weaknesses.

A transition to an economy less dependent on fossil fuels is bound to create winners and losers. Some workers, for example, could lose their jobs. Similarly, in a financial system based on fraud and predation, reparations in the form of cash transfers may not fully achieve their intended positive effects. In Chapter 6, economist Matthew Robinson tackles such issues, highlighting the importance of a macroeconomic and macro-financial framework capable of serving restorative justice aspirations. In particular, he focuses on the provision of employment guarantees and financial regulation to prevent fraudulent and predatory behavior to which reparations recipients might fall victim. Its main message is that reparations programs in the United States, for the benefit of African-American populations, and on an international scale, for the benefit of countries in the Global South, are indispensable in the fight against racial inequalities, gaps in economic development and climate injustice. But if they are to respond effectively to the ideals of restorative justice, we must first fix the plumbing before turning on the tap.

In Chapter 7, historian Peter James Hudson takes us on a literary and historical journey that reveals how the international financial order, particularly the current one built around the hegemony of the US dollar, is both a symbol and a pillar of global white supremacy. In a surprising but highly heuristic way, Hudson structures his chapter around a conversation with *Banjo*, Claude McKay's 1929 novel. This methodological

choice, he explains, is justified by the fact that this classic of Black literature can be considered an archival document. By describing the lives of Black dockworkers in Marseilles in the 1920s, a context of economic crisis that draws interesting parallels with the contemporary period, Banjo conceals several “narratives around money” that not only connect the global expansion of the dollar with the system of white supremacy, but also shed new light on current debates on issues such as the meaning of money for racialized groups and the exploited and oppressed groups, the supremacist and imperialist foundations of the monetary sovereignty of economically dominant countries, the chronic indebtedness of the countries of the South, the legitimacy of international financial institutions such as the International Monetary Fund and the World Bank, the global reparations demanded by Black peoples regarding the endurance and legacies of racism as well as the crimes associated with slavery, imperialism and colonialism.

Part three begins with a reflection by political scientist Fathimath Musthaq on the feasibility of substantive reform of the international monetary system (Chapter 8). As she recalls, at least from the launch of the New International Economic Order at the United Nations in the mid-1970s to the present day, via the Arusha Initiative in 1980, the countries of the South have fought relentlessly for the advent of an international monetary system that reconciles financial stability, economic development and national sovereignty. Today, to extricate themselves from the hegemony of the US dollar, these countries see three main proposals/strategies: multilateral clearing unions in the spirit put forward in his time by John Maynard Keynes; regional monetary unions; and the establishment of international coalitions, such as the BRICS, designed to hasten de-dollarization by promoting trade in the national currencies of partner countries. However, Musthaq considers the emergence of a global monetary order built around a new unit of account that is not backed by the political power of a state unlikely. As she points out, money, as a hybrid reality of both public and private nature, is fundamentally linked to the political power within each state, while the global monetary hierarchy has hitherto depended on factors such as imperialism, militarism and the ability to control the

production and invoicing of certain key commodities such as gold, in the case of British imperialism in the 19th century, and oil, in the case of American imperialism since the end of the Second World War. In short, the alternative multilateral monetary organization that the countries of the South are calling for would require, on the one hand, political unity between partner countries, or even a coalition of powerful states, and, on the other, the financial infrastructure to move, hold and distribute value.

The same concern to (re)think the nature of money motivates Chapter 9, by economist Jean-Michel Servet. Following in the footsteps of El Salvador, the Central African Republic announced its intention to adopt Bitcoin alongside the controversial CFA franc. Using this specific case as a pretext, Servet points out that Bitcoin does not fulfill the functions usually expected of a national currency – notably those of a unit of account and a means of payment – and that its use could not fail to pose a problem in a context like the Central African Republic, where a significant majority of the population has no regular access to electricity. Moreover, according to Servet, Bitcoin and similar crypto-assets fail to pass the test of the paradigm he calls for, one that allows us to think of money as both a public good and a common good. Instead of the current monetary organization, in which banks create the bulk of means of payment in circulation not to allocate them primarily to productive activities but rather to speculation, Servet reiterates the “positive money” proposal. He suggests an institutional separation between banks that handle payments and those that grant loans within the limits of the savings available to them. As part of an indicative planning approach, mechanisms could be put in place to prevent possible deflationary tendencies and to allocate additional financing to specific issues such as climate and environment. According to Servet, thinking of money as a common good in Africa would also mean promoting monetary pluralism, in particular the harmonious coexistence of national/federal currencies with complementary local currencies at the local level.

In Chapter 10, economist Horman Chitonge examines the debt crisis that many African countries are currently experiencing, precipitated and exacerbated by the consequences of the Covid-19 pandemic and

the Russian–Ukrainian conflict. Indeed, after partial cancellations in the mid-2000s, the sovereign debt of African countries was rapidly reconstituted to reach worrying levels, as illustrated by the data presented by Horman Chitonge: when governments have not defaulted, they often find themselves in a situation where public debt servicing exceeds spending on health or education. According to Chitonge, Africa's debt crisis is a symptom of a more structural problem – the continent's continued primary specialization, which deprives it of the economic benefits and greater external resilience enjoyed by industrialized countries. That's why he finds solutions that ignore this and focus instead, for example, on improving conditions of access to external financing – longer maturities and lower credit costs – limited, however well-intentioned they may be. Chitonge discusses the Economic Commission for Africa's proposal to set up a Liquidity and Sustainability Facility (LSF), an instrument designed to organize an African repo market, with the ultimate aim of reducing interest rates on African sovereign bonds. However, as Chitonge points out, the LSF seems optimistic about its ability to significantly alter investors' biased perceptions of African sovereign debt. What's more, its risk assessment model is just as problematic as its financing method.

For countries afflicted by high levels of foreign debt, one solution could be to suspend debt service payments, or even repudiate all or part of their foreign debt stock. This is the point of view defended by Eric Toussaint in Chapter 11, using the doctrine of odious debt. In his view, sovereign states have the right to suspend or even repudiate illegitimate or odious debts. Toussaint reviews numerous examples of debt repudiation by Southern governments from the 19th century to more recent times. Drawing in particular on the work of Joseph Stiglitz, he challenges the view that a government's repudiation of its foreign debt could have a “stigmatizing effect” and lead to disastrous economic consequences in the medium and long term. The founder of the Committee for the Abolition of Illegitimate Debt (or CADTM, using the French acronym) recommends that countries in a debt crisis should have the courage to resist their creditors rather than follow their dictates.

The fourth and final part of this volume is a general plea for heterodox economics and a rehabilitation of some important research programs developed in the Global South, such as dependency theory. In Chapter 12, economist Howard Stein tackles a crucial question: why is heterodox economics struggling to establish itself as the benchmark for teaching, research and economic policy, despite the notorious scientific limitations of mainstream economics? For institutional economist Geoffrey Hodgson, the explanation lies in certain characteristics that he attributes to heterodox economics: an excess of pluralism, a dilution of research standards and an ideological bias. Against Hodgson's viewpoint, Stein points out that the dominance of mainstream economics stems not from its greater ability to account for economic facts, but rather from its elective affinity with the functional interests of the powers that be. The numerous "anomalies" that can be found in mainstream economics should have led to a paradigm shift in the sense of Thomas Kuhn. From the point of view of economic policy, the same evolution should also have occurred, given the disastrous performance to which the recommendations stemming from this theoretical corpus have given rise, particularly in Africa. Stein takes advantage of this critical conversation with Hodgson to recall the nature and purpose of heterodox economics, in the diversity of the traditions that make it up, as well as its specificities in relation to mainstream economics. He illustrates how heterodox economics offers crucial insights on issues such as poverty and economic inequality.

In Chapter 13, Felipe Antunes de Oliveira and Ingrid Harvold Kvan-graven observe that international political economy (IPE) has been constituted as a disciplinary field around the works of scholars from the Global North. Its "original sin" has been the neglect of important intellectual contributions espousing the perspective of the Global South and aligned with the latter's struggles against Western hegemony and imperialism. The two authors argue in particular that dependency theory, as a research program, offered a different IPE strand that was not acknowledged as such by mainstream IPE. To make their case, they excavate and revisit a forgotten foundational event for Global South scholarship: the 1972 Dakar conference on "Strategies of Development – Africa

versus Latin America”, convened by Samir Amin and attended by illustrious names associated with dependency theory. For de Oliveira and Kvan-graven, this gathering’s lasting intellectual, historical and political relevance cannot be understated insofar as it laid building blocks for a global IPE rooted in anti-colonialism and anti-imperialism.

The volume ends with the Dakar Declaration, “an international manifesto and a global action plan” which summarizes the rich and constructive deliberations of the 2022 Dakar conference and has been signed by 60 people from all over the world.¹⁹

19 Sylla, Ndongo S. & Jamee Moudud (2023). Introduction: Symposium on the 2022 Dakar Declaration. *Journal of Law and Political Economy* 4(1): 606–609. doi.org/10.5070/LP64162689; Coburger, Carla (2023) When Unification Creates Hierarchies or, The Deadly Life of Currency Unions. *Journal of Law and Political Economy* 4(1): 616–625. doi.org/10.5070/LP64162691; Obeng-Odoom, Franklin (2023) Capitalism and the Legal Foundations of Global Reparations, *Journal of Law and Political Economy* 4(1): 610–615. doi.org/10.5070/LP64162690

Part One: Delinking

Eight Points on Ecological Delinking

Max Ajl

It is now seldom recalled that late twentieth century Nicaragua bore witness to one of the that period's most incandescent attempts at revolutionary construction. It is even more seldom noted that this was, by its own self-description, a "national and popular liberation movement," fighting for "liberation from dependency," on the one hand, and for the "liberation of the oppressed people in the nation" on the other.¹ And it is widely ignored that the Sandinista revolution was not merely about revolutionary emancipation but about revolutionary ecology. In the words of Father Ernesto Cardenal, the Nicaraguan Minister of Culture, "Not only humans desired liberation. The entire ecology cried for it. The revolution is also for lakes, rivers, trees and animals."²

What Nicaragua tried to do in practice – what it was prevented from doing by US neo-colonialism, death squads, proxy war – this note tries to explain as theory: ecological delinking or breaking from the capitalist law of value and its genetic devaluation of the labor, lives, and lands in the periphery of the world system. It also tries to impose a different matrix of values, based on the liberation of life from capitalism and neo-colonialism. It proceeds by (1) defining de-linking; (2) explaining auto-centered development; (3) clarifying what ecology adds to our understanding of

1 Dussel, Enrique (2022). *Towards an Unknown Marx: A Commentary on the Manuscripts of 1861–63*. London/New York: Routledge, 2002.

2 Faber, Daniel (1999). La Liberación del Medio Ambiente: The Rise and Fall of Revolutionary Ecology in Nicaragua, 1979–1999. *Capitalism Nature Socialism* 10(1), 45.

delinking and development; (4) developing the social agent of this transition; (5) highlighting the specificity of the labor required for the reproduction of the natural environment and the labor force itself; (6) asserting that, in practice, delinking always had an organic ecological component; (7) showing that this implies the non-neutrality of technology; and (8) concluding this rests on a broadly untried “peasant” path to development.

Delinking

Delinking was originally modeled by the Egyptian economist Samir Amin based on his studies of China, North Korea, and other East Asian attempts to build socialism. Delinking had three critical elements. One, nation states would relate to the external world based on internal choices reflecting the interests of workers and peasants, without regard for “world capitalist rationality.”³ Two, this rested on the political capacity to introduce deep and egalitarian social reforms. This was a condition for delinking since domestic ruling classes have no necessary interest in it. It therefore implies transferring control of the state. Three, a capacity for technological absorption and ingenuity, to put political autonomy over production into effect.

Auto-Centered Development

Delinking – the rupture from logics and priorities imposed by global capital – was a step towards a different development model: auto-centered, self-reliant, or endogenous development. This model had a number of critical elements. First, production oriented to serving the basic needs of the popular classes. Accordingly, agriculture serving industry by supplying the workers with needed goods and providing necessary

3 Amin, Samir (1990). *Delinking: Towards a Polycentric World*. London: Zed Books, 60.

inputs for industrial production. Industry serving agriculture through providing needed consumption goods, and the technical upgrading of agriculture – tractors, harvesters, and earth movers. Agrarian reform, to democratize a basic element of production and development in underdeveloped societies. An appropriate balance of wage goods and heavy industry – needed in order to stanch the outward flow of surpluses to pay for others’ technology which could not be produced locally due to the long-term heritage of unequal development⁴ yet which was needed to promote long-term productivity increases.

The Need for Ecology

While, as we will see, ecological concerns were present in the original historical experiences of delinking from which Amin abstracted, the “new” ecological concerns – in particular, metastasizing crises of biodiversity, extinction, and carbon dioxide saturating the atmosphere – intensify the need to weave ecological concerns into the fabric of delinking and auto-centered development. For the poorer world is increasingly hemmed in, ecologically speaking. Macro-climactic events like typhoons, drought, and hurricanes make it ever-more-urgent to armor infrastructure, the built environment, and agriculture to be resistant enough or supple enough to deal with such challenges. Internal choices must balance several competing needs: short-run productivity increases, securing a surplus for industrialization, the need for technological development for self-defense, and the effects such processes have on the environment, with accompanying costs for human beings’ well-being, including through long-run, difficult-to-remediate ecological degradation.

4 Kadri, Ali (2019). *Imperialism with Reference to Syria*. Singapore: Springer.

Subjects and Strategies of Transition

The “subject” of transition must be theorized with a bit more flexibility than Amin’s proletariat and peasant alliance. And with a lot more rigor than contemporary discussion of the environmentalism of the poor, or extractivism. The former forgoes rigor for populism, focusing on the immediate experience of deprivation and in essence constructing a theory around it based on an essentialized vision of economic development as “protecting the commons” and an unblemished relationship with non-human nature; the latter essentially exports politics from the North to the South, sidesteps a conceptualization of national liberation, does not engage the balancing acts needed for developmental advance given the starting points of neo-colonialism’s reliance on commodity exports, lacks engagement with planning, verges on a folkloric conception of peripheral people, who no longer agitate for plans or liberation but rather localized “geographies of liberation,” and has nothing to say about the great masses of peripheral poor who decreasingly, or do not, engage in primary production.⁵

In lieu of this, we should consider a different set of subjects. In the broadest sense, this is the semi-proletariat, straddling town and country, with the goal of reclaiming natural resources and land and affirming their sovereignty over development.

[The] Evident ‘diversity’ of the new struggles (feminist, ‘indigenous’, environmentalist) are also intelligible by the commonality of their structural conditions. Pushed to the limit under neo-liberalism, the escalating contradictions have opened a new space for the direct participation of women (for whom land is the most crucial element in the social reproduction of the household); propelled to the forefront the racially oppressed (who most often constitute the bulk of the semi-proletariat); and underpinned the ideal of environmental sustainabil-

5 Ajl, Max (2023). Theories of Political Ecology: Monopoly Capital Against People and the Planet. *Agrarian South: Journal of Political Economy* 12(1), 12–50.

ity with a militant social agent (given the immediate destruction of the means of subsistence of the semi-proletariat as a whole).⁶

A delinking and development strategy works from these struggles, and accounts for the oppressions confronted under the monopoly of neo-liberalism and imperialism. It therefore confronts questions of national liberation, industrialization – not least for defending socialist experiments from the attacks of monopoly capital – but without surrendering to it in the manner of the progressive/developmental governments of the 1940s–1980s. This must be nested within a new urban–rural balance that stanches rather than speeds up the flow of population from the countryside to the city.⁷

The Specific Labors of Transition

The semi-proletariat frequently has a foot in the city and a foot in the countryside. The figurative foot can extend beyond an individual into wider familial support networks. It is a class often but not always connected to non-human nature for its reproduction strategies. Accordingly, in centering this class, the delinking strategy will attend to ecology and the role of labor – in particular its role in protecting and maintaining landscapes through the active application of human energy. In turn, it ought to systematize the accounting of that labor in planning schemes as they transition away from the wage system. And it ought to likewise enfold social reproduction, which must likewise be accounted for in any popular planning regime, rather than discounted and constituting a “hidden subsidy” to the wage relation. At the current moment, such labor – frequently that of women – directly produces

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- 6 Moyo, Sam; Yeros, Paris & Jha, Praveen. Imperialism and Primitive Accumulation: Notes on the New Scramble for Africa. *Agrarian South: Journal of Political Economy* 1(2), 189.
 - 7 Dowidar, Mohamed (1973). The Import Substitution Pattern: A Strategy of Growth within Dependency. The Possible Alternative Pattern of Development. IDEP, Dakar.

services and goods needed for survival, rather than merely for sale on the market. Such direct production of use values requires some level of “uncommodified resources, mostly lands or nature that are part of the commons.”⁸ Mounting commodification and accumulation undermines the natural resource base, undermining social reproduction.

Thus, in these cases, the defense of social reproduction and of the necessary natural conditions for social reproduction go hand in hand. We can, indeed, add that these “natural conditions” are neither historically nor in the present period simply “there.”⁹ Without claiming monistic identity between humans and non-human nature, we can insist that the types of landscapes that are part of social reproduction on a world scale, both locally and in terms of what the neoliberal jargon refers to as more systemic “eco-systemic services,” are the product of human labor: the “labour that goes into the maintenance of the forest,” for example, when it comes to the hundreds of millions of contemporary forest dwellers.¹⁰ The issue is that these forms of labor are the underside of accumulation on a world scale when it comes to social reproduction, or are simply so invisible that they are subject to possible primitive accumulation as an antecedent to land grabbing and de-population.

Delinking in History

In important ways, delinking had always been based on certain ecological practices (although not necessarily or in all places an explicit

8 Ossome, Lyn & Naidu, Sirisha (2021). The Agrarian Question of Gendered Labour. In: Jha, Praveen; Chambati, Walter & Ossome, Lyn (eds.) (2021). *Labour Questions in the Global South*. Singapur: Palgrave Macmillan, 79–80.

9 Denevan, William M. (1992). The Pristine Myth: The Landscape of the Americas in 1492. *Annals of the Association of American Geographers* 82(3), 369–385.

10 Prasad, Archana (2020). Global Capital and the Reinvention of Nature. In: Jha, Praveen; Yeros, Paris & Chambati, Walter (eds.) (2020). *Rethinking the Social Sciences with Sam Moyo*. New Delhi: Tulika Books, 180–197. Also see Gilbert, David E. (2020). Laborers Becoming ‘Peasants’: Agroecological Politics in a Sumatran Plantation Zone. *The Journal of Peasant Studies* 47(5), 1030–1051.

ecological logic as was present in Nicaragua). In China, agriculture used essentially agro-ecological methods of production on a large scale through village-level self-reliance campaigns.¹¹ This included biological pest control, extensive conversion of night soil and other manure into fertilizer to sew shut ecological rifts, and large-scale terracing and labor-intensive water conservation efforts of other kinds. People's science movements were also widespread. Furthermore, appropriate technology based on tamping down the infrastructural "heaviness" the industrial upgrading of agriculture, through appropriately sized agricultural machinery or decentralized repair and modification workshops, probably lightened the ecological load of the industrial-agricultural synergy in China, and furthermore slowed down rural–urban migration, with its own accompanying ecological load based on the comparative weight of urban-biased industrialization. Delinking in China was therefore based on – without acknowledging it as such – certain ecological practices.¹²

These practices nevertheless encountered limits: some structural, some perhaps malleable. On the other hand, Chinese agriculture targeted productivity increases above all –with their ecological cost – achievable through the application of chemical fertilizers. Thus, there was little distinction in planning between landscape-preserving and landscape-eroding – in the broadest sense – agriculture practices; and labor costs tended to be evaluated based on relative contributions to short-run material production and overall yield and returns to labor. The defense of the ecology through labor-intensive or attention-intensive practices did not reach the highest level of planning. Second, despite partially successful efforts to achieve a far more balanced rural–urban development path, planning, and population distribution patterns,

11 Schmalzer, Sigrid (2016). *Red Revolution, Green Revolution: Scientific Farming in Socialist China*. Chicago: University of Chicago Press.

12 Ajl, Max (2021). The Hidden Legacy of Samir Amin: Delinking's Ecological Foundation. In: Kvangraven, Ingrid Harvold; Styve, Maria Dyveje & Kufakurinani, Ushehweu (eds.). *Samir Amin and beyond: The Enduring Relevance of Amin's Approach to Political Economy*. Special Issue *Review of African Political Economy* 48(167), 82–101.

Chinese development remained urban-biased, with wages higher in urban areas.¹³

This process went hand-in-hand with a heavy emphasis on industrial development. Such a bias was historically inseparable from the need for self-defense, with the US practically at the gates of China in South Korea and the threat of military encirclement imprinting itself on Chinese planning. Whether or not rapid advances in asymmetric deterrence, alongside the existence of world-scale semi-industrialized semi-peripheries, including modern China, can offer a buffer against the ecological destructiveness of these planning patterns for future attempts at ecological delinking and auto-centered development remains an open question.

Technology

Technology will need to be partially rethought as part and parcel of rethinking development planning. It must be acknowledged that technology in its making and its spread cannot be considered socially neutral.¹⁴ Rather, its initial design reflects the class interests of those who make it, and subsequent adaptation and redeployment occur alongside class struggles over its shape and direction. It has historically been a way to reproduce polarized accumulation, not least because technological paths are interwoven with monopoly control over great portions of intellectual property. Furthermore, many technologies either require material flows at prices inseparable from the patterns of polarized accumulation, and therefore come with costs in labor hours, ecology, or simply overall material intensity that make them unsuitable for a carbon-dioxide-saturated world, and doubly so for poor countries facing capital constraints in supplying the basic needs of their populations.

13 Bramall, Chris (2008). *Chinese Economic Development*. London/New York: Routledge, 279ff.

14 Mahjoub, Azzam (1982). *Technologie et Développement: Essai Sur Des Propos Hétérodoxes. Thesis*. Université d'Aix-Marseille II.

Against this background, and in a different context, the Egyptian Minister of Planning, Ismail-Sabri Abdalla, proposed that in any effort at national planning, a technology policy was critical.¹⁵ It ought to opt for neither regression nor technology fetishism. Instead, the existing technologies should be critically appraised: whether they could be suitable as they are, usable with modifications, or should be simply abandoned. Alongside this program were uniform calls for investment in heavy industry, and metallurgy, not least for reasons of self-defense. More broadly, this would include the circular processing of agricultural raw materials using appropriate technology.

Accordingly, agriculture is a central plank of ecological delinking, with worldwide moves towards small-scale peasant-based agro-ecology, grounded in radical agrarian reforms and moves towards voluntary cooperatives where possible. Agro-ecology would be part of overall sustainable landscape management, including through agro-forestry, sustainable pasturing, and small-scale hydraulic infrastructure, ensuring a smooth melding of biodiversity and other eco-systemic functions with the need for adequate food and raw materials for secondary processing;¹⁶ it would feed directly into manufacturing at appropriate scale for basic needs – not forgetting that certain basic needs are to be met through relatively centralized industrialized production chains.

Architecture and planning are likewise elements of ecological delinking, reflecting the need for resilience and adaptation to multi-vectored environmental threats. This means thinking about ways to build with rather than against natural forces like wind and sun. Passive cooling or even semi-active cooling, as with Iran's wind towers, need active investigation and development as a millennial inheritance that could be the source of a real renaissance. Older building techniques that used insulation or the natural properties of materials to conserve heat and coolness in winter and summer respectively, as with raw-earth architecture,

15 Abdalla, Ismail Sabri (1977). *Development and the International Order Selected Papers*. Cairo: Institute for National Planning.

16 Ajl, Max (2021). *A People's Green New Deal*. London: Pluto Press.

ought to be analyzed and investigated along the Abdalla model rather than considered curios.

Peasant Paths

It is clear that ecological delinking – ecologically minded delinking – must be based on a Peasant Path to development in the 21st century. While variations of “villagization” have been attempted in Cambodia and Tanzania, they have been unsuccessful, lacking an effective strategy for rural industrialization, and overly coercive. However, even they have been the exceptions. More broadly, such a path has been essentially untried with the exception of 1949–1978 China. In the present moment, it is telling that the most vibrant anti-systemic struggles¹⁷ – whether they have taken state power, as in Venezuela or Bolivia, or been helped by the state, as with the massive anti-racist agrarian reform in Zimbabwe, or the ongoing and criminalized people’s war in the Philippines, or the wars of national liberation struggling for national or national-popular sovereignty, as in Yemen and Palestine – crystallize the agrarian questions of land, peasants, nation, and indeed, perhaps sovereign industrialization, as with recent moves by Zimbabwe to lock in value from minerals.

Such a peasant path has a greater possibility for relatively decentralized renewable energy deployment and usage through the less dense but quite abundant flows of energy constantly moving through the environment. It furthermore requires human attention for natural resource and landscape management. And it turns on in situ processing of primary production towards a slightly “lighter” path of manufacturing and industrialization, one which seeks a “style of development”¹⁸ appropriate to a

17 Moyo, Sam; Jha, Praveen & Yeros, Paris (2013). The Classical Agrarian Question: Myth, Reality and Relevance Today. *Agrarian South: Journal of Political Economy* 2(1), 93–119.

18 Sachs, Ignacy (1974). Ecodesarrollo: Un Aporte a La Definición de Estilos de Desarrollo Para América Latina. *Estudios Internacionales* (7)25, 57–77.

world where many still lack basic needs, capital shortfalls are endemic, and further infrastructural development, including housing and city-regional planning, must begin to account for resilience and adaptation to ecological harms. Such forms require new models of popular democracy, fighting over the shape of and for the defense of the state against neo-colonial predators, external and internal alike. Such shifts will require a rebirth of regionalism – most advanced in Latin America, burgeoning in East Asia, operative in military terms in the eastern Arab Iranian region, and growing through tighter ties in West Africa. Such is an agenda that treats the nation-state not as a straightjacket but as scaffolding, and democracy not as an antagonist but as an ally. These steps can produce a form of delinking suitable for the peoples of the South in the 21st century.

The Relevance and Timeliness of Delinking

Demba Moussa Dembélé

‘One central question preoccupied me intellectually more than any other: why is the history of capitalist expansion that of its polarisation on a global scale?’

Samir Amin

Professor Samir Amin passed away on 12 August 2018, at the age of 87. For over 60 years, he was at the forefront of the intellectual and political struggle for the emancipation of peoples oppressed by capitalism and imperialism. The publication of his book on delinking was an illustration of the audacity that was typical of Amin's thought.¹ The call for delinking was in contradiction with the global trend dominated by the rise of neoliberal ideology, led by the United States and its proxies, the World Bank and the International Monetary Fund (IMF). Amin's call for delinking has particular resonance today, with the decline of the Western economic and financial hegemony and the collapse of the neoliberal paradigm, which has led to a crisis of legitimacy for the globalised capitalist system, including in Western countries. The coronavirus pandemic and its consequences have intensified this crisis of legitimacy, particularly in Africa, where more and more voices are calling for a paradigm

1 Amin, Samir (1990). *Delinking: Towards a Polycentric World*. London: Zed Books.

shift breaking with the policies of the past and promoting an endogenous development model.

The General Context of the Appeal

The call for delinking was made in a context marked by the failure of 'development aid' policies and attempts at self-centred development in the countries of the South. The call also stemmed from Samir Amin's personal experience in policy-making.

A Changing Global Context

In the 1970s, in the Pearson Report, produced by the Commission led by former Canadian Prime Minister Lester Pearson, the United Nations described the failure of the first 'decade of development'. This failure was illustrated by the low level of resource transfers from developed countries to newly independent countries. It was at this time that the proposal to transfer 0.7% of the gross national income (GNI) of developed countries to 'underdeveloped' countries was formulated.

Another significant development in the global context at the time was the failure of the New International Economic Order (NIEO) launched through the United Nations. This failure was the result of fierce opposition from the core countries, notably the United States and the United Kingdom.

The African Context: Failure of the Lagos Plan of Action

For Samir Amin, the failure of the NIEO confirmed the insurmountable obstacles thrown up by core countries against any attempts to 'catch up' within the system. There were some exceptions, however, such as China and India. In Africa, the failures of attempts to 'catch up' prompted the Economic Commission for Africa (ECA) and the Organisation of African Unity (OAU), the predecessor of the African Union, to propose the Lagos Plan of Action (LPA) in 1980. The plan aimed to

strengthen regional and continental integration and laid the foundations for the industrialisation of the continent. It was torpedoed by the Berg Report (1981),² commissioned by the World Bank. This report paved the way for the structural adjustment programmes.

On a personal level, Amin had experienced attempts to 'catch up' in his native Egypt, and especially in Mali, where for almost three years he participated in the development of public policies designed to promote a self-centred system. All these failures had reinforced Amin's conviction that the road to development for the countries of the periphery was through delinking.

The Call for Delinking

In addition to an analysis of the global and African context, the call for delinking was grounded above all on the polarising nature of global capitalism, consisting of a centre and peripheries.

The centre consisted of 'historically constituted' countries with a 'national bourgeois hegemony' and a 'national capitalist' state.

The bourgeoisie and the bourgeois state are here inseparable [...] The bourgeois state is national when it masters the process of accumulation, within the bounds of external constraints to be sure, but where these constraints are strongly relativised by its own capacity to react to their action, or even to participate in their shaping.³

The peripheries are countries that do not have local control over the accumulation process, which is influenced by external constraints. In the light of this analysis, it can be said that the 'underdevelopment' of the peripheries is the direct consequence of their adjustment to the accumulation needs of the centre.

2 World Bank (1981). *Accelerated Development in Africa. An Agenda for Action*. Berg Report. Washington D.C.: The World Bank

3 Ibid.

The Concept of Delinking

Contrary to the superficial view, delinking does not mean 'autarky' or withdrawal from the rest of the world. According to Amin, delinking aims to align a country's external economic relations with the logic of its internal development priorities. Particularly in the areas of foreign trade and capital movements. Delinking is thus a precondition for a self-centred strategy to lay the foundations of development for peripheral countries. It implies the definition of criteria of economic rationality based on internal constraints and social relationships rather than on those linked to the global system.

The Significance of Delinking in Samir Amin's Thought

The theme of delinking recurs constantly in Amin's later works and position papers. This is due to two convictions he held.

The first was the importance he assigned to delinking in the battle against the imperialist system: 'delinking of the countries of the South paves the way for the deconstruction of the prevailing imperialist system'.⁴ In other words, delinking policies in the South are a key factor in the decline of the capitalist/imperialist system. This is because Southern countries' conquest or recovery of sovereignty over their own resources would lead to the loss by the core countries of cheap access to the resources of the periphery. This would inevitably bring about a crisis in the system that could contribute to its downfall. Amin's second conviction was that delinking would also lead to a break with the Eurocentric world view. In his opinion, capitalism 'is itself inseparable from the European conquest of the world. It is inseparable from the Eurocentric ideology, which is, by definition, a non-universal form of civilisation'.⁵

4 Amin, Samir (2010). *Ending the Crisis of Capitalism or Ending Capitalism?* Kapstadt/Dakar/Nairobi: Pambazuka Press & Fahamu Books.

5 Amin, Samir (2012). *L'implosion du capitalisme contemporain, automne du capitalisme, printemps des peuples?* Paris: Les éditions Delga.

Thus, delinking was not limited to the economic aspect alone but also contained an ideological and political dimension. This two-pronged approach, combining economic and intellectual struggle, is what made the work of Samir Amin so unique. Even within Marxism, he distanced himself from a certain orthodoxy that he deemed too Eurocentric.

Summary of Samir Amin's analysis:

- WORLD SYSTEM = Centre/Periphery polarisation
- CENTRE: Accumulation process under the control of internal forces (state and national bourgeoisie)
- PERIPHERY: No local control of the accumulation process, which is shaped by external constraints
- DELINKING = External relations subordinated to the internal accumulation process
 - Control of foreign trade policy
 - Control of capital movements
- DELINKING = Prerequisite for the development of self-centred initiatives
- SELF-CENTRED INITIATIVES = Control of the accumulation process (industrialisation)

What Forms Should Delinking Take in Africa?

We proceed on the assumption that anything that strengthens ties between African countries, on the one hand, and between African countries and the Global South, on the other, can contribute to the delinking process.

Conquering/Reclaiming Sovereignty

One of the main lessons of the coronavirus pandemic is that Africa must rely on itself first. Vaccine apartheid has exposed the selfishness of our traditional 'partners'. This painful lesson has led to a growing number of calls for African countries to assert their sovereignty in several key areas: monetary, food, pharmaceutical, energy, etc.

Monetary Sovereignty

In West Africa, the adoption of a single currency, replacing the franc of the *Communauté financière Africaine* (CFA) and the seven other Economic Community of West African States (ECOWAS) currencies, would mark a major step forward in the integration process. In particular, it would be a historic development for the countries using the CFA franc. However, the ECOWAS currency never seems to see the light of day. It was thought that the end of the tunnel was in sight, after the decision of the Abuja Summit in June 2019. However, the tactics deployed by West African Economic and Monetary Union (WAEMU) countries, particularly Côte d'Ivoire, in collusion with France, run the risk of torpedoing the project. In addition, Covid-19 has challenged the convergence policies and pushed back the deadline to 2027. Given the current unstable situation in the region, it is not certain that even that deadline will be met.

At the continental level, the African Union has a common currency vision, with the creation of an African Central Bank (ACB) and an African Monetary Fund as its first step. More than 40 central banks are involved in this project, whose secretariat is located at the Central Bank of West African States (BCEAO) in Dakar. However, once again, it is impossible to say what the real timeline for the creation of the ACB will be.

Food Sovereignty

The coronavirus pandemic and the war in Ukraine have revealed Africa's high level of food dependence. According to UN Trade and Development (UNCTAD), in 2020, more than 80% of African countries' imports of basic foodstuffs came from outside the continent, amounting to approxi-

mately \$60.5 billion in value.⁶ The lessons learned from the two events cited above have reignited the debate on food sovereignty in Africa. It is entirely possible to achieve it. Africa holds 60% of the world's arable land and some of the world's largest rivers and waterways. The problem is the lack of political will on the part of the continent's leaders. In 2003, in Mozambique, the African Union adopted the Maputo Declaration, urging countries to devote at least 10% of their national budgets to agriculture each year. However, to date, only eight countries have honoured the Declaration.

Pharmaceutical Sovereignty

In the health sector, Africa's dependence is even more pronounced, particularly in the pharmaceutical field. The continent imports 97% of medicines and pharmaceutical products it needs, the value of which exceeded \$20 billion in 2018. Africa has the means to develop its own pharmaceutical industry. Some countries have chosen to partner with pharmaceutical groups from the North to build local industries. But the best solution would be to create African pharmaceutical industries through sub-regional cooperation. This would help boost local research and innovation, create jobs for professionals in the sector, and thereby mitigate the brain drain.

Energy Sovereignty

The same applies to the energy sector. Africa has abundant energy reserves, including fossil fuels and wind, solar and hydro power. However, these resources are either under-exploited or exploited by foreign companies. Delinking in this area would consist of committing to the domestic exploitation of these resources to reduce and ultimately end the continent's foreign dependence. Another important consideration in this area is the harnessing of Africa's plentiful renewable resources. Admittedly, massive financial resources will be required to achieve the various forms

6 UNCTAD (2021). *Reaping the Potential Benefits of the African Free Trade Area for Inclusive Growth, Economic Development in Africa Report 2021*. New York/Geneva: United Nations.

of sovereignty listed above. However, armed with political will and a clear medium- and long-term strategy, it will be possible to meet these goals, which are crucial for the future of the continent.

Accelerating Regional and Continental Integration

The conquest or recovery of sovereignty should be envisaged in the context of regional and continental integration. In May 2013, the African Union adopted Agenda 2063, as a 'blueprint for Africa's structural transformation' in which regional and continental integration are to play a key role. At the continental level, the African Continental Free Trade Area (AfCFTA) became operational in January 2021. African countries seem to have high hopes for the AfCFTA. These hopes are supported by the findings of certain studies by international organisations, which cite a number of advantages of the AfCFTA. Yet these projections should be greeted with caution, even scepticism. As it is currently framed, with its focus on trade, the AfCFTA is more likely to further integrate Africa into the system than to contribute to the delinking process.

Rebuilding Developmental States

State rebuilding and the return of planning are indispensable components of the delinking process. The rehabilitation of the state is vital to Africa's successful industrialisation, which is one of the key goals of delinking. Effective harnessing of domestic resources cannot be achieved without a competent and committed state. The failure of neoliberal policies has led to calls for the rehabilitation of the state in Africa. In 2007, UNCTAD recommended the reconstruction of developmental states in Africa along similar lines to those in Southeast Asia.⁷

7 UNCTAD (2007). *Economic Development in Africa. Reclaiming Policy Space: Domestic Resource Mobilizations and Developmental States*. New York/Geneva: United Nations.

The ECA followed UNCTAD's lead in its 2011 report, in which the role of the state was deemed essential to the continent's development process.⁸

Financing Africa's Development

A fundamental aspect of the delinking process is to create the conditions for Africa to finance its own development by relying on domestic resource mobilisation. This position has been advocated by the African Union, which urged the continent to 'take full responsibility for financing her development' to achieve Agenda 2063. Africa has ample capacity to do so. Unfortunately, it loses tens of billions of dollars each year in illicit financial flows, as indicated in UNCTAD's 2020 report, which puts the average annual capital flight from Africa at \$88.6 billion. UNCTAD stresses that Africa could curb illicit financial flows through close co-operation among African countries, fight against corruption and international tax cooperation with developed countries.⁹ In addition to domestic resources, there are other sources of financing available to Africa within the framework of policies aimed at breaking away from the system.

Reparations for the Ecological Debt

Africa must demand reparations for the ecological debt arising from the systematic plunder of its natural resources. The legitimacy of this claim is reinforced by the current context of the fight against climate change.

Cancellation of the Illegitimate Debt

Another source of financing is the cancellation of the continent's illegitimate debt. To this end, an international audit of all African debts should

8 ECA (2011). *Economic Report on Africa 2011, Governing Development; the Role of the State in Economic Transformation*. Addis Ababa: ECA.

9 UNCTAD (2021). *Tackling Illicit Financial Flows for Sustainable Development in Africa, Economic development in Africa Report 2020*. New York and Geneva United Nations.

be demanded in order to identify the illegitimate component of these debts and demand its unconditional cancellation!

Repatriation of Stolen Assets

Enormous wealth has been stolen from African countries, with the collusion of Western banks. Africa must demand the repatriation of these ill-gotten gains, with the cooperation of the United Nations system, which has set up mechanisms for such purposes.

Migrant Remittances

These remittances are an important source of funding for several countries. On average, Africa is estimated to have received \$32 billion per year between 2010 and 2018. It is essential to find ways to make remittances an effective instrument for financing development.

Strengthening South-South Cooperation

Samir Amin attached great importance to solidarity between the countries of the South in their struggle against the core countries. Nowadays, South–South cooperation is one of the main focuses of international relations. This type of cooperation allows for opportunities that are less costly in all areas and more respectful of the sovereignty of African nations. Africa today has multiple opportunities to reduce its dependence on the core countries and thereby increase its scope for action in the design and implementation of its development policies.

Conclusion

While delinking could be considered a ‘utopia’ at the time of Samir Amin’s bold call in 1986, it has now become a very real possibility, with the proliferation of increasingly favourable factors. That is why Amin so rightly said: ‘More than ever, delinking is on the agenda of what is

possible'.¹⁰ However, delinking is not just an economic struggle but also an intellectual and political one. It means reconnecting with the ideas of African thinkers and those in the diaspora. In other words, reclaiming the thought of Samir Amin, Cheikh Anta Diop, Kwame Nkrumah, Julius Nyerere, Nelson Mandela, Amílcar Cabral, Thomas Sankara, Patrice Lumumba, Yash Tandon, Walter Rodney, and many more. It is only under those conditions that the African Union's Agenda 2063 can be successfully achieved: 'building the Africa we want'¹¹ (AUC 2014).

10 Amin (2012), op. cit.

11 African Union Commission. (2014). *Agenda 2063: The Africa We Want*. Addis Ababa, May

Dismantling Green Colonialism

Towards a Just Transition in North Africa

Hamza Hamouchene

The reality of climate breakdown is already visible in North Africa and the Arab region, undermining the ecological and socio-economic basis of life. Countries such as Algeria, Tunisia, Morocco and Egypt are experiencing recurrent severe heat waves and prolonged droughts, with catastrophic impacts on agriculture and small-scale farmers. In the summer of 2021, Algeria was struck by unprecedented and devastating wildfires; Tunisia experienced a suffocating heat wave, with temperatures soaring close to 50°C; southern Morocco struggled with terrible droughts for the third year in a row; and in south-east Egypt 1,100 people lost their homes to flooding and hundreds were injured by scorpions driven out of the ground by the severe weather conditions. In the years ahead, the Intergovernmental Panel on Climate Change (IPCC) projects¹ that the Mediterranean region will see an intensification of extreme weather events, such as wildfires and flooding, and further increases in aridity and droughts. Addressing this global climate crisis requires a rapid and drastic reduction of greenhouse-gas emissions, but if a transition towards renewable energies has become inevitable, justice has not. Such transitions can maintain the same practices of dispossession and exploitation, reproducing injustices and deepening socio-economic exclusion.

¹ IPCC (2021). *Sixth Assessment Report – Working Group 1: The Physical Science Basis*. Accessible at: <https://www.ipcc.ch/report/ar6/wg1/>.

The Sahara in North Africa is usually described as a vast empty land, sparsely populated; representing an Eldorado of renewable energy, thus constituting a golden opportunity to provide Europe with energy so it can continue its extravagant consumerist lifestyle and excessive energy consumption. However, this deceptive narrative overlooks questions of ownership and sovereignty and masks ongoing global relations of hegemony and domination that facilitate the plunder of resources, the privatisation of commons and the dispossession of communities, thus consolidating undemocratic and exclusionary ways of governing the transition. Several examples from the North African region show how energy colonialism is reproduced even in transitions to renewable energy in the form of green colonialism or green grabbing.

Colonialism – even if it formally ended – still continues in other forms and at various levels including in the economic sphere. That's what some scholars and activists call neo-colonialism or re-colonisation. Most of the economies of the peripheries/the Global South are inserted in a subordinate position within a profoundly unjust global division of labour: on the one hand as providers of cheap natural resources and a reservoir of cheap labour and, on the other hand, as a market for industrialised economies. This situation has been imposed and shaped by colonialism and attempts to break away from it have so far been defeated by the new tools of imperial subjugation: crippling debts, the religion of 'free trade', Structural Adjustment Programmes (SAPs) imposed by international financial institutions, and others. To move beyond fossil fuels, we need to examine the linkages between fossil fuels and the economy, and address power imbalances of the international energy system. This means recognising that the Global South is still being systematically exploited by a colonial, imperialist economy built around the pillage of their resources and massive transfer of wealth from South to North.

So, What Do We Mean by Green Colonialism?

For me, it's the extension of the colonial relations of plunder and dispossession as well as the dehumanisation of the other and the displacement of socio-environmental costs to the peripheries in the name of the transition to a future green era, to the renewable period. The current uneven transition to renewable energies, happening mainly in the Global North, is predicated on the ongoing extraction of rare earth metals for manufacturing solar panels, wind turbines, blades and electrical batteries. Where would these resources come from? From countries like Congo, Bolivia, Chile and Morocco, where environmental destruction and workers' exploitation would continue and intensify. Basically, we are facing the same system but with a different source of energy: from fossil fuels to green energy while the same global energy-intensive production and consumption patterns are maintained and the same political, economic and social structures that generate inequality, impoverishment and dispossession remain untouched.

As for green grabbing,² it's a concept coined to refer to some of the dynamics of land grabs that take place within a supposedly green agenda. In other words, the appropriation of land and resources for supposedly environmental ends: from some conservation projects that dispossess indigenous communities of their land and territories, to confiscated communal land to produce biofuels, to installations of big solar plants/wind farms on agro-pastoralist land without their proper consent.

Let's talk about Morocco and its inequitable energy transition where people have no say in what is being done. The Ouarzazate Solar Plant, for

2 Fairhead, James; Leach, Melissa & Scoones, Ian (2012). Green Grabbing: A New Appropriation of Nature?, *Journal of Peasant Studies* 39(2), 237–261.

example, launched in 2016, has failed to bring any semblance of justice³ to the Amazigh agro-pastoralist communities whose lands were used without their proper consent to install the 3,000-hectare facility. The \$US9 billion debt from institutions such as the World Bank, the European Investment Bank and others is backed by Moroccan government guarantees, which means potentially more public debts for a country already over-burdened with debts. It is worth mentioning here that since its launch in 2016, the project has been recording an annual deficit of around €80 million,⁴ which are covered by the public purse. Finally, the project is using concentrated thermal power (CSP) that necessitates extensive use of water in order to cool down the system and clean the panels. In a semi-arid region like Ouarzazate, diverting water use from drinking and agriculture is just outrageous.

The 'Noor Midelt' project⁵ constitutes Phase II of Morocco's solar power plan and aims to provide more energy capacity than the Ouarzazate plant. It will be one of the world's biggest solar projects to combine CSP and photovoltaic (PV) technologies. The facilities are operated by the French EDF Renewable, the Emirati Masdar and the Moroccan conglomerate Green of Africa, in partnership with the Moroccan Agency for Solar Energy (MASEN) for a period of 25 years. The project has contracted around \$US4 billion in debts so far from the World Bank, the African Development Bank, the European Investment Bank, and others. It will be also built on thousands of hectares of communal land that have been confiscated from its owners. The pastoralist tribe of Sidi Ayad,

3 Hamouchene, Hamza (2016). The Ouarzazate Solar Plant in Morocco: Triumphal 'Green' Capitalism and the Privatization of Nature. *Jadaliyya*. Accessible at: <https://www.jadaliyya.com/Details/33115/The-Ouarzazate-Solar-Plant-in-Morocco-Triumphal-%60Green%60-Capitalism-and-the-Privatization-of-Nature>.

4 Moustakbal, Jawad (2021). The Moroccan Energy Sector: A Permanent Dependence. *Transnational Institute*. Accessible at: <https://www.tni.org/en/article/the-moroccan-energy-sector>.

5 NS ENERGY (2019). *Noor Midelt Solar Power Project, Morocco*. Accessible at: <https://www.nsenegybusiness.com/projects/noor-midelt-solar-power-project-morocco/>.

which has been using that land to graze its animals for centuries, has been protesting against this project,⁶ calling it an occupation. And we mustn't forget Morocco's occupation of Western Sahara. While some of the projects in Morocco, like the Ouarzazate and Midelt Solar Plant, can be described as green grabbing, similar renewable projects (solar and wind) that are taking place in the occupied territories of Western Sahara can be simply labelled 'green colonialism', as they are carried out in spite of the Saharawis and on their occupied land. These renewable projects are being used to entrench the occupation⁷ by deepening Morocco's ties to the occupied territories, with the obvious complicity of foreign capital and companies.

Let's move to Tunisia. Right now, there is a major push to privatise the renewable energy sector and give huge incentives to foreign investors to produce green energy in the country, including for export. The 2015–12 law (amended in 2019) even allows for the use of agricultural land for renewable projects⁸ in a country that suffers from acute food dependency (revealed once again during the pandemic and right now in the middle of the war in Ukraine). One would start to wonder, energy transition for whom? I would also like to mention a project that I have followed over the last few years: TuNur.⁹ It is a private venture between British, Maltese and Tunisian entrepreneurs aiming to develop a series of projects that will deliver low-cost dispatchable power to Europe. The same relations of extraction and the same practices of enclosure/grabbing are maintained while Tunisians are not even self-sufficient in energy. These

6 ATTAC Maroc & War On Want (2020). *Oh Earth [Documentary]*. Accessible at: فيلم أرض يا Oh earth (youtube.com).

7 WSRW (2024). *Dirty Green Energy on Occupied Land*. Accessible at: Western Sahara Resource Watch (wsrw.org).

8 Delpuech, Aida & Poletti, Arianna (2022). "C'est notre soleil": à Segdoud, la lutte pour la souveraineté énergétique. *Inkyfada*. Accessible at: <https://inkyfada.com/fr/2022/04/22/segdoud-lutte-souverainete-energetique-tunisie/>.

9 Neslen, Arthur (2017). Huge Tunisian Solar Park Hopes to Provide Saharan Power to Europe. *The Guardian*. Accessible at: <https://www.theguardian.com/environment/2017/sep/06/huge-tunisian-solar-park-hopes-to-provide-saharan-power-to-europe>.

big renewable projects, while proclaiming their good intentions, end up sugar-coating brutal exploitation and robbery. It seems that a familiar colonial scheme is being rolled out in front of our eyes: the unrestricted flow of cheap natural resources (including green energy) from the Global South to the rich North while fortress Europe builds walls and fences to prevent human beings from reaching its shores!

While certain Western governments portray themselves as pro-environment by banning fracking within their borders and setting carbon emissions-reduction targets, they offer diplomatic support to their multinationals to exploit shale resources in their former colonies, something that France did with Total in Algeria. If that's not energy colonialism and environmental racism, I don't know what it is! We are also seeing more fossil fuel projects being pushed in various regions of the world, including North Africa and the Eastern Mediterranean, which has led some analysts to argue that we are not seeing an energy transition but rather an energy expansion.¹⁰

And in the context of the war in Ukraine and the EU's attempts to cut reliance on Russian gas, that's exactly what happened as Italy and Algeria agreed to boost gas supply to Italy.¹¹ In fact, the national company Sonatrach and Italian ENI will pump an additional 9 billion cubic metres in 2023/2024. The EU will also get LNG shipments from Egypt, Israel and Qatar. EU energy security rates above everything else. So, we are seeing more gas lock-in, more extractivism, more path dependency and a halt to the green transition in those countries. In the case of fossil-fuel-rich countries such as Algeria and others in the region, some financial compensation must be on the table to keep the oil in the ground. We also need to consciously build alliances between labour movements and other social and environmental justice movements and organisations.

10 Sweeney, Sean; Treat, John & Chavez, Daniel (2021). Energy Transition or Energy Expansion?. *Transnational Institute*. Accessible at: Energy transition or energy expansion? | Transnational Institute (tni.org).

11 Al Arabiya (2022). *Eni-Sonatrach Sign Deal to Boost Algeria Gas Exports to Italy*. Accessible at: Eni-Sonatrach sign deal to boost Algeria gas exports to Italy (alariya.net).

We need to find a way of involving workers in the oil industry in discussions around the transition and green jobs. The transition won't take place without them. Therefore, it is of paramount importance to start engaging the trade unions around these issues.

Green Hydrogen: The New Frontier of Accumulation in North Africa

The recent green hydrogen hype¹² is another cover for the fossil fuel industry to continue its extractive operations. We cannot allow neo-colonial relations to be extended and consolidated in some projects being concocted by the European Union, which would like North Africa to produce and export green hydrogen to Europe. The EU's Hydrogen Strategy,¹³ in the framework of the European Green Deal (EGD), is an ambitious roadmap for shifting towards green hydrogen by 2050. It proposes that the EU could meet some of its future supply from Africa, in particular North Africa, which offers both huge renewable energy potential and geographic proximity. This has become even more important in the context of the war in Ukraine. Basically, replacing fossil gas with hydrogen from renewables is a key plank of REPowerEU,¹⁴ the European Commission's plan to end dependence on Russian gas. As well as shifting gas suppliers from Putin to other authoritarian regimes like Algeria, Azerbaijan, Egypt and Qatar, or the settler-colonial apartheid state of Israel, and building more ports and pipelines to import and transport gas, the EU Commission has quadrupled its hydrogen targets from 5 million

12 Hamouchene, Hamza (2021). Green Hydrogen: The New Scramble for North Africa. *Al Jazeera*. Accessible at: Green Hydrogen: The new scramble for North Africa | Climate Crisis | Al Jazeera.

13 European Commission (2020). *A Hydrogen Strategy for a Climate-Neutral Europe*. Accessible at: Communication COM/2020/301: A hydrogen strategy for a climate-neutral Europe | Knowledge for policy (europa.eu).

14 European Commission (2022). *REPowerEU Plan*. Accessible at: EUR-Lex - 52022 DCo230 - EN - EUR-Lex (europa.eu).

tonnes by 2030 to 20 million tonnes, with half of that to be imported primarily from North Africa, but other countries are also on the target list: Namibia, South Africa, Democratic Republic of Congo, Chile, Saudi Arabia, and others.

The Desertec project¹⁵ also goes in this direction and even pushes for the use of the current gas pipeline infrastructure to export the hydrogen from North Africa. Basically, it advocates for a mere switch of the energy source while maintaining the existing authoritarian political dynamics and leaving intact the hierarchies of the imperial international order. Moreover, the Desertec manifesto¹⁶ points out that 'in an initial phase, a substantial hydrogen volume can be produced by converting natural gas to hydrogen, and the CO₂ emissions generated can be stored in empty gas/oil fields in North Africa'. This, alongside the use of the rare water resources and potential pollution from desalination, can be considered as yet another example of dumping waste in the Global South and displacing environmental costs from North to South.

A green transition is not simply about energy; agriculture must also be transformed. Industrial agriculture/farming or agribusiness is another locus where imperialist domination and climate change intersect. Not only it is one of the major drivers of climate change; it also keeps many countries in the South prisoners of an unsustainable and destructive agrarian model – a model that is based on the export of a few cash crops and the exhaustion of land and the rare water resources in arid and semi-arid regions such as Egypt, Tunisia and Morocco. In some instances, we even see the push for the production of agro-fuels (to export fuel to Europe), undermining thus the food sovereignty of local people.

15 Hamouchene, Hamza (2015). Desertec: The Renewable Energy Grab? *New Internationalist*. Accessible at: Desertec: the renewable energy grab? | New Internationalist.

16 van Wijk, Ad; Wouters, Frank; Rachidi, Samir & Ikken, Badr (2019). A North Africa–Europe Hydrogen Manifest. *Dii Desert Energy*. Accessible at: 2019-11-29_Dii_Studie2019_v03a.indd (dii-desertenergy.org).

Alternatives – Just Transition

I believe that the framework of Just Transition¹⁷ can provide elements of reflection. The original concept of Just Transition was rooted in building alliances between workers in polluting industries and frontline communities. It gained popularity as a powerful framework, which could express workers' demands in relation to environmental conflicts and unite different forms of resistance against the political-economic model that has been trashing the planet, concentrating wealth and increasingly exploiting workers around the world, with impacts falling disproportionately on marginalised communities. We know that the current economic system is undermining the life support systems of the planet and will eventually collapse. So, Transition has become inevitable, but Justice has not.¹⁸

A Just Transition is a framework for a fair shift to an economy that is ecologically sustainable, equitable and just for all its members. A Just Transition means a transition from an economic system that is built around the extraction of resources and the exploitation of people, to one that is structured instead around the restoration and regeneration of territories and people's rights and dignity. A robust and radical vision of Just Transition sees environmental destruction, capitalist extraction, imperialist violence, inequality, exploitation and marginalisation along the axes of race, class and gender and as simultaneous effects of one global system which must be transformed. Basically, 'solutions' that try to address a single dimension, such as the environmental catastrophe, in isolation from the social, cultural and economic structures which give

17 Transnational Institute (2020). Just Transition: How Environmental Justice Organisations and Trade Unions Are Coming Together for Social and Environmental Transformation. *Workshop Report*. Accessible at: Just Transition | Transnational Institute (tni.org).

18 Movement Generation (2017). *From Banks and Tanks to Cooperation and Caring – A Strategic Framework for a Just Transition*. Accessible at: JT_booklet_English_SPR EADs_web.pdf (movementgeneration.org).

rise to it, will inevitably remain 'false solutions'. Just Transition looks different in different places.

We must be sensitive to the fact that the massive global and historical inequalities, and their continuation in the present, are part of what must be transformed to bring about a just and sustainable society. This means that Just Transition may mean very different things in different places. What might work in Europe may not necessarily be applicable in Africa. What might work in Egypt might not work in South Africa. And what might work in urban areas in Morocco may not be good for rural areas there. So, we need to be imaginative and have a decentralised approach with guidance from local populations themselves. This green transition must be under the democratic control of workers and communities. It cannot be left to the private sector. This would need huge public investments in renewable energy, public transport, diversifying the economies away from fossil fuels, and others. It also necessitates cancellation of debts, tax justice and halt of capital flight from peripheral countries.

The Global North should pay ecological debts and climate reparations to countries in the Global South. Trade relations must also be transformed towards more fairness and equity, so centuries of unequal economic and ecological exchange are brought to an end. This would need to give space for sovereign decisions, something undermined by international disputes mechanisms and provisions in trade treaties allowing multinationals to sue governments that dare to touch their bottom line through new labour or environmental regulations for example.

There are recurrent discussions on the lack of technology expertise where these mega projects are installed in the Global South: But why is this so in the first place? Doesn't this have to do with relations of ongoing domination and appropriation of wealth? Isn't this attributable to monopolising technology and the intellectual property regime that showed its cruelty in the current pandemic? Isn't it because of all the imposed structural adjustment programmes that hollowed out public services and scientific research? For a rapid and just energetic transition globally, monopolies on green technology and knowledge must be ended and made available to countries and communities in the Global South.

Part Two: Reparations

Ecological Imperialism and Ecological Reparations¹

Franklin Obeng-Odoom

Ecological Crises

The Conference of the Parties (COP)27 in Sharm El-Sheikh made the point that the world faces a novel problem. The scale of socio-ecological

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- 1 This chapter has had a long journey. It was presented at the 'Ecological Imperialism and Ecological Reparations' Conference in Dakar, Senegal (25–28 October 2022). I especially thank Professor Jomo Kwame Sundaram for specific constructive criticism and other participants, notably Souad Aden-Osman, the Head of the Secretariat of the African Union High-Level Panel on Illicit Financial Flows from Africa, for their helpful comments. Next, I presented the paper in Italy at the 3rd ASTRA Summer School 2023 (5–16 June 2023), Free University of Brixen/Bressanone. Then, I published it as a more popular piece in a newsletter edited by Mr Amit Jain, Director of the NTU-SBF Centre for African Studies, Singapore, who offered me helpful feedback (Obeng-Odoom, Franklin (2022). *The Case for Ecological Reparations in Africa*. *NTU-SBF Centre for African Studies (CAS) Newsletter*. Accessible at: <https://www.ntu.edu.sg/cas/news-events/news/details/the-case-for-ecological-reparations-in-africa>.). The paper would subsequently be published in a handbook I edited myself (Obeng-Odoom, Franklin (2023). *Ecological Reparations*. In: Obeng-Odoom, Franklin (ed.). *The Handbook on Alternative Global Development*. Cheltenham: Edward Elgar, 352–361). I thank the publishers for supporting and permitting me to use the work for this current iteration, which returns the paper to its roots: Dakar. I thank the editors, especially Dr Ndongo Samba Sylla. He has been exceptionally kind and gracious with his grant of extensions to me and, as ever, informative in his feedback. I am responsible, of course, for the views and opinions expressed herein.

crises that afflict the earth is unprecedented. According to Intergovernmental Panel on Climate Change (IPCC) assessments, these problems are worsening and will continue to do so. There is more than a 50% chance that global warming will reach or exceed 1.5°C in the near term.² The ramifications are certain, but uneven.³ Reversing rapid biodiversity loss has also eluded humanity since the first global agreement to do so by 2010.⁴ So, COP15 in Montreal, Canada, revisited the issue. This attempt to reawaken the 1992 Earth Summit in Rio, ratified by every UN member state except the United States, is critical for the Global South.

Whether in terms of climate change or biodiversity loss, COP27 or COP15, the regions of highest exposure are Africa and elsewhere in the Global South.⁵ While the average North American is responsible for 14 tons of emissions per year and the average European contributes 7 tons per year, the average African is responsible for 1.1 tons of emissions per year.⁶ Yet, African suffers disproportionately. Not only do 3.6 billion people face existential outcomes but also many plants and animals risk total extinction.⁷ In *Extinction*, Ashley Dawson⁸ points out that in the last 20 years, 70,000 African elephants have been killed and the number of rare forest elephants in Africa has declined by 60%. We are all at risk of extinction. This is an emergency.

2 IPCC (2022). *Summary for Policy Makers*. Accessible at: https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf.

3 Ibid., 14.

4 Ostroff, Joshua (2022). CBD COP15: Why the Whole World Will Be Watching Montreal This December. *World Wildlife Fund*. Accessible at: [CBD COP15: Why the whole world will be watching Montreal this December - WWF.CA](https://www.worldwildlife.org/news/cbd-cop15-why-the-whole-world-will-be-watching-montreal-this-december).

5 IPCC (2022), op. cit., 14.

6 Ibrahim, Mo (2022). Africa's Past Is Not Its Future: How the Continent Can Chart Its Own Course. *Foreign Affairs*. Accessible at: <https://www.foreignaffairs.com/africa/mo-ibrahim-africa-past-not-its-future>.

7 IPCC (2022), op. cit., 14–16.

8 Dawson, Ashley (2016). *Extinction: A Radical History*. New York/London: OR Books, 7–8.

Wrong Way

How to deal with this problem has become the thorniest issue in history. Mainstream economists propose the use of markets, private property rights, behavioural nudges, or climate clubs as solution.⁹ Heterodox economists and other social scientists make alternative proposals that range from 'limiting growth', designing circular economies, ensuring just transition, and phasing out fossil fuels. Many of these attempts are called 'nature-based solutions', but, in *How Natural Is 'Natural'*, Naa Afafe Sackeyfio¹⁰ points out that the Western concept of 'nature' that underpins most of the existing approaches is 'cosmetic [...] a verbal worship'. Mostly veiled attempts to make the Global South fix itself, these approaches – both left and right – recall the science fiction book, *The Hitchhiker's Guide to the Galaxy*. There, one character successfully, but surprisingly, makes his spaceship invisible. When asked how he did it, he said he had simply hidden it as 'somebody else's problem'.¹¹

That is evidently the case of demanding markets without restitution or 'phase out' without reparations. Many others are also highly populationist. Take 'limits to growth'. It is more commonly explained as a reduction in growthist and capitalist economic production, but it also entails induced limits to reproduction. As one advocate¹² points out, '[p]opulation stabilization is as fundamental [...] as a horse is to a horse race'. Kenneth Boulding suggested auctioning birth rights to

9 Obeng-Odoom, Franklin (2022b). Mainstream Economics and Conventional Environmental Policies. *American Journal of Economics and Sociology* 81(3), 443–472.

10 Sackeyfio, Naa A. (2000). *How Natural Is 'Natural': Comprehension Plus*. Third Edition. Accra: Pedacons, 1–3.

11 Rutten, Lamon (2021). Carbon Pricing and Indonesia's Exports. *The Jakarta Post*. Accessible at: <https://www.thejakartapost.com/paper/2021/08/19/carbon-pricing-and-indonesias-exports.html>.

12 Czech, Brian (2022). *A Steady-State Approach to Immigration*. *Steady State Herald*. Accessible at: <https://steadystate.org/a-steady-state-approach-to-immigration>, 4.

limit reproduction.¹³ Jorgen Randers,¹⁴ the co-author of *Limits to Growth*, favours an even more controversial approach: promoting polyandry. This would entail pairing one woman with as many men as possible and locking the unmatched women in monasteries. In *What's Sex Got to Do with It? Darwin, Love, Lust and the Anthropocene*, Heather Remoff¹⁵ describes the inability of white male scientists to appreciate female choices as 'comic blindness'.

Ecological Imperialism

A different starting point is needed. Ecological imperialism is one step forward. The *poiesis* of John Hobson, Vladimir Lenin, Rosa Luxemburg, and Karl Kautsky, the usual imperialism theorists, can help us to understand imperialism generally. But to appreciate 'ecological imperialism', Alfred Crosby's book *Ecological Imperialism*¹⁶ offers a strong foundation. It is centred on how the control of nature by force and fraud aided the expansion of the West and generated disproportionate socio-ecological crises for the rest.

Three extensions are needed.¹⁷ First is the consideration of historical power imbalances, institutionalised political-economic inequalities, and socio-ecological stratification centred on land. A second extension

13 See, for a discussion, Obeng-Odoom, Franklin (2022a). *Global Migration beyond Limits: Ecology, Economics, and Political Economy*. Oxford: Oxford University Press, 4–6, 66–68.

14 Randers, Jorgen (2022). Where Are the Limits? *Tiedekulma*. Accessible at: <https://www.helsinki.fi/en/helsinki-institute-sustainability-science/helsus-events/where-are-limits>.

15 Remoff, Heather (2022). *What's Sex Got to Do with It? Darwin, Love, Lust and the Anthropocene*. London: Shephard Walwyn, 4.

16 Crosby, Alfred W. (2009 [1986]). *Ecological Imperialism: The Biological Expansion of Europe, 900–1900*. Cambridge: Cambridge University Press.

17 Obeng-Odoom, Franklin (2022c). Editor's Introduction: Retheorizing Ecological Imperialism. *American Journal of Economics and Sociology* 81(3), 417–441.

is to emphasise resource autonomy; and the final is to stress the centrality of ecological reparations. J.K. Boyce¹⁸ has shown that communities, cities, counties, and countries that are unequal to face more severe environmental problems. Such harms are also disproportionately borne by the marginalised, often black poor, who typically contribute the least to the problem. Internationally, such dynamics are at play, too. The greater inequalities persist, the more environmental problems intensify, as powerful transnational corporations and imperial states advance their interests by dumping their waste in Africa. As these entities compete to maintain status, the world development agencies impose conditions on Africa to catch up¹⁹). The science of, and decisions about, sustainability, ecology, and the environment follow a similar pattern. Olúfemi O. Táíwò²⁰ has called this dynamic 'elite capture'.

The Global North, the place most strongly complicit in driving the current ecological crises, is also the moral and ecological high ground. It is characterised by dominant scientists, decision makers, and activists who lecture the rest on what to do, usually devaluing the science and alternatives from the Global South.²¹ These imperial, monopolistic, and exclusionary dynamics need to end for a more sustainable and inclusive world, but without ecological reparations, no alternatives can address

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- 18 Boyce, James K. (2021). The Environmental Cost of Inequality. *Special Edition Scientific American* 30(3), 100–105.
 - 19 Obeng-Odoom, Franklin (2019a). The Intellectual Marginalisation of Africa. *African Identities* 17(3–4), 211–224; Obeng-Odoom, Franklin (2020). Teaching Sustainability: From Monism and Pluralism to Citizenship. *Journal of Education for Sustainable Development* 14(2), 235–252; Obeng-Odoom, Franklin (2021a). Oil Cities in Africa: Beyond Just Transition. *American Journal of Economics and Sociology* 80(2), 777–821.
 - 20 Táíwò, Olúfemi O. (2022). *Reconsidering Reparations*. New York: Oxford University Press.
 - 21 Masood, Ehsan (2018). Battle over Biodiversity. *Nature* 560, 423–464; Nagendra, Harini (2018). The Global South Is Rich in Sustainability Lessons That Students Deserve to Hear. *Nature* 557, 485–488; Obeng-Odoom, Franklin (2019b). The Intellectual Marginalisation of Africa. *African Identities* 17(3–4), 211–224.

the ecological crises. This inevitably raises the questions: Why are reparations needed? What is their proposed design? And how might they be redesigned? To address these questions, the works of black scholars and activists can be taken more seriously. Among these works, those by Stella Dadzie, Sylvianne Diouff, Wangaari Maathai, Hilary Beckles, William Darity Jr, Julian Agyeman, and Olúfẹmi Táíwò are particularly relevant.

The Foundations of Reparations

Based on these works,²² three broad arguments could be made for advocating ecological reparations: underdevelopment, ecological imperialism, and the need for an ecological remaking of the world. These reflect, but they are not reducible to, slavery, colonialism, and neocolonialism. Indeed, these are interlinked and are compounded in their intersections. Take underdevelopment. Not only is it linked to slavery; it is yoked together with the enrichment of the Global North. In *Britain's Black Debt*, Sir Hilary Beckles²³ argues that Britain owes black debt because slavery was illegal from the start. It disproportionately enriched the British economy, and it damaged black economies. This dynamic has persisted to this day.

Financial outflows from Africa remain substantial. Between 1970 and 2018, the amount of such outflows and their resulting interest amounted to \$2.4 trillion. This drain is three times higher than the odious debt owed by the same countries that experience this capital flight, but rent theft is at the heart of the problem either way.²⁴ Others include 'overpricing exports to Africa, underpricing imports from

22 See, for a more systematic review, Obeng-Odoom, Franklin (2023a). Reparations. *The Review of Black Political Economy* 51(3), 458–478.

23 Beckles, Hillary McD. (2013). *Britain's Black Debt: Reparations for Caribbean Slavery and Native Genocide*. Mona (Jamaica): University of the West Indies Press.

24 Ndikumana, Léonce & Boyce, James K. (2022). Introduction: Why Care about Capital Flight? In: Ndikumana, Léonce & Boyce, James K. (eds.). *Capital Flight from Africa: The Takers and the Enablers*. Oxford: Oxford University Press, 3; Shaxson, Nicholas (2022). Angola: Oil and Capital Flight. In: Ndikumana, Léonce &

Africa, interest rate manipulation, lopsided contracts, and other unfair trade, investment and labour practices, coercive, manipulative and monopolistic transactions'.²⁵ These questionable transactions have been estimated to amount to at least \$30 trillion.²⁶ Together, these illicit financial outflows weaken African economies and, reflexively, strengthen the urban and metropolitan economies of the Global North. The capital flight from Africa today builds real estate markets in London, Paris, New York, and Lisbon. But this is not new. Consider London, Liverpool, and Bristol. Their prosperity today can be traced to their trade in slaves, slave institutions, and the labour of enslaved workers, the extraction of rent from enclosed land, and the private appropriation of socially created value. In *A History of the British Empire*, Caroline Elkins²⁷ notes: '[c]ities including Liverpool and Bristol had been built on the trade of enslaved peoples and the empire's consumable goods'.

The Industrial Revolution was buoyed by black enslavement, as Walter Rodney demonstrates in *How Europe Underdeveloped Africa*.²⁸ Urban planning as a field developed to address the ecological costs of this structural change in the Global North. But cities in the Global South could be given more attention. Then and now. For instance, not only did the enslavement of people in Port Harcourt, Nigeria, damage the city's economy; the use of land for palm plantation helped to supply palm oil for Britain's industrial needs.²⁹ Then, through the extractivism of British oil major Shell, Port Harcourt continued to be drilled and drained of its fossil fuels for the development of London. With Shell as essentially

Boyce, James K. (eds.). *Capital Flight from Africa: The Takers and the Enablers*. Oxford: Oxford University Press, 75.

25 America, Richard F. (2023). Introduction. In: America, Richard F. (ed.). *Accounting for Colonialism: Measuring Unjust Enrichment and Damages in Africa*. Cham: Springer Nature, 6.

26 Ibid., 3.

27 Elkins, Caroline (2022). *Legacy of Violence: A History of the British Empire*. New York: Alfred A. Knopf, 643f.

28 Rodney, Walter (2011 [1972]). *How Europe Underdeveloped Africa*. Baltimore: Black Classic Press.

29 Obeng-Odoom (2021a), op. cit.

the municipal government, monopolist, and municipal landlord, the resulting ecocide in Nigeria has been devastating. The French state and French oil firms like Total have pursued ecological imperialism with major socio-ecological consequences: spatial segregation, destruction of the commons, undermining Indigenous agriculture, and deforestation, as the work of Ambe Njoh³⁰ shows.

Transnational corporations have created 'ecocide' at home, too, and as in Africa, black marginalised populations have suffered disproportionately. In *From Here to Equality*, William Darity Jr and A. Kirsten Mullen³¹ note about the United States that 'Blacks are [...] likelier than whites to live in communities located near hazardous-waste sites and to suffer from nitrogen dioxide exposure and [...] more likely to lack potable water and sanitation'. Mainstream Western economists and interests justify these experiences. In one example, Lawrence Summers,³² then Chief Economist of the World Bank, noted: 'shouldn't the World Bank be encouraging MORE migration of the dirty industries to the least developed countries? [...] I've always thought that underpopulated countries in Africa are vastly UNDER-polluted'.³³ The future must be different, but this is not an argument for a just transition, limits to growth, or fair exchange.

30 Njoh, Ambe J. (2022). French Ecological Imperialism: A Postcolonial Approach. *American Journal of Economics and Sociology* 81(3), 581–619.

31 Darity, William A. Jr. & Mullen, A. Kirsten (2020). *From Here to Equality: Reparations for Black Americans in the Twenty-First Century*. Chapel Hill: The University of North Carolina Press, 235.

32 Summers, Lawrence H. (1991). The Lawrence Summers World Bank Memo (excerpt). *New York Times*. Accessible at: summers-memo-1991+-nytimes.pdf (uio.no).

33 For a discussion of this quotation, see Obeng-Odoom (2022b), op. cit., 444.

Just Reparations

It is an argument for what Frantz Fanon³⁴ called 'just reparations'. Pivotal to these payments are ecological reparations. Existing green climate funds and proposals for clean energy are inadequate. Declarations for clean energy and green markets, including those contained in the so-called Nairobi Declaration, UN Secretary-General's SDG Stimulus to Deliver Agenda 2030, and the UK Government's statement about supporting reforms of the international banking system and mobilising resources from the spaces of the British Investment Partnerships for energy transitions and infrastructure³⁵ hide the central issues. Green funds are much less than existing estimates of economic reparations, ranging from US\$15 to US\$20 trillion in the United States,³⁶ and some US\$9–10 trillion in the Caribbean,³⁷ to some US\$100 trillion in Africa.³⁸ But even these estimates require substantial adjustments. The *Brattle Report*³⁹ estimates that Britain's debt to the Caribbean is at least US\$20 trillion at a conservative interest rate of 2.5%. One recent analysis adjusted Osabu-Kle's estimate to £302 trillion, if the compound interest rate is 3% or £16

34 Fanon, Frantz (1961). *The Wretched of the Earth*. New York: Grove Press, 102.

35 See, for example, Guterres, António (2023). Secretary General's Opening Remarks at the Climate Ambition Summit. *United Nations*. Accessible at: <https://www.un.org/sg/en/content/sg/statement/2023-09-20/secretary-generals-opening-remarks-the-climate-ambition-summit>; UN (2023a). *World Leaders Adopt Sweeping Political Declaration Reaffirming Commitment to Achieve Sustainable Development Goals, as Summit Commences*. Accessible at: World Leaders Adopt Sweeping Political Declaration Reaffirming Commitment to Achieve Sustainable Development Goals, as Summit Commences | Meetings Coverage and Press Releases (un.org); African Union (2023). *The African Leaders Nairobi Declaration on Climate Change and Call to Action*. Accessible at: Microsoft Word - Nairobi Declaration 06092023.pdf.docx (afdb.org).

36 Darity & Mullen (2020), op. cit., 265.

37 £7.5 trillion in Beckles' account: Beckles (2013), op. cit., 170–171.

38 Osabu-Kle, Daniel T. (2000). The African Reparation Cry: Rationale, Estimate, Prospects, and Strategies. *Journal of Black Studies* 30, 344f.

39 Brattle (2023). *Report on Reparations for Transatlantic Chattel Slavery in the Americas and the Caribbean*. Boston: Brattle, 44–48, 80f, Tables 34–35.

quadrillion if the compound interest rate is 4%.⁴⁰ At issue are ecological, not simply economic, reparations. Olúfẹ̀mi Táíwò's book *Reconsidering Reparations*⁴¹ advances the case that reparations should be paid to enable the marginalised in the world to more resiliently face the future.

Apology and prevention are critical: historical and ongoing rent theft must be compensated. What William Darity Jr calls the racialised wealth gap could be one basis to estimate the amount.⁴² The resulting compensation could be used to address broader developmental challenges, both to decarbonise and to delink. So, reparations might also be demanded in terms of infrastructure, cash payments, capability investments, and rights to access and control the commonwealth,⁴³ for example, through what has been called 'climate asylum'.⁴⁴ Formulating ecological reparations, then, could be viewed as a roundabout. Claims may be made from different places and from different times, but they envision the same destination, to use an analogy by Sir Hilary Beckles.⁴⁵ The 2022 Dakar Declaration embodies this spirit of just reparations.

We have to tackle historically persistent inequalities rooted in the emergence and global expansion of the capitalist system. We also need a global reparations agenda to address in a fair manner the multifaceted ecological crisis. We must seek to elaborate this agenda

40 Craemer, Thomas (2023). Forensic Analysis of Reparations to Africa for Depredations under European Colonialism. In: America, Richard F. (ed.). *Accounting for Colonialism: Measuring Unjust Enrichment and Damages in Africa*. Cham: Springer Nature, 264.

41 Táíwò (2022), op. cit.

42 Craemer, Thomas; Smith, Trevor; Harrison, Brianna; Logan, Trevon; Bellamy, Wesley & Darity, William Jr. (2020). Wealth Implications of Slavery and Racial Discrimination for African American Descendants of the Enslaved. *Review of Black Political Economy* 47(3), 218–254.

43 Wamai, Njoki (2022). The Real Story – What Next for the Commonwealth? BBC. Accessible at: BBC World Service - The Real Story, What next for the Commonwealth?

44 Souter, James (2022). *Asylum as Reparation Refuge and Responsibility for the Harms of Displacement*. Cham: Palgrave Macmillan.

45 For a discussion, see Obeng-Odoom (2022c), op. cit.

technically, legitimize it, advocate it, defend it, and implement it. We support the efforts of our African American and Caribbean sisters and brothers in their specific labors for reparatory justice. (Editors, 2023, Point 8)

The message is clear, but it must be emphasised. As Ndongo Samba Sylla and Jamee Moudud⁴⁶ point out, neoclassical economics is incapable of guiding this vision. Political economy is much better suited for that purpose. But can a business-as-usual political economy do the job? It seems even political economy must go beyond business-as-usual.

Frontiers of a Just Ecological Political Economy

Olúfẹmi Táíwò's⁴⁷ engaged black philosophy of 'climate reparations' is a helpful start, precisely because of his insistence that reparations are not reactionary but a multi-pronged, multi-scale strategy to remake the world. But we need to go beyond 'climate' to consider addressing ecological problems more broadly. Ecological crises are not reducible to emissions. It is possible to decarbonise and be deprived of resource autonomy and face biodiversity loss, dispossession, displacement, extinction, and ecocide. Ecological reparations must be paid for all these, to Africans both on the continent and in the diaspora. There is the straightforward case of African migrants all around the world who tend to live in 'sacrifice zones' – impoverished spaces 'where poor black residents lack political power', as Naomi Klein puts it.⁴⁸

These so-called economic migrants hold little land and control even less value. Forced African migrants, including the descendants of slaves, have also continued to experience these problems everywhere, including in Colombia, the Dominican Republic, and Brazil. In the United States,

46 Sylla, Ndongo S. & Moudud, Jamee (2023). Introduction: Symposium on the 2022 Dakar Declaration. *Journal of Law and Political Economy* 4(1), 606–609.

47 Táíwò (2022), op. cit.

48 Klein, Naomi (2014). *This Changes Everything*. Toronto/Vancouver: Alfred A. Knopf Canada, 310.

African Americans have been dispossessed of their land by force and fraud.⁴⁹ For the same land, black people can receive only 58% of the value given to white families.⁵⁰ Similar comments apply to the experiences of black people in Australia. In South Africa, apartheid shifted black wealth to white South Africans.⁵¹ Tembeka Ngcukaitobi⁵² shows that black people, who constitute 81% of the South African population, hold only 4% of the land. White South Africans privately appropriate value that has largely been created by black South Africans. So, the economic advancement of black South Africans has stagnated, or increased slowly, while that of white South Africans has surged. This social stratification has had dire consequences for black lives, disproportionately harmed by floods, cyclones, and other ecological disasters. Black South African scholars are correct to label this dynamic ecological apartheid.⁵³ Delinking from this model is crucial, academically, economically, and ecologically. Academically, we need a new science of black political economy in development studies and beyond. Ecologically and economically, greater inclusion could minimise the global rat race for ecologically destructive growth linked to maintaining status and better enable Black communities to adapt.

49 Hinson, Waymon R. (2018). Land Gains, Land Losses: The Odyssey of African Americans since Reconstruction. *American Journal of Economics and Sociology* 77(3–4), 893–939.

50 Kamin, Debra (2022). Home Appraised with a Black Owner: \$472,000. With a White Owner: \$750,000. *The New York Times*, 18 August 2022.

51 Price, Gregory N. (2003). South African Apartheid, Black–White Inequality, and Economic Growth: Implications for Reparations. *South African Journal of Economics* 71(3), 611–630.

52 Ngcukaitobi, Tembeka (2021). *Land Matters: South Africa's Failed Land Reforms and the Road Ahead*. Cape Town: Penguin Books, 110.

53 For example, Matamanda, Abraham R.; Mphambukelib, Thulisile N. & Chirisa, Innocent (2022). Exploring Water–Gender–Health Nexus in Human Settlements in Hopley, Harare. *Cities & Health* 8, 44–58.

The Single Tax Unlimited

Much has been written about asset repatriation and redressing illicit outflows, among others, to increase financial resources in Africa. The African Union has benefitted from the tireless effort of advocates like Souad Aden-Osman, the Head of the Secretariat of the African Union High-Level Panel on Illicit Financial Flows from Africa. Aden-Osman coordinated the preparation and adoption by the African Union Assembly of the Common African Position on Asset Recovery (CAPAR).⁵⁴ Under CAPAR, 'Some African countries have succeeded in recovering some of their stolen assets from foreign jurisdictions, including Ethiopia, Nigeria and Mali, and more are at different stages of the return processes'.⁵⁵ The academic scholarship on the issue is vast. It oscillates between a mainstream that emphasises the corruption of Africans and a more progressive body of work that accepts the corruption literature ('push') but includes a more global twist ('pull'). In *Capital Flight from Africa*,⁵⁶ Léonce Ndikumana and James Boyce adopt this 'push' and 'pull' framework. Although not their approach, they inadvertently suggest an individualised, rational choice model, much like the push–pull framework utilised by mainstream migration economists.⁵⁷ More fundamentally, this body of knowledge on capital flight and illicit financial flows tends to be more economic than ecological political economy.⁵⁸ It is some-

54 Common African Position on Asset Recovery (2024). *Secretariat*. Accessible at: <https://codafrica.org/secretariat/>.

55 African Union (2022). *African Union High-Level Panel on IFFs Discusses Achievements on Recovery of Stolen Assets*. Accessible at: <https://au.int/en/pressreleases/20220225/african-union-high-level-panel-iffs-discusses-achievements-recovery-stolen>.

56 Ndikumana & Boyce (2022), op. cit., 2–3.

57 For a detailed discussion, see Obeng-Odoom (2022a), op. cit.

58 Zagaris, Bruce (2022). International Environmental Enforcement and Illicit Financial Flows. *International Enforcement Law Reporter* 38(2), 41–45.

times grounded in repatriation analyses,⁵⁹ but rarely built on the case for reparations and scarcely within ecological reparations.

Even so, it is well-known that ‘illegal wildlife trade is valued at anywhere between \$7 and \$23 billion per annum’ and ‘that Africa is one of the world’s richest suppliers of IWT [international wildlife trafficking]’.⁶⁰ Existing economic approaches to repatriation overlook reparations and reparations efforts sometimes overlook or narrowly define repatriation to exclude capital flight. Similar comments apply to biodiversity and tax justice arguments.⁶¹ They are based narrowly on unequal ecological exchange – trade to be specific⁶² – not more broadly on ecological imperialism.⁶³ Moralistic frameworks neglect ecological political economy; so does the ‘reparation ecology’ literature.⁶⁴ Demands for ‘cultural artefacts’ are necessary. Currently, ‘over 90% of the material cultural legacy of sub-Saharan Africa remains preserved and housed outside of the African continent’.⁶⁵ More work is needed in expanding the basis of such claims

59 Signé, Landry; Sow, Mariama & Madden, Payce (2020). Illicit Financial Flows in Africa: Drivers, Destinations, and Policy Options. *Policy Brief*. Africa Growth Initiative at Brookings.

60 Zagari (2022), op. cit., 41.

61 Demsey, Jessica; Irvine-Broque, Audrey; Bigger, Patrick; Christiansen, Jens; Muchhala, Bhumi; Nelson, Sara; Rojas-Marchini, Fernanda; Shapiro-Garza, Elizabeth; Schuldt, Andrew & DiSilvestro, Adriana (2022). Biodiversity Targets Will Not Be Met Without Debt and Tax Justice. *Nature, Ecology and Evolution* 6, 237–239.

62 Hornborg, Alf & Martinez-Alier, Joan (2016). Ecologically Unequal Exchange and Ecological Debt. *Journal of Political Ecology* 23, 328–333.

63 Frame, Mariko L. (2022). Ecological Imperialism: A World-Systems Approach. *American Journal of Economics and Sociology* 81(3), 503–534; Frame, Mariko L. (2023). *Ecological Imperialism, Development, and the Capitalist World-System: Cases from Africa and Asia*. London: Routledge

64 For example, Lampis, Andrea; Brink, Ebba; Carrasco-Torrontegui, Amaya; dos Santos, Agni Hévea; Solórzano-Lemus, Estuardo & Vásquez-Arango, Claudia (2022). Reparation Ecology and Climate Risk in Latin-America: Experiences from Four Countries. *Frontiers in Climate* 4, 1–23.

65 Sarr, Felwine & Savoy, Bénédicte (2018). The Restitution of African Cultural Heritage: Toward a New Relational Ethics. *UMR 7220 (CNRS–ENS Paris Saclay–Université Paris Nanterre) and Ministère de La Culture*, N°2018-26, Paris, 3.

from 'culture' to ecological political economy. This would entail repatriating the artefacts, of course, but also considering other mechanisms.

Much has been written about climate finance, net zero, and climate justice.⁶⁶ The trope of equity in green finance persists. Climate mitigation trust is one of them. This is an IMF-run trust that gives 'developing countries' below-market rate loans to deal with climate-related disasters. Other ideas include the suspension of debt repayments for Global South countries that are struck by disasters.⁶⁷ It is within this context that the additional fund created at COP27 in Sham El-Sheikh in Egypt to address 'loss and damage' can be placed. The Loss and Damage fund is important. The decision to create it⁶⁸ and the many resulting discussions⁶⁹ emphasise the point.

To summarise, Loss and Damage within the context of COP27 is an aggregator fund that is aimed to address all other climate loss and damage for which adaptation is ill-equipped. But it seems the principles of the fund emphasise the needs and vulnerability of the Global South, not the responsibility of the Global North. Where it suggests responsibility, it is understood⁷⁰ as a global 'polluter pays' principle. Loss and Damage still reflects that the elites, particularly in the Global North, get to dictate or shape the form of liberation that they prefer or that makes them feel

66 For example, Omukuti, Jessica; Barrett, Sam; White, Piran C.L.; Marchant, Robert & Averchenkova, Alina (2022). The Green Climate Fund and Its Shortcomings in Local Delivery of Adaptation Finance. *Climate Policy* 22(9–10), 1225–1240; Fankhauser, Sam; Smith, Stephen M.; Allen, Myles; Axelsson, Kaya; Hale, Thomas; Hepburn, Cameron; Kendall, J. Michael; Khosla, Radhika; Lezaun, Javier; Mitchell-Larson, Eli; Obersteiner, Michael; Rajamani, Lavanya; Rickaby, Rosalind; Seddon, Nathalie & Wetzer, Thom (2022). The Meaning of Net Zero and How to Get It Right. *Nature Climate Change* 12, 15–21.

67 The Economist (2022). Frozen Out: How the World Is Leaving Europe Behind. *The Economist*, 26 November 2022, 53–54.

68 UNFCCC (2022). *Decision -/CP.27 Sharm el-Sheikh Implementation Plan*. Advance Unedited Version. Accessible at: https://unfccc.int/sites/default/files/resource/cop27_auv_2_cover%20decision.pdf.

69 Harvey, Fiona (2022). COP27: What Can the UN Climate Conference Realistically Achieve? *The Guardian Weekly*, 22f.; *The Economist* (2022), op. cit., 53f.

70 See, for example, The Economist (2022), op. cit., 53.

good. Loss and Damage is based on a mainstream/neoclassical theory of adaptation.⁷¹ In any case, Loss and Damage estimates are based on the amount of emissions, not on the historical and continuing underdevelopment of the Global South. This is quite problematic because it leads to a list of polluters dominated by Global South countries like China, Brazil, and Indonesia.⁷² The beneficiaries are not necessarily ‘developing countries’, but rather ‘developing countries that are particularly vulnerable’.⁷³ In any case, beyond climate-related loss and damage, other ecological losses are not covered.

Most of these mechanisms create markets, the conveyor belt of greater instability. Taxation could help to socialise these markets, harmonise the environment, and tax the rents extracted from marketising nature.⁷⁴ This political economy would not simply be about implementing an unlimited number of taxes, however. In any case, many existing taxes are highly problematic. Consider value-added tax in Ghana. Placed on the fruits of labour, researchers⁷⁵ have recently shown that it has evolved from being progressive to regressive. It hurts the poor, falls heavily on female-headed households, and disproportionately exempts the wealthy.⁷⁶ VAT, then, has become a punitive tax for the poor. Mainstream economists challenge the effectiveness of taxes on other

71 For a review of the mainstream economics approach, see Obeng-Odoom (2022b), op. cit.

72 See, for example, Chen Y, 2022; ‘How Has Ecological Imperialism Persisted? A Marxian Critique of the Western Climate Consensus’, *American Journal of Economics and Sociology*, vol. 81, issue 3, 473–501.

The Economist (2022), op. cit., 54, see figure entitled ‘Sins of the Fathers and Sons’.

73 UNFCCC (2022). *Decision -/CP.27 Sharm el-Sheikh Implementation Plan*. Advance Unedited Version. Accessible at: https://unfccc.int/sites/default/files/resource/cop27_auv_2_cover%20decision.pdf, 2.

74 Stilwell, Frank (2011). Marketising the Environment. *Journal of Australian Political Economy* 68, 108–127.

75 Andoh, Francis K. & Nkrumah, Richard K. (2022). Distributional Aspects of Ghana’s Value-Added Tax. *Forum for Social Economics* 51(4), 394–414.

76 Ibid., 394.

grounds. Arthur Laffer⁷⁷ provided the classic challenge. More and more taxation not only kills business, but fiscal revenues also decline. So, taxation becomes a lose–lose tool that not only fails to realise its aims but also creates more problems.

Similar comments apply to property taxes: they penalise effort and reward the speculation of the ‘property alliance’.⁷⁸ Or they are too low to make a difference. While the Laffer Curve⁷⁹ suggests that low tax rates lead to high fiscal revenues, in Africa, this inverse relationship is not empirically verifiable.⁸⁰ Low rates have been accompanied by low revenues. In *The Economics of Welfare*,⁸¹ A.C. Pigou recognised the critical nature of the environment in economic processes. So he proposed a tax to address environmental problems. Yet this tax – now regarded as the ‘Pigouvian Tax’ – a ‘polluter pays principle of environmental regulation’, is understood and promoted as an attempt to address market failure.⁸² Yet such ‘social costs’ are central – the rule, not marginal or an exception – to price and value theory.⁸³ Legalistic approaches also overlook ecological political economy, while political economy frameworks neglect rent theft, the centre of gravity of the case for both ecological reparations and repatriation.⁸⁴

77 Laffer, Arthur B. (1981). Supply-Side Economics. *Financial Analysts Journal* 37(5), 29–43; Laffer, Arthur B. (2004). The Laffer Curve: Past, Present, and Future. *The Heritage Foundation*, 1765.

78 Obeng-Odoom, Franklin (2020). Teaching Sustainability: From Monism and Pluralism to Citizenship. *Journal of Education for Sustainable Development* 14(2), 235–252.

79 Laffer (1981), op. cit.; Laffer (2004), op. cit.

80 Moore, Mick; Prichard, Wilson & Fjeldstad, Odd-Helge (2018). *Taxing Africa: Coercion, Reform and Development*. London: Zed Books.

81 Pigou, Arthur C. (1938 [1920]). *The Economics of Welfare*. London: Macmillan and Co.

82 The Economist (2022), op. cit., 53f.

83 Kapp, K. William (1971 [1950]). *The Social Costs of Private Enterprise*. New York: Schocken Books, 8.

84 Obeng-Odoom (2021a), op. cit.; Obeng-Odoom (2022a), op. cit.; Obeng-Odoom (2022b), op. cit..

Another way not only to increase inflows but also to redistribute wealth, keep Southern economies inclusive, and make them autonomous and sustainable is not only possible but also desirable. Redefining reparations could be done by implementing a single tax unlimited, as Georgist political economists propose. Some consider this proposal to be implementing one tax – land value tax – and abolishing all other taxes. But Henry George contended that, while the single tax unlimited indeed refers to one tax, it entails, more importantly, a broad programme of redistribution, not merely a tax reform.⁸⁵ Son the Single Tax Unlimited is about one tax, but it is not defined by that tax alone.

Many cities in Africa, for example, implement land tax policies, of course, but they are egregiously problematic. Often placed on land or buildings, they penalise the maintenance of urban housing, reward speculation, encourage urban sprawl, pillage, and pollution, and compensate absentee landownership.

James Tobin famously proposed what is now called a ‘Tobin Tax’. A tax on the rents from trading in foreign currencies, it is typically seen as a revolutionary tax. Not only would it tax away the rents from speculating on currency exchange, but it would also challenge free-market globalisation speculation and generate revenues to be channelled into developmentalist agendas. But as Tobin himself clarified in an interview with *Der Spiegel*,⁸⁶ Tobin meant this tax to primarily address the problem of speculation and only secondarily as a fiscal tool to generate additional income. He never intended his proposed tax to fundamentally challenge the global stratified order. In his words:

I had proposed that the revenue be put at the disposal of the World Bank. But this was not what concerned me. The tax on foreign

85 George H, 1889, ‘The Single Tax: Limited or Unlimited Henry George’, *The Standard*, August 17.

86 Spiegel (2001). James Tobin: ‘The Antiglobalisation Movement Has Hijacked My Name’. Accessible at: https://web.archive.org/web/20050306201839/http://www.jubilee2000uk.org/worldnews/lamerica/james_tobin_030901_english.htm.

exchange transactions was devised to cushion exchange rate fluctuations. The idea is very simple: at each exchange of a currency into another a small tax would be levied – let's say, 0.5% of the volume of the transaction. This dissuades speculators as many investors invest their money in foreign exchange on a very short-term basis. If this money is suddenly withdrawn, countries have to drastically increase interest rates for their currency to still be attractive. But high interest is often disastrous for a national economy, as the nineties crisis in Mexico, South East Asia and Russia have proven. My tax would return some margin of manoeuvre to issuing banks in small countries and would be a measure of opposition to the dictate of the financial markets for me raising revenue is not really the most important thing. I wanted to put a break on the foreign exchange trafficking; fiscal income for me is a by-product.⁸⁷

So, a Tobin Tax would not address the rent theft from the *seigniorage* paid to central banks in the Global North from *controlling* the printing or minting of money in Africa. A Tobin Tax would not address the odious debt arising from past, present, and continuing monetary and currency servitude that has drained Africa of so much of its resources, as systematic research by Ndongo Samba Sylla and his colleagues.⁸⁸ shows. A land value tax, on the other hand, could address all these problems. As one advocate notes:

A shift in the burden of taxation from the 'makers' to the 'takers' would generate a much healthier economic environment in which to produce, invest, and innovate. This in turn would reduce the need for carbon-intensive transportation infrastructure and energy consumption, as well as reducing or eliminating the direct taxation of decarbonizing capital goods. An economic justice tax-shift would therefore also be a green tax-shift which would help make possible

87 Ibid.

88 See, for example, Pigeaud, Fanny & Sylla, Ndongo S. (2020). *Africa's Last Colonial Currency: The CFA Franc Story*. London: Pluto Press; Gadha, Maha B.; Kaboub, Fadhel; Koddenbrock, Kai; Mahmoud, Ines & Sylla, Ndongo S. (eds.) (2021). *Economic and Monetary Sovereignty in 21st Century Africa*. London: Pluto Press.

a sustainable future by enhancing rather than restricting economic and social freedom, and by removing the distortions resulting from the private monopolisation of land rent.⁸⁹

Fundamentally, a land value tax is *primarily* aimed at socio-spatial and ecological justice. It is only *secondarily* aimed at expanding the fiscal space. It is, in this respect, antithetical to a Tobin Tax, which is *principally* aimed at taming markets, *never* at justice, and *secondarily* at raising revenue from markets to enhance marketisation. Rooted in Georgist political economy,⁹⁰ such a tax would discourage urban and regional inequalities, national, and international inequality.⁹¹ For instance, as such a tax helps to prevent hoarding of housing from the market, reduce landlords' power to extract excessive taxation, and release more land for sustainable housing and production, there would be less pressure to live far away from urban and regional centres. Long urban commutes that arise from rent-induced urban sprawl would diminish. The tax could also be designed in such a way that its incidence includes rent theft from mining and drilling, and from minting and printing money.

The link between land, taxation, and money is not only theoretical; it is also empirical and historical. This is a rather long and complex history, but it is well documented.⁹² Briefly, money emerged not from free and

89 Kerr, Gavin (2020). Rent-Extraction, Economic Injustice, and the Environment: Land Value Taxation as an 'Eco Tax'. *Land and Liberty* 1251, 11.

90 Obeng-Odoom, Franklin (2016). Sustainable Urban Development: A Georgist Perspective. In: Allen, Adriana; Lampis, Andrea & Swilling, Mark (eds.). *Untamed Urbanisms*. London: Routledge, 191–203; Obeng-Odoom, Franklin (2023b). Rethinking Development Economics: Problems and Prospects of Georgist Political Economy. *Review of Political Economy* 35(1), 316–333.

91 For a detailed exposition, see Obeng-Odoom (2016), op. cit.

92 See, for example, Forstater, Matthew (2005). Taxation and Primitive Accumulation in Africa. In: Forstater, Matthew (2005). *The Capitalist State and Its Economy: Democracy in Socialism*. Leeds: Emerald Group Publishing, 59f.; Forstater, Matthew (2023). Taxation and European Colonial Accumulation: The Disruption of Economic Livelihoods in Africa. In: America, Richard F. (ed.). *Accounting for Colonialism*. Cham: Palgrave Macmillan, 339–354; Obeng-Odoom (2020), op. cit.; Obeng-Odoom, Franklin (2021b). *The Commons in an Age of Uncertainty*:

equal relationships of barter, but from bondage and debt during oppression. Consider slavery, colonialism, and land. Where land was plentiful, the slaver could not get labour. People wanted to work for themselves. Enslavement and dispossession would unsettle this order. Slave uprisings, riots, wars, and advocacy would eventually end slavery. Succeeding colonial and so-called 'legitimate' relations included the enslavement of the free using 'rent theft'.⁹³

Under colonialism, Africans did not want to hire themselves out as cheap labour. They preferred to work on common land. As the coloniser needed labour, they imposed taxes on *land*. This mechanism triggered widespread indebtedness and the loss of land. These social problems, in turn, generated the conditions to create money, to need money, for the authorities to create money, and for the Africans to work for money. As demonstrated by Henry George in *Social Problems*,⁹⁴ the abolition of slavery was replaced by enslavement of freed people and others by developing private property in land. Without any land, freed people were forced by economic circumstances to hire themselves out to landowners, most of whom were slavers or colonisers or benefited from that system. Landlords could extract even more from the so-called free world and free society. Many Africans everywhere, including African Americans in the US, after slavery, hired themselves out at slave wages. With this history that shows the intricate relations between land and money, a land value tax, then, can certainly be designed to address the 'rent theft' of *seigniorage* originally defined as 'that which is due to the Lord' of the land.⁹⁵

The additional revenues from such a tax could bring in revenue that offers the potential to liberate workers from shouldering more and more taxes for doing hard and useful work. On privatised land, that would entail taxing rent or land value created by the entire society.

Decolonizing Nature, Economy, and Society. Toronto: University of Toronto Press, 32–34

93 Obeng-Odoom (2021b), op. cit., 204f.

94 George, Henry (1966 [1883]). *Social Problems*. New York: Robert Schalkenbach Foundation, 148–160.

95 Clover, R. (2019). Seigniorage: The Sovereign's Dues. *Land and Liberty* 1248, 12.

The resulting revenues could be put to public, social, economic, and ecological purposes. This strategy could also set up a disincentive structure to prevent land monopoly, speculation, sprawl, and ‘absentee land ownership’, all key axes of ecological imperialism. Holding land as commons in this way and using common resources collectively without the control of the world development agencies, transnational corporations, or the state might be another way to think about Samir Amin’s vision of ‘delinking’.⁹⁶ If, as the Brundtland Report put it, ‘[t]his inequality is the planet’s main “environmental” problem’,⁹⁷ then this alternative is the main ecological solution. Mobilising around this solution is desirable. Although difficult, it is possible. In *Africa Uprising*,⁹⁸ Adam Branch and Zachariah Mampilly show that across Africa, urban social movements yearn for political-economic alternatives.

Outside Africa, support for reparations has increased. Between the early-to-mid 2000s and 2021, the percentage of white Americans who would support reparations increased from 4% to 14% and then to 29%.⁹⁹ Courts around the world are increasingly giving decisions that support ecological repair. Even the rulings of the conservative-dominated Supreme Court of the US suggest that a specific, concrete case for reparations could be upheld by the Court.¹⁰⁰ When reparations are paid, revenues from land value tax are collected, illicit revenues are returned, and African artefacts are repatriated; income tax could become redundant. The only tax needed would be the single tax.

96 Amin, Samir (1990). *Delinking: Towards a Polycentric World*. London: Zed Books.

97 World Commission on Environment and Development (1987). *Report of the World Commission on Environment and Development: Our Common Future*. Oxford: Oxford University Press, Section 17.

98 Branch, Adam & Mampilly, Zachariah (2015). *Africa Uprising: Popular Protest and Political Change*. London: Zed Books.

99 Dawson, Michael C. & Popoff, Rovana (2004). Reparations: Justice and Greed in Black and White. *Du Bois Review Social Science Research on Race* 1(1), 62; Obeng-Odoom (2022c), op. cit., 436.

100 For a fuller discussion see Obeng-Odoom, Franklin (2024). Capitalism and the Legal Foundations of Reparations. *Journal of Law and Political Economy* 4(1).

Conclusion

The world has reached a critical moment. At the heart of the global development challenge are global institutional inequalities and social stratification. It is crucial to challenge these systems and address the foundations of the problem. Analytical delinking is central. Stratification economics, developed by black political economists, could contribute to this agenda. Designing and demanding reparations are central to this school of political economy, as the authoritative survey of the field by its pioneering exponent, William Darity Jr, shows.¹⁰¹ Stratification economics can focus even more on ecological imperialism. Similar comments apply to Georgist political economy, intersectional feminist political economy, and other avenues of reconstruction. The goal is to build a just ecological political economy,¹⁰² wider and deeper approaches, central to which is the study and redress of inequality and power imbalances, including ecological imperialism, to pave the way for prosperity, sustainability, and progress. Frantz Fanon's 'just reparations'¹⁰³ is given full form in Malcolm X's poignant conceptualisation:

If you stick a knife in my back 9 inches, and you pull it out 6 inches, that is not progress. If you pull it all the way out, that's not progress. The progress comes from healing the wound that the blow made.¹⁰⁴

Progress is badly needed. But without ecological reparations and 'just reparations' more broadly, no amount of alternative development, 'lim-

101 Darity, William A. Jr. (2022). Position and Possessions: Stratification Economics and Intergroup Inequality. *Journal of Economic Literature* 60(2), 15.

102 Obeng-Odoom F, 2024, 'Just Ecological Political Economy: A Radical Anti-Thesis of Environmental and Ecological Economics' in Meramveliotakis G, ed, *Re-Reading Sustainable Economic Development: Political Economy and Economic Pluralism*, Routledge, London, Chapter 7.

103 Fanon (1961), op. cit., 102.

104 Assensoh, A.B. & Alex-Assensoh, Yvette M. (2021). The Political Economy of Land and Reparations: The Case of Reparations for African Americans in the 21st Century. *American Journal of Economics and Sociology* 80(2), 715.

its to growth', 'post growth', 'degrowth', 'no growth', 'fair exchange', 'circular economy', or 'just transition' will be sufficient to address ecological imperialism. We need change, but that change cannot be just a change, it must be a just change.

From Downscaling to Global Justice

Towards a Convergence of Climate Reparations and Degrowth

Matthias Schmelzer

On 17 October 2022, almost 30 scientists from “Scientists Rebellion” and activists from a Southern-led international group “Debt for Climate” entered Germany’s finance ministry, occupied the main representative hall, a balcony, and Finance Minister Christian Lindner’s office, holding banners and partly gluing themselves onto windows and desks. I was part of this action. Outside, representatives from the most affected peoples and areas (MAPA) were giving interviews to the press, underscoring the urgency of the demands.¹ And inside, we read out a letter demanding the immediate cancellation of all Global South debt as a first step towards climate reparations:

It is high time that reparations are paid, not only as a means of recognizing the effects of (neo-)colonialism past and present, but also to compensate for the immense transfer of value from the South to the North that has been occurring through unequal exchange, repatriated profits etc.

¹ Spiegel (2022). *Protest in Berlin – Klimaaktivisten dringen ins Finanzministerium ein*. Accessible at: <https://www.spiegel.de/politik/deutschland/berlin-klimaaktivisten-dringen-ins-finanzministerium-ein-a-5be59123-13bb-4778-89cc-b075d5f28a19>.

Not only were some of the arguments for the action directly related to the notion of “degrowth”, but scientists also pasted key academic papers on the walls of the ministry, among them papers introducing degrowth research and justifying degrowth with reference to unequal exchange and imperialist appropriation by the Global North.²

I want to take this action, covered prominently in national media, as a starting point, since it is one of the few instances in social movements and academic discourse of a strong intersection between degrowth and reparations arguments – an alliance, I want to argue, that is essential to both. In essence, I want to make a twofold argument about the need to closely interlink degrowth and (ecological) reparations. Both discourses, sets of policies and related movements could gain from strengthening their connections and a mutual integration of core perspectives and demands. Yet building these links demands careful work of alliance-building that takes differences of power, access to resources, and intersectional social hierarchies into account.

On the one hand, degrowth should develop into a global justice perspective by integrating demands for (ecological) reparations, freedom of movement, and a global-justice oriented reshaping of the international economic system – demands most prominently articulated by Global South movements. Without this global justice outlook, degrowth risks becoming an inward-looking, provincial, localized, and eventually exclusive project within Europe and the Global North – one that focuses on securing decent living within northern regions that are involved in “degrowth”, but that is insulating itself from the catastrophes of the climate emergency unravelling in the most affected areas globally.³

2 These papers were pasted on the wall: Hickel, Jason; Dorninger, Christian; Wieland, Hanspeter & Suwandi, Intan (2022). Imperialist Appropriation in the World Economy: Drain from the Global South through Unequal Exchange, 1990–2015. *Global Environmental Change* 73; Kallis, Giorgos; Kostakis, Vasilis; Lange, Steffen; Muraca, Barbara; Paulson, Susan & Schmelzer, Matthias (2018). Research on Degrowth. *Annual Review of Environment and Resources* 43, 291–316.

3 Schmelzer, Matthias; Vetter, Andrea & Vansintjan, Aaron (2022). *The Future Is Degrowth*. London/New York: Verso Books.

On the other hand, demands for reparations – strongly articulated from the Global South – should incorporate the call for degrowth in the Global North. Without this call for degrowth – which can, of course, be articulated by using different words – the reparations agenda risks a key opportunity to address core structural and systemic drivers of extractive processes that will negatively overcompensate all reparations. The fast and massive reductions of Global North emissions that are necessary to guarantee non-repetition of past harms – while at the same time working to end the imperial mode of living⁴ and the Global North appropriation of labor and resources⁵ – will require, so the argument goes, transformations in the rich countries along the lines of degrowth.

Degrowth – From Downscaling to Global Justice?

‘Degrowth’ is a term that is increasingly mobilized by scholars and activists to criticize the hegemony of growth – and a proposal for a radical reorganization of society that leads to a drastic reduction in the use of energy and resources and that is deemed necessary, desirable, and possible. The notion started to gain prominence in the 2000s first in France and Southern Europe and has since spread around the globe – but due to its specific focus, mainly in the Global North. Degrowth starts from the fact – demonstrated by an increasing number of studies – that further economic growth in industrialized countries is unsustainable. Even if that growth is ‘green’ or ‘inclusive’, or even as part of a transformative progressive agenda that massively invests in renewable energies and the sustainability transition, industrialized countries cannot reduce their environmental impact (emissions, material throughput, etc.) fast enough and sufficiently while, at the same time, growing their economies. The transformation needed in industrialized countries –

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- 4 Brand, Ulrich & Wissen, Markus (2021). *The Imperial Mode of Living: Everyday Life and the Ecological Crisis of Capitalism*. New York: Verso.
 - 5 Patnaik, Utsa & Patnaik, Prabhat (2021). *Capital and Imperialism: Theory, History, and the Present*. New York: NYU Press; Hickel et al. (2022), op. cit.

if they are to reduce their emissions and environmental impacts fast enough to leave space for the Global South to develop – will also lead to reducing the size of Global North economies.

While this need for sufficiency, a reduction of the material throughput for the most affluent, or an end to overconsumption may sound radical to many, it is increasingly common ground among ecologically oriented progressives, from climate justice activists to feminist groups, from radical proponents of a Green New Deal to authors of the IPCC assessment reports.⁶ Degrowth claims that such a transformation in the Global North is not only possible but also desirable: it is feasible to live well without growth and to make society more just, democratic, and truly prosperous on the way. To do this, however, a fundamental political and economic reorganization of society is necessary, which aims at overcoming multiple structural growth dependencies inherent in the capitalist economy.

More specifically, degrowth can be defined as the democratic transition to a society that – in order to enable global ecological justice – is based on a much smaller throughput of energy and resources, that deepens democracy and guarantees a good life and social justice for all, and that does not depend on continuous expansion of economic output.⁷ To achieve this, degrowth advocates abandoning growth as a policy goal and prioritizing sustainability, equity and well-being, to reduce income and wealth inequalities through maximum income caps and wealth taxes, scaling down less necessary and carbon-intensive forms of production that are difficult or impossible to decarbonize (private jets and air travel,

6 Parrique, Timothée (2022). Degrowth in the IPCC AR6 WGIII. *Blog Timothée Parrique*. Accessible at: Degrowth in the IPCC AR6 WGIII – Timothée Parrique (timotheeparrique.com); Mastini, Riccardo; Kallis, Giorgos & Hickel, Jason (2021). A Green New Deal without Growth? *Ecological Economics* 179; Klein, Naomi (2020). *On Fire: The (Burning) Case for a Green New Deal*. New York: Simon & Schuster; Hickel, Jason; Kallis, Giorgos; Jackson, Tim; O'Neill, Daniel W.; Schor, Juliet B.; Steinberger, Julia K.; Victor, Peter A. & Ürge-Vorsatz, Diana (2022). Degrowth Can Work — Here's How Science Can Help. *Nature* 612(7940), 400–403.

7 Schmelzer et al. (2022), op. cit.

SUVs, fast fashion, animal products, weapons, etc.), open-source technologies, reducing work hours and introducing a right to work, reducing all kinds of waste and irrationalities in our economies (planned obsolescence, bullshit jobs), and by strengthening decommodified systems of provisioning.

While policies along these lines – with a strong focus on sufficiency – are increasingly popular, also for example among climate citizens’ assemblies,⁸ degrowth has also been criticized, not just by advocates defending the growth-oriented status quo, but also by progressives. Degrowth, some authors argue, amounts to an austerity-oriented “politics of less” that alienates working people, is an absurd policy proposal because some sectors do indeed need to grow, and that with its focus on small-scale alternatives and sufficiency distracts from the possibilities of sustainable forms of economic growth in the context of progressive Green New Deals or socialist planning.⁹ While these claims tend to misconstrue degrowth, others are more to the point – in particular, critical analyses from feminist authors and postcolonial perspectives from the Global South that question whether and in how far degrowth applies to the countries of the Global South, and argue that degrowth is a detached, Eurocentric, and abstract idea that has little appeal in the Global South and does not thoroughly critique the unequal global capitalist system.¹⁰

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- 8 Lage, Jonas; Thema, Johannes; Zell-Ziegler, Carina; Best, Benjamin; Cordroch, Luisa & Wiese, Frauke (2023). Citizens Call for Sufficiency and Regulation – A Comparison of European Citizen Assemblies and National Energy and Climate Plans. *Energy Research & Social Science* vol 104, 103254.
 - 9 Huber, Matthew T. (2022). *Climate Change as Class War: Building Socialism on a Warming Planet*. London/New York: Verso Books; Chomsky, Noam & Pollin, Robert (2020). *Climate Crisis and the Global Green New Deal: The Political Economy of Saving the Planet*. New York: Verso Books.
 - 10 Dengler, Corinna & Seebacher, Lisa M. (2019). What About the Global South? Towards a Feminist Decolonial Degrowth Approach. *Ecological Economics* 157, 246–252; Rodríguez-Labajos, Beatriz; Yáñez, Ivonne; Bond, Patrick; Greyl, Lucie; Munguti, Serah; Ojo, Godwin U. & Overbeek, Winfridus (2019). Not So Natural an Alliance? Degrowth and Environmental Justice Movements in the Global South. *Ecological Economics* 157, 175–184.

It is in particular on these critiques that I want to build in the next section. Before that, however, it is key to highlight that some of the criticisms are based on misunderstandings – and two need to be clarified.

To begin with, degrowth authors have repeatedly argued that degrowth is not for undifferentiated reduction of GDP as the main lever of emissions reductions. In contrast, degrowth advocates for the selective growth of certain sectors and activities – in particular those that are needed for the sustainability transition, such as massive green infrastructure investments and related macro-financial regimes, retrofitting of houses, care activities, and social provisioning systems that mainly benefit the disadvantaged. But degrowth also formulates active policies to achieve a selective downscaling and de-accumulation of those economic activities that cannot be made sustainable fast enough and that contribute little use value. This is so because sufficiently decoupling GDP growth from emissions in rich countries is unrealistic, and thus aiming for green growth amounts to deepening climate injustice.¹¹

Second, degrowth starts explicitly from a global justice perspective that aims to decolonize the Global North, reduce the rich countries' ecological pressure, and to make space for the Global South – and also for material growth in the Global South. Indeed, a degrowth perspective aims at the convergence of living standards at an equitable and globally sustainable level. While degrowth has allies in the Global South within the broader framework of 'alternatives to development',¹² it mainly focuses on the Global North or, more specifically, on the affluent who maintain what has been called the 'imperial mode of living'.¹³ Degrowth has even started to embrace proposals for a decolonization

11 Vogel, Jefim & Hickel, Jason (2023). Is Green Growth Happening? An Empirical Analysis of Achieved versus Paris-Compliant CO₂–GDP Decoupling in High-Income Countries. *The Lancet Planetary Health* 7(9), e759–e769.

12 Kothari, Ashish; Salleh, Ariel; Escobar, Arturo; Demaria, Federico & Acost, Alberto (eds.) (2019). *Pluriverse: A Post-Development Dictionary*. Delhi: AuthorUpFront.

13 Brand, Ulrich & Wissen, Markus (2021). *The Imperial Mode of Living: Everyday Life and the Ecological Crisis of Capitalism*. New York: Verso.

of North–South relations, reparative justice and transfers of resources, technology, and money, which should be strengthened.

Why Degrowth Needs to Incorporate Reparations

In a recent book, we argue that the repercussions of degrowth in industrialized countries on communities in the Global South should be an integral part of the degrowth agenda, from export markets or tourism to the questions of reparations.¹⁴ The key question here, which has not yet been dealt with enough, is: How could degrowth be managed in a way that overcomes global inequalities and does not deepen dependency, while also addressing centuries of colonial and ecological debt on the part of industrialized countries?

The danger is that instead of understanding Dipesh Chakrabarty's¹⁵ call for 'Provincializing Europe' as a call for decolonization, degrowth is framed mainly as living well with less – and becomes an inward-looking, localist provincialism that is mainly concerned with not externalizing the costs of its lifestyles and sees this as effective internationalism. And indeed, as a humble lesson from decades of European and white saviorism that tried to solve the world's problems by intervening elsewhere, this latter perspective is understandable. As argued by Max Ajl, summarizing a widely held view within the degrowth spectrum: "Degrowth in the wealthier world, which would reduce its material impact on the remainder of the planet, is the most effective internationalism, leaving more space for others to live."¹⁶ This was also partly our take when, by framing degrowth as an ecological global justice agenda, we claimed degrowth is in this sense internationalist.¹⁷ However, as Ajl continues,

14 Schmelzer et al. (2022), op. cit.

15 Chakrabarty, Dipesh (2000). *Provincialising Europe: Postcolonial Thought and Historical Difference*. Princeton, NJ: Princeton University Press.

16 Ajl, Max (2021). *A People's Green New Deal*. London: Pluto Press, 147.

17 Schmelzer et al. (2022), op. cit.

“there is a thin line between modesty and myopia, an inwards-looking ostrich syndrome, in a country marked by imperial modes of living”.¹⁸

Instead of confronting the complexities and conflicts of international solidarity, there might be the danger that degrowth becomes a self-sufficient but also self-centered movement of localists that would in effect be complicit in silencing demands for supply chain justice, an overhaul of the international trade and financial system, and climate reparations.¹⁹ Further, the common argument that degrowth is a movement only ‘for the North’ misses an opportunity, first, to challenge the indisputably *global* desire for an imperial mode of living,²⁰ and second, to challenge the growth imperatives *imposed* on the Global South through, for example, structural adjustment, odious debt, or sanctions on countries that seek another path to development.²¹

How big is this danger of degrowth myopia? An analysis of existing degrowth literature suggests that the danger is real. While global injustices and the need to reverse them are prominent on the analytical level, there is not much focus on them when it comes to policies. The call for “reparations” for the Global South is not central to or even mentioned in key books on degrowth.²² Also, there are no global justice politics in the often-mentioned lists of degrowth policies, which mainly focus at national or local level. Further, existing literature reviews reveal a striking

18 Ajl (2021), op. cit.

19 Dengler, Corinna & Schmelzer, Matthias (2021). Anmerkungen Zu Niko Paechs Postwachstumsökonomie. Plädoyer für Weniger Individualethik, mehr Kapitalismuskritik und eine Intersektionale Gerechtigkeitsperspektive. *Zeitschrift Für Wirtschafts- Und Unternehmensethik* 22(2), 191–195.

20 Brand & Wissen (2021), op. cit.

21 Schmelzer et al. (2022), op. cit.

22 Kallis, Giorgos (2018). *Degrowth*. Newcastle upon Tyne: Agenda Publishing; Liegey, Vincent & Nelson, Anitra (2020). *Exploring Degrowth: A Critical Guide*. London: Pluto Press; Kallis, Giorgos; Paulson, Susan; D’Alisa, Giacomo & Demaria, Federico (2020). *The Case for Degrowth*. Cambridge/Medford: Polity Press.

lack of discussion of degrowth's relations to the Global South and policies such as reparations, for example, or international taxation and trade.²³

If we take into account the full implications of how processes of capitalist growth have fundamentally shaped the entire world, creating the highly unequal distribution of accumulated advantages and disadvantages, of resources, access to goods and services, and related environmental repercussions, then we can see that degrowth as a global justice perspective requires – following a parallel argument around decolonization by Adom Getachew²⁴ – ‘worldmaking after growth’. I am proposing that degrowth – in addition to focusing on the socio-ecological transformation in the Global North and in close alliance with social movements and allies from the Global South – also develops an explicit engagement with a global justice agenda. Since this is a longer-term project that's only in its infancy, in closing I want to present a tentative list of policies that could be discussed along these lines (see Table 5.1).

23 Fitzpatrick, Nick; Parrique, Timothée & Cosme, Inês (2022). Exploring Degrowth Policy Proposals: A Systematic Mapping with Thematic Synthesis. *Journal of Cleaner Production*, Vol. 365, 132764.

24 Getachew, Adom (2019). *Worldmaking after Empire: The Rise and Fall of Self-Determination*. Princeton, NJ/Oxford: Princeton University Press.

Table 5.1: Worldmaking after growth: Towards an internationalist degrowth agenda.

Provincializing the Global North	Societal limits, caps on resource use – contraction and convergence Stopping the harm: Phasing out fossil fuels (supported by international funds), moratoria on green extractivism, protection of (Indigenous) land rights
(Ecological) reparations	Debt cancellation – Unconditional cash transfer, weighed by accumulated disadvantages funding climate adaptation (fair-share approach) – loss & damage – technology transfer – knowledge commons Cleaning up the ecological mess: Rewilding, drawing down carbon, land reform
Transformation of international trade	Limiting long-distance (energy-intensive) trade, limiting shipping & aviation – globally just delinking, deglobalization, open localism Reversing terms of trade: price stabilizations, supply chain justice, preferential trade agreements, just transitions in the South
Transformation of international monetary and financial system	International currency (Bancor), democratically managed, SDRs Tax justice, ending tax havens, introducing global socio-ecological taxes, capital controls
Governing the global commons	Global democratic institutions – rights of nature – open localism – freedom of movement

Why Reparations Need Degrowth

Climate reparations are policies and measures taken by a state to redress past and present systematic injustices related to the climate crisis and to rebuild the (world) economy in ways that ensure climate justice, well-being, and equality for all globally.²⁵ According to Maxine Burkett, any suc-

25 Perry, Keston (2020). Realising Climate Reparations: Towards a Global Climate Stabilization Fund and Resilience Fund Programme for Loss and Damage

cessful reparations effort must contain three critical elements: an apology; a monetary or other award that gives actual or symbolic weight to that apology; and, most importantly, and a commitment by the perpetrator not to repeat the offending act, also known as the ‘guarantee of nonrepetition’.²⁶

This is a very useful framework to highlight why the reparations agenda – if it is to include effective measures to make sure that the harm actually ends – needs to also take degrowth on board. Within debates on reparations – and related efforts from the Global South to rethink world-making – the first two are prominent: the apology, amounting to the Global North taking full responsibility for the harm done; and – centrally – financial or other kinds of compensation for this past harm. The third element, however, the guarantee of non-repetition, is equally important. I want to argue that to make this commitment to not repeat the offending act – to not continue with large excess emissions, to not just refashion the imperial mode of living in a ‘green’ guise – the Global North needs to degrow. The rich countries need to take rapid mitigation measures that – if the growing number of studies on the decoupling GDP growth from emissions are correct – amount to degrowth.²⁷

in Marginalised and Former Colonised Societies. *SSRN Scholarly Paper*; Táíwò, Olúfemi O. (2022). *Reconsidering Reparations: Worldmaking in the Case of Climate Crisis*. New York: Oxford University Press; Stanford-Xosei, Esther (2022). Afrika and Reparations Activism in the UK – Interview. *Review of African Political Economy*. Accessible at: Afrika and reparations activism in the UK - an interview with Esther Stanford-Xosei - ROAPE.

- 26 Burkett, Maxine (2009). Climate Reparations. *Melbourne Journal of International Law*, Vol. 10 (1): 509–42.
- 27 Kallis, Giorgos; Kostakis, Vasilis; Lange, Steffen; Muraca, Barbara; Paulson, Susan & Schmelzer, Matthias (2018). Research on Degrowth. *Annual Review of Environment and Resources* 43, 291–316; Schmelzer et al. (2022), op. cit.; Haberl, Helmut; Wiedenhofer, Dominik; Virág, Doris; Kalt, Gerald; Plank, Barbara; Brockway, Paul; Fishman, Tomer; Hausknost, Daniel; Krausmann, Fridolin; Leon-Gruchalski, Bartholomäus; Mayer, Andreas; Pichler, Melanie; Schaffartzik, Anke; Sousa, Tânia; Streeck, Jan & Creutzig (2020). A Systematic Review of the Evidence on Decoupling of GDP, Resource Use and GHG Emissions, Part II: Synthesizing the Insights. *Environmental Research Letters* 15(6).

To conclude: Not only should degrowth incorporate reparations, as the core of an internationalist global solidarity agenda. Calls for reparations should also incorporate a demand that the Global North stops the harm of excess emissions as fast as possible, even if this is only possible by actually reducing energy and resource use and also overall economic activity. The reparations agenda should adopt degrowth – not as a global policy, but as a specific requirement for the rich countries to not cling to destructive growth paradigm if this stands in the way of achieving global justice.

Macroeconomic Policymaking for Reparative Justice

Matthew Robinson

The growing number and intensity of climate catastrophes have demonstrated the massive disparities in economic prosperity and the burdens of climate change. The current trajectory is unsustainable and presents an existential threat. A just transition requires public policy directed at creating a more equitable, democratic, and ecologically sustainable social provisioning process. This transition cannot be achieved through marginal, piecemeal changes. It requires coordinated, radical policy shifts. One of the first steps in achieving this just transition is to create the scaffolding of a more just and equitable society that prioritizes the needs of all, particularly the most marginalized, and ecological sustainability over extraction and profit. Reparations are a cornerstone of this new society.

All reparations projects seek justice and repair from offending parties. In the American context, the descendants of American chattel slaves seek redress from the United States government. Former colonies will receive reparations from former colonizers. Climate reparations will award states and peoples most affected by climate change with payments from nations that have contributed the most to the climate crisis. Although each of these endeavors are separate cases brought against the respective offending party, they are inextricably linked. The story of American chattel slavery cannot be told without discussing European incursions and the colonization of Africa. Extractive and exploitative colonial capitalism has contributed to the present-day climate crisis. Given the related nature of these injustices, reparative programs must

grapple with these connections and be mindful of not inadvertently producing negative externalities or obstructing the other campaigns for reparations. If injustice is in part the consequence of myopia and greed, then just policies must be part of a broader vision which prioritizes the common good.

This dramatic shift in economic policy must be led by new frameworks. The world understands what neoclassical economics and policy guided by neoclassical economists has to offer. Their frameworks and tools, at best flights in fancy and more likely carrying water for the status quo, are simply unable to conceptualize an economy which provides a dignified living standard for all.¹ If neoclassical economics does not have the capacity to describe reality in any meaningful way, then how can it be expected to guide us towards the just and sustainable world that we must build? Until states and policymaking institutions recognize the folly of trying more of the same, the necessary change cannot and will not be possible.

Policy Frameworks for Justice

What is the alternative? The pluralist, heterodox economics and the law and political economy intellectual traditions will be useful in our pursuit of a more just and sustainable world. Theory that guides our policymaking should be based on how our economy, the social provisioning process, actually works. This means situating contemporary distributions of income, wealth, resources, power, and opportunity within a historical context.² We must consider how relative personal and group positions create conflicts and divisions in societies.³ This alternative ap-

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- 1 Lee, Frederic S. (2012). Heterodox Economics and Its Critics. *Review of Political Economy* 24(2), 337–351.
 - 2 Lee, Frederic S. (2011). Heterodox Microeconomics and the Foundation of Heterodox Macroeconomics. *MPRA Paper* 30491.
 - 3 Chelwa, Grieve; Hamilton, Darrick & Stewart, James (2022). Stratification Economics: Core Constructs and Policy Implications. *Journal of Economic Literature* 60(2), 377–399.

proach must understand the workings of institutions – our settled habits of thought, collective actions, and prescribed patterns of behavior.⁴ We must understand the embeddedness of our economy within our society, and society within our environment.⁵ Theorists and policymakers must understand the workings of state money, how it is used to reify the status quo, and how it can be used to improve human dignity.⁶ Finally, we must understand that the law is fluid and flexible, especially when elite interests are at risk.⁷ This chapter will consider two seemingly unrelated policies that come from this heterodox tradition and why they should be part of crafting reparations policies.

The following policies prioritize stability, sustainability, and justice for reparations recipients. These are aspirational. A state's relative degree of monetary sovereignty will determine its ability to fully implement these policies. International cooperation would make these policies all the more effective but is not necessary. The first, federal job guarantees, will provide stability for working people. Federal job guarantees provide dignified living-wage employment to anyone willing and able to work. This program will dedicate real resources to the just transition and quality-of-life improvements. Microprudential and macroprudential policy reforms are the second group of policies. Financial reform will stifle speculative bubbles. The job guarantee and financial reform are both macroeconomic stabilizers. Together, especially with cooperation from regional and global partners, these policies will direct our economies towards improving human dignity and away from extractive, exploitative boom and bust cycles.

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- 4 Tauheed, Linwood F. (2013). A Critical Institutionalist Reconciliation of 'Contradictory' Institutional Institutions: What Is an Institution?. *Journal of Economic Issues* 47(1), 147–168.
 - 5 Svartzman, Romain; Dron, Dominique & Espagne, Etienne (2019). From Ecological Macroeconomics to a Theory of Endogenous Money for a Finite Planet. *Ecological Economics* 162, 108–120.
 - 6 Kelton, Stephanie (2020). *The Deficit Myth: Modern Monetary Theory and the Birth of the People's Economy*. First Edition. New York: Public Affairs.
 - 7 Pistor, Katharina (2019). *The Code of Capital: How the Law Creates Wealth and Inequality*. Princeton, NJ: Princeton University Press.

The Federal Job Guarantee

A federal job guarantee will provide dignified living-wage employment to any citizen willing and able to work.⁸ Private market demand for labor has never and will never provide sufficient demand for anyone who wants a job, especially at a dignified living wage. The guarantee is a permanent safety net for working people and acts as a macroeconomic stabilizer. In the private sector, labor power is employed in the service of the profit-seeking capitalist. Whether that activity has enhanced human dignity or is ecologically sustainable is coincidental. The job guarantee places those needs at its center. Every community will require its own unique version of this guarantee because every community has unique needs, but these programs should prioritize care work and the just transition. Environmental toxin remediation and climate adaptation projects can be completed through job guarantee programs.

A job guarantee will be federally funded and locally administered. States with relatively high degrees of monetary sovereignty, those that issue their own floating currency and debt denominated in that currency, will have an easier time implementing a job guarantee program.⁹ The United States is an example of a state with a relatively high degree of monetary sovereignty. States that do not issue their own currency or have high debt loads denominated in foreign currencies will have a more difficult time paying for a federal job guarantee.¹⁰

In this case, direct payments could be aimed at obtaining relatively higher degrees of monetary sovereignty. The job guarantee isn't just about income and the labor provided. It is also meant to foster greater civic participation, increase access to public goods and services, and

8 Tcherneva, Pavlina R. (2020). *The Case for a Job Guarantee*. Cambridge/Medford, MA: Polity Press.

9 Murray, Michael J. & Forstater, Mathew (eds.) (2018). *Full Employment and Social Justice: Solidarity and Sustainability*. Cham: Springer International.

10 Gadha, Maha B.; Kaboub, Fadhel; Koddenbrock, Kai; Mahmoud, Ines & Sylla, Ndongo S. (eds.) (2021). *Economic and Monetary Sovereignty in 21st Century Africa*. London: Pluto Press.

promote public health and safety. It is a way for some of society's most vulnerable, those who experience employment insecurity, to meaningfully contribute to their communities. Democratic values guide the job guarantee program because community members will be involved in directing job guarantee resources in their community.

Microprudential and Macroprudential Policy Reform

A just and sustainable economy will require the overhaul of financial regulatory policy. Reparations will involve direct payments to individuals in the American case and states or peoples for colonial and climate reparations. Individuals and peoples who receive direct payments are free to spend, save, or invest those payments as they see fit. States that receive reparations must use those payments for the public good. Direct payments will not reform the global financial infrastructure so reparations recipients will face the challenge of investing their reparations awards with institutions that financed their slavery and colonization and continue to finance the climate crisis.

Some of the transactions between financial institutions and reparations recipients will be honest, fair, and mutually beneficial. However, experience and contemporary exploitative financial relationships suggest that fraud and predation will present a problem for reparations recipients.¹¹ Explicitly criminal and seemingly legitimate financial institutions will want to make those payments their own. Further, elites within communities and states that receive direct payments will attempt to embezzle money directly and indirectly. National and international microprudential and macroprudential policy must protect reparations recipients from predatory institutions and contain systemic fragility that can arise from fraudulent activities.

11 Nguyen, Tomson H. & Pontell, Henry N. (2011). Fraud and Inequality in the Subprime Mortgage Crisis. In: Deflem, Mathieu (ed.) (2011). *Sociology of Crime, Law and Deviance*. Leeds: Emerald Group Publishing, 3–24.

Policymakers and regulators must be cognizant of the spectrum of fraudulent and predatory activities. Outright theft is abhorrent but relatively easy to detect. Most people correctly consider this criminal activity. The harm is limited to the victim and their immediate relations. Embezzlement, the misappropriation of funds from the state or a firm, is similarly recognized as criminal. Embezzlement introduces some complexity as agents of the state or large firms engage in “creative accounting” to hide stolen funds. Embezzlers conspire with counterparties to shuttle funds away from the state or firm and into accounts only accessible to the embezzler. Citizens of the state or shareholders of the firm are the direct victims of the scheme. Finally, fraud and predation present dangers to reparations recipients and may have macroeconomic implications. Perhaps the best example are the predatory lending schemes that resulted in the housing collapse and Great Financial Crisis. These actions may be considered the most harmful because they are endemic and their consequences can have international implications.¹² Because they straddle the line between criminal and permissible, the response by regulatory and law enforcement agencies can be inadequate.

Fraud and predation contribute to the financial fragility described by Hyman Minsky.¹³ As economies recover from their last downturn and investors discount the losses incurred during that period, they look for riskier bets and higher returns. This is reflected on their balance sheets. Underwriting standards are relaxed so that wider nets can be cast, and higher returns can be demanded from borrowers.¹⁴ Fraud, by definition, is not based on sound underwriting standards. One party has misrepresented or withheld material information about the transaction in an effort to convince the counterparty to agree to the given terms. Borrowers

12 Black, William K. (2005). *The Best Way to Rob a Bank Is to Own One: How Corporate Executives and Politicians Looted the S&L Industry*. First Edition. Austin: University of Texas Press.

13 Marshall, Wesley C. (2021). A Friendly Critique of Minsky's Financial Instability Hypothesis. *International Journal of Political Economy* 50(4), 257–271.

14 Minsky, Hyman P. (2016). *Can 'It' Happen Again? Essays on Instability and Finance*. London/New York: Routledge.

who have been defrauded will pay a larger share of their income to service their debts or may not be able to pay them at all. Lenders who have been defrauded may not receive repayment of the debt and face trouble servicing their own. Both contribute to financial fragility.

Predators are the “pathogens” of fraud.¹⁵ Fraud is not an evenly distributed occurrence. Successful predators will target individuals and populations they believe will yield the highest return. Targets must have assets for them to take or the ability to acquire assets, by borrowing for example. Most importantly, those targets should not have the means to seek recourse. Predators don’t want their targets to come knocking with their accountants or law enforcement in tow. Therefore, it’s prudent to target individuals or populations with uneasy relationships with legal authorities or people that legal authorities would not be responsive to.¹⁶ Predation may be targeted, but its costs can be widespread and there are consequences to ignoring the social dynamics that underlie predatory behavior.

Hyman Minsky described modern capitalist economies as interlocking sets of balance sheets; one party’s asset is another’s liability.¹⁷ If financial bets fail, as is frequently the case when fraud is involved, the contagion of failure will grow. When systemically important financial institutions are engaged in predatory and fraudulent activities, or any of their counterparties are, these activities put the health of the financial system at risk. When the failure happens, working people from historically marginalized communities suffer the most.¹⁸

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- 15 Black, William K. (2005). ‘Control Frauds’ as Financial Super-Predators: How ‘Pathogens’ Make Financial Markets Inefficient. *The Journal of Socio-Economics* 34(6), 45.
 - 16 Sohoni, Tracy & Rorie, Melissa (2021). The Whiteness of White-Collar Crime in the United States: Examining the Role of Race in a Culture of Elite White-Collar Offending. *Theoretical Criminology* 25(1), 66–87.
 - 17 Minsky, Hyman P. (1986). *Stabilizing an Unstable Economy*. New Haven, CT: Yale University Press.
 - 18 Holder, Michelle (2017). *African American Men and the Labor Market during the Great Recession*. New York: Palgrave Macmillan.

Micro and Macroprudential Regulation for Reparations

Microprudential and macroprudential policy reforms are difficult to coordinate on an international scale but necessary for the just and sustainable future that we hope we will have. Entrenched interests will resist these tighter regulatory policies. This can reasonably be taken as an admission of ongoing wrongdoing or anticipation of future wrongdoing. Supervision by regulators is a service provided to financial institutions.¹⁹ Auditors double check a firm's underwriting processes and provide guidance if they fall short. To be clear: strong underwriting standards are profit centers, not cost centers, for honest firms.²⁰ Supervision and audits confirm that a firm and its counterparties have engaged in honest dealings. Honest firms should want supervision that provides a second opinion and guidance. To honest dealers, audits and stress tests are useful exercises for assessing long-term risks on their balance sheets. Dishonest but seemingly legitimate financial institutions or those engaged in speculative activities that may induce a crisis will not welcome these exercises; they are opportunities for regulators and auditors to detect fraudulent or speculative positions on balance sheets. Further, the results of stress tests are publicly available and will reveal shortcomings to financial markets.

Honest executives of financial institutions should welcome these services, especially after the ratification of reparations programs. Black Americans will have US\$14 trillion to save, spend, or invest. The world's largest investment banks will want their share of colonial reparations and funds spent in the just transition. Honest dealers should be scrambling to publicly flaunt their healthy balance sheets.

Executive compensation must also be regulated. In January 2023, the Securities and Exchange Commission is implementing a "claw-

19 Osinski, Jacek; Seal, Katharine & Hoogduin, Lex (2013). Macroprudential and Microprudential Policies: Toward Cohabitation. *Staff Discussion Notes* 13(5), 1.

20 Black, William K. (2012). The Department of Justice 'Chases Mice While Lions Roam the Campsite': Why the Department Has Failed to Prosecute the Elite Frauds That Drove the Financial Crisis. *UMKC Law Review* 80(4), 987–1020.

back” rule. Firms must develop plans to recover executive compensation earned as a consequence of “erroneously reported financial information.”²¹ Ostensibly this eliminates an executive’s motivation to structure internal compensation incentives that encourage dishonest dealings. It does not go far enough. Only the threat of incarceration will stop executives from engaging in or turning a blind eye to predatory and fraudulent activity.

Conclusion

Reparations are the beginning of a process in creating a more just and sustainable economy that works for all people. Direct payments are necessary but insufficient in creating a just and sustainable economy. Heterodox economics and the law and political economy intellectual frameworks are vital in understanding our economy as it presently exists and to envision what it can be. This new economy will replace speculative, extractive, exploitative boom and bust cycles with a more stable provisioning process that prioritizes improving human dignity. Federal job guarantees and financial reforms are two policies that work to this end. Reparative justice and the just transition are radical and necessary. Our intellectual frameworks and economic policies must be ambitious enough to meet that task.

21 US Securities and Exchange Commission (2022). *Listing Standards for Recovery of Erroneously Awarded Compensation*, Release No. 33–11126 (October 26, 2022) (the ‘Adopting Release’) at 1 (citing Section 954 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd–Frank Act), which added Section 10D to the Securities Exchange Act of 1934).

The Brazen White Sign of the Dollar

Monetary Narrative, Imperial Crisis, and Black Revolt

Peter James Hudson¹

Introduction: Narrative, Money, Race

Claude McKay's *Banjo* is a novel about an international set of Black drifters, dropouts, vagabonds, and beach bums – one might describe them as a self-selecting pan-African lumpenproletariat – who live in a semi-deliberate state of precarity, on the fringes of capitalism, in the old port of the French Mediterranean city of Marseille.² The subtitle of *Banjo* is “a story without a plot.” Like the lives of its characters, *Banjo*'s narrative is pretty much directionless and aimless – even, one could say, pointless – organized around anecdotes and bookended by music and drinking and encounters with the French authorities. *Banjo* unfolds through a series of interconnected vignettes documenting the life and struggles of a crew who live, as McKay writes, by “bumming a day's work, a meal, a drink, existing from hand to mouth, anyhow any way, between box car, tramp ship, bistro, and bordello” (6).

Most of the characters in *Banjo* have no interest in participating in regularized labor markets or being press-ganged into the time-disci-

1 The author would like to sincerely thank Kai Koddenbrock and Ndongo Samba Sylla for their invitation to present at the African Monetary and Economic Sovereignty Conference in Dakar, Senegal, and their excellent editorial comments on this essay.

2 McKay, Claude (1929). *Banjo: A Story without a Plot*. New York: Harcourt Brace. Further references to this book will appear in the text.

pline of capitalism. There are no “good jobs” – work is merely work – and what jobs they take on are but stepping-stones to pleasure and play, music and wine. Or, in the case of the two main characters, Ray and Lincoln Agrippa Daily, the latter also known as Banjo, they are pathways to art: Ray wants to write a novel; Banjo wants to start a band.

Banjo is among the most celebrated and influential novels to have emerged from the 1920s literary and political renaissance in Harlem, and across the Black world. By the time it was published in 1929, McKay had already established himself as one of the Renaissance’s leading lights. He had already published the novel *Home to Harlem*, a bawdy and ribald chronicle of uptown living, as well as a series of well-regarded poems of Black folk life in Jamaica and the USA, compiled in the collections *Songs of Jamaica*, *Constab Ballads*, *Spring in New Hampshire*, and *Harlem Shadows*.³ And, of course, McKay’s reputation was burnished by what is arguably the Jamaican writer’s finest and most famous foray into verse: the militant Shakespearean sonnet “If We Must Die.”⁴ “If We Must Die” is a stark and uncompromising call to Black self-defense composed in response to the wave of white terrorist violence against African Americans that swept across the United States during the Red Summer of 1919.

Banjo is less militant than “If we must die.” Yet for some observers, the novel was just as revolutionary as the poem. *Banjo* was embraced for its upending of both the current traditions of Black writing and its skewering of the received representations of Black people within literary and popular discourse. Not only did *Banjo* utilize Black vernacular speech and Black popular song, but, against the set of well-worn stereotypes of Black people deployed in the United States (and elsewhere), Banjo’s characters were lively, vivacious, cynical, intelligent, witty, worldly, and above all

3 McKay, Claude (1928). *Home to Harlem*. New York: Harper and Brothers; McKay, Claude (1912). *Songs of Jamaica*. Kingston: Aston W. Gardner; McKay, Claude (1912). *Constab Ballads*. London: Watts & Co.; McKay, Claude (1920). *Spring in New Hampshire*. London: Grant Richards; McKay, Claude (1922). *Harlem Shadows*. New York: Harcourt, Brace.

4 McKay, Claude (1919). If We Must Die. *The Liberator*, July 1919, 21.

grounded and sovereign in their own sensual and libertine corporeality. *Banjo* rejected both the degraded and mawkish inheritance of Negro stereotype and the clenched, snobbish, and hincty straitjacket of Negro respectability.

Banjo also staged the pan-African political debates of the 1920s, albeit often in a cynical, and sometimes nearly sacrilegious fashion. Certainly, the novel contains a respectful homage to historical figures such as Lamine Senghor and Pierre M'Baye. Senghor was a Senegalese anti-imperialist, French communist party member, and founder, alongside Tiemoko Garan Kouyaté and others, of the Comité de défense de la race Nègre. (It was Senghor who reportedly suggested to McKay that he write a book about Marseilles.) M'Baye, also Senegalese, was an anti-imperialist who owned a bar on the Marseille waterfront.⁵ But other luminaries of early-twentieth-century Black politics do not receive the same deference and respect. Marcus Garvey and the Universal Negro Improvement Association are often mocked in the novel. Garveyism is cast by some characters as an enterprise in charlatanism and Garvey himself is sarcastically referred to as "The Black Redeemer" and "the black swindler" (91), as a foolish hustler leading an ignorant, gullible flock. Garvey's great rival W.E.B. Du Bois also comes in for caricature. Du Bois' famous "veil," one of the theoretical master tropes of African-American identity, developed in Du Bois' classic treatise *The Souls of Black Folk*, is described as "ludicrous" (272). In *Banjo*, it is claimed that such a refracted racial vision more properly represents a trait of white culture than a metaphor for the Black experience.⁶ "It was white people who were the great wearers of veils," states *Banjo's* narrator, "shadowing their lives and the lives of other peoples by them. Negroes were too fond of the sunny open ways of living, to hide behind any kind of veil" (272–273).

While Du Bois infamously described McKay's novels as "filth" and "dirt," that did not stop McKay from being embraced by his contem-

5 Edwards, Brent H. (2003). *The Practice of Diaspora: Literature, Translation, and the Rise of Black Internationalism*. Cambridge, MA: Harvard University Press.

6 On the veil see, Du Bois, W.E.B. (1903). *The Souls of Black Folk*. Chicago: A.C. McClurg & Co., vi–vii, 2–12.

poraries in Harlem and beyond. *Banjo* became a touchstone for writers throughout the Black world. Langston Hughes was a friend and fan. McKay's name and work was summoned in the 1932 surrealist manifesto of the *Légitime Défense* group, founded by Étienne Léro and other French West Indian students in Paris. A section of *Banjo*, titled "L'étudiant antillais vu par un noir américain," was reprinted in the first and only issue of their radical journal.⁷ McKay's writing inspired Aimé Césaire, Léon-Gontran Damas, and Leopold Senghor – with Senghor asserting that McKay was "the veritable inventor of Negritude."⁸ McKay's influence was felt as part of the Black Arts Movement in the 1960s⁹ and it has been claimed that *Banjo* was the inspiration for Ousmane Sembène's first novel, *Le Docker noir*.¹⁰

I want to propose another type of reading of *Banjo*: a reading of *Banjo* that draws from its pan-African textual and cultural politics while enabling a pan-African critique and theory of political economy. Indeed, a reconsideration and rereading of *Banjo* reveals a radical perspective on both historical and contemporary questions not only concerning African monetary sovereignty, but of race, political economy, and imperialism as it affects Africa and the entirety of the Black world. Read in a certain light, *Banjo* raises a set of questions about practices of accumulation, the nature of circulation and exchange, the meaning of wealth, and the value

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- 7 McKay, Claude (1932). L'étudiant antillais vu par un noir américain. *Légitime Défense* 1(1), 13–14.
 - 8 Racine, Daniel L. (1982). The Aesthetics of Léon-Gontran Damas. *Présence Africaine* 121–122, 154–165.
 - 9 For a discussion of this influence, see Edwards (2003), op. cit., as well as Makward, Edris (1992). Claude McKay: The African Experience. AL McLeod, *Claude McKay: Centennial Studies*. New Delhi: Sterling Publishers, 94–105.; Cooper, Wayne F. (1996). *Claude McKay: Rebel Sojourner in the Harlem Renaissance*. Baton Rouge: Louisiana State University Press.
 - 10 Gayle, Addison (1972). *Claude McKay: The Black Poet at War*. Detroit: Broadside Press; Sembène, Ousmane (1987). *The Black Docker*. London: Heinemann; Jones, Bridget (1992). With 'Banjo' by My Bed: Black French Writers Reading Claude McKay. *Caribbean Quarterly* 38(1), 32–39; Thomas, Dominic (2006). Intertextuality, Plagiarism, and Recycling in Ousmane Sembene's *Le docker noir* (Black Docker). *Research in African Literatures* 37(1), 72–90.

of Black labor. And all these questions are refracted through a single historical and theoretical prism: *Banjo's* evocations and representations of money.

"Money," *Banjo's* narrator comments, was the "the magic thing [that] had brought all shades and grades of Negroes together."¹¹ Money plays such a significant role in the novel that one could argue – and indeed, I am arguing – that *Banjo* may lack a plot, it may not have a point, but it is a novel that is ultimately about money, about Black folks' relation to money, about how money mediates relations between Black folk, and about an experience of Blacks and money that is often obscured to economists, heterodox or not.

Banjo's mobilization of money as part of the *content* of the stories and vignettes that create the novel is significant. So too is *Banjo's* mobilization of money as contributing to the *form* through which those stories are told and by which the novel takes shape. In fact, I want to argue that *Banjo* is built around several *monetary narratives*.¹² These monetary narratives operate on two levels: one literary, one historical. On the literary level, *Banjo* is about getting money and spending money. It is about the ethics and politics of circulation, exchange, and accumulation. But this monetary narrative also acts on a sort of deep structural or architectonic level within the novel. Money acts as a narrative device, enabling or facilitating the transitions within the work and the twists of the plot. On a historical level, McKay draws from and incorporates into *Banjo* the real-world financial and economic events of the interwar years. McKay folds financial and monetary history into not only the basic storyline of the

11 McKay, Claude (1929). *Banjo: A Story without a Plot*. New York: Harcourt Brace, 45.

12 My use of "monetary narratives" draws from Mary Poovey's analysis of what she calls "financial narratives" in literary and political-economic worlds of Victorian England. See: Poovey, Mary (2008). *Genres of the Credit Economy: Mediating Value in Eighteenth- and Nineteenth-Century Britain*. Chicago: University of Chicago Press; Poovey, Mary (2002). Writing about Finance in Victorian England: Disclosure and Secrecy in the Culture of Investment. *Victorian Studies* 45(1), 17–41.

novel, but he uses money to define the narrative form through which that story is told.

There is thus a movement between *Banjo*'s internal representations of money – of circulation and exchange, of accumulation and wealth – and the external monetary and financial events of the interwar years. The latter shapes the former: monetary history influences literary form. But I also want to suggest that the former helps us understand the latter: that is, the literary representation of money in *Banjo* enables our understanding, or rereading, of monetary history. Through this circular relationship, *Banjo* can be viewed as an archive of the monetary history of the 1920s. As an archive it is as rich and noisy as that of the Federal Reserve System or the Bank of England or of the private banks, national banking associations, trust companies, and suchlike, that provide our usual historical entrance into the era. At the same time, *Banjo* also catalogues a range of Black responses to and engagements with the monetary history of the period, in a way that official, formal archives and more traditional repositories often do not, and sometimes cannot.

Moreover, combined, both the literary and historical narratives of money within *Banjo* can be read with an eye to the present. As an archive of the monetary history of the 1920s and of Black responses to that history, *Banjo* allows us to think about contemporary questions of money, monetary sovereignty – and, critically, money and race. To state this in a more blunt and unambiguous fashion: *Banjo* allows us to think about contemporary questions of the relationship between finance and white supremacy, especially as finance shapes and is shaped by both an *ideology* and an *infrastructure* of white supremacy that is supported by an imperialism that, at every step, impinges, to put it delicately, on Black sovereignty.

In *Banjo*, these literary and historical narratives of money, and the formations of finance and white supremacy, are conjoined and articulated through a single, simple, yet extremely powerful figure: that of the dollar. Beyond the usual uses of money, the dollar is of course a symbol of US monetary and political sovereignty. It also represents the national monetary and political-economic arrangements that give weight to and instill confidence in the US, and hence its currency. But the dollar is also

a representation of a globalized US economy and the territories of exploitation and expropriation that have become critical to the functioning of the US economy.

The dollar is a representation of white imperial power. By this logic, the international history of the dollar is a history of white imperial conquest and rule. Dollar hegemony is a form of US imperial governance – and global dollarization means the expansion of global white supremacy. *Banjo* not only enables us to see the disruptive power of the dollar in the Black world of the interwar years, but it provides an entryway into understanding the relationship of global dollarization to global white supremacy.

Labor, Pleasure and Filthy Lucre

In *Banjo*, money is desired but not fetishized. It is held, but not embraced. Indeed, the characters in the book refer to money – be it the francs, pounds, or dollars circulating in the port – as *sou*. The word *sou* comes from French. It refers to a coin of little value. In *Banjo*, *sou* serves as a generic term referring to all forms of cash and coin no matter its worth. The word's connotations suggest that, for McKay's characters, money's value is rejected, spurned, and disdained. Money, no matter the denomination, no matter its national origin, is seen as debased and dirty – it is universalized as filthy lucre.¹³ Money represents not the reward of work, but the undervaluing and expropriation of Black labor. And far from positively signifying a sovereign nation or implying a positive bond of citizenship and belonging, money represents the exploiting power of white imperial nation-states jockeying over a global system that does not in any way represent Black people.

As if to prove or demonstrate their lack of respect for money, McKay's group of Beach Boys, as he calls them, try to get rid of their *sous* as quickly

13 Brown, Norman O. (1985). *Life against Death: The Psychoanalytic Meaning of Money*. Middletown, CT: Wesleyan University Press, 247–317.

as they earn them.¹⁴ The speed at which one earns money is matched by the rapidity by which one gives it away. Moreover, an unspoken code states that all surplus wealth must be distributed and shared among their community of Black drifters.

Dividing up was a beach boy's rite. It didn't matter what share of the spoils the lucky beggar kept for himself, so long as he fortified the spirit of solidarity by sharing some of it with the gang. (158)

In the novel's opening scene, the main character, Banjo, encounters a group of scavengers having a meal. Recognizing his hunger, the scavengers invite Banjo to join them, offering to pay for his food and drinks, reciprocating for the fact that two weeks prior he was not only flush, but generous with his wealth. It is a principle that recurs throughout the book. *Banjo* celebrates a pan-African community based on the ethics and economy of mutual aid, sharing, and collectivism. It scorns hoarding and individual accumulation and, one might suggest the culture of "Black" capitalism.¹⁵

The moral and, indeed, physical dangers of such forms of accumulation, and the attempts to tie one's domestic monetary sovereignty to the fortunes and authority of the state and the market, are revealed in a chapter titled "The Chauffeur's Lot." There is an obvious double meaning in McKay's use of the word "lot" in the chapter title. It turns on the tether between time and space: the sense of *lot* as a piece of land, demarcated, enclosed, and finite; and *lot* as a sense of inevitability, destiny, or fate. The chauffeur in question is a former sailor Banjo knew in Toulon. He

14 It should be said that the Beach Boys are almost all *boys*. There is but one female character in the novel represented in any substantial way, an Arab woman named Latnah. And while many critics have discussed the radical representations of gender in both *Banjo* and in McKay's life, the marginalization of African women in the novel is disappointing, though tied to historical questions of labor and mobility.

15 Bataille, George (1985). The Notion of Expenditure. In: Stoekl, Allan; Lovitt, Carl R. & Leslie, Donald M. (1985). *Visions of Excess: Selected Writings, 1927–1939*. Minneapolis: University of Minnesota Press, 116–129.

worked as a tout, chaperoning tourists and sailors to bars, bawdy houses, and brothels, linking them with wine and women. Unlike the Beach Boys, the chauffeur dreams of stability, he wants to buy a cottage in Marseilles' suburbs and "settle down to a respectable married life" (248). He eventually buys the cottage, taking out a mortgage for 11,000 francs. It is located between the homes of a bistro owner and a police officer. The chauffeur's life disgusts Ray. For while he has aimed for respectability, he lives off the profits from prostitution, paying off the mortgage through his continued economic engagements with the illicit economy of the port. Ray sees the chauffeur's wealth as "scavenger money" (289) and feels it is corrupt and despicable. "Perhaps it was what he was living for that made the difference," writes McKay:

For as to *how* he was living [...] there were many luxury-clean people who had become high and mighty by traffic in human flesh. As a Negro Ray was particularly sensible to that fact – that many of the titled and ennobled and fashionable and snobbish gentry of this age have the roots of their fortunes in the buying and selling of black bodies [...] What made the chauffeur so unbearably ugly to him now was that he was trafficking obscenely to scramble out of the proletarian world into that solid respectable life, when he could look down on the Ditch and all such places with the mean, evil, and cynical eyes of a respectable person. (288)

One day the chauffeur returns to a bar he used to frequent. A woman who he once pimped sees him, returns with a revolver, and shoots him dead (300).¹⁶

In *Banjo*, value is not found in the reproduction of wealth, but in its destruction, not in the ascetic pieties of thrift and savings, but in luxurious expenditure, not in the neuroses of hoarding or the capitalist calculus to invest, but in the spectacle of a form of sumptuous excess that

16 A similar reading of narrative and exchange is developed in Wynter, Sylvia (1971). 'Novel and History, Plot and Plantation'. *Savacou* 5, 95–102.

rebels against a progressive story of “development,” growth, and end-less, thoughtless capital accumulation and reproduction. The desire of the Beach Boys was to eat, live, and socialize; to make their music, dance, and drink their wine.¹⁷

Banjo is set in the turbulent and unstable economic and monetary landscape of post-war France and the Beach Boys’ lifestyle – of mutual aid, of communalism, of shared wealth, and of a rejection of the capitalist orders of money and work – was enabled, in part, by these economic and monetary conditions. At the time, France, like the rest of Europe, was undergoing a painful period of reconstruction. Globally, commodity prices had seen a sharp speculative spike in the immediate aftermath of the war, before undergoing a turbulent and precipitous decline that persisted through the decade. France had borrowed heavily to finance its reconstruction with the expectation that its debts would be covered by reparations payments from Germany. Meanwhile, in 1919, the franc was delinked from the gold standard and floated on international currency markets. As a result, as McKay writes, the franc began “tobogganning” (135), its value plummeting on foreign exchange markets.¹⁸ For the French middle classes, the loss in value of the franc was devastating. Their investments were devalued while their salaries could not keep up with inflation. For Mc

Kay’s Beach Boys, the weak franc of the middle 1920s was a positive thing. It brought increased tourism and trade to Marseille, and tourists and sailors were more than happy to hire them for short-term jobs and as casual labor, to share with them their leftover meals, or, through acts of

17 For an extended discussion of the politics and ethics of waste see McKay, *Banjo*, 260.

18 For a summary account of the franc’s depreciation see Eichengreen, Barry (2008). *Globalizing Capital: A History of the International Monetary System*. Second Edition. Princeton, NJ: Princeton University Press, 53. For a more extensive discussion see Kemp, Tom (1971). The French Economy under the Franc Poincare. *Economic History Review* 24(1), 82–99; Moure, Kenneth (1991). *Managing the Franc Poincare: Economic Understanding and Political Constraint in French Monetary Policy, 1928–1936*. New York: Cambridge University Press.

largesse, to generously hand out the *sou* on which the Beach Boys' lifestyle depended.

Yet this lifestyle would soon be disrupted. In June 1928, the French government of conservative Raymond Poincaré moved to arrest inflation and quell the disruptions of the economy by stabilizing the franc. Poincaré ordered the devaluation of the franc by 80% while fixing its value to gold at a price that was one fifth of its previous gold equivalent. The move shored up the investments and savings of French workers.¹⁹ For the Beach Boys, the establishment of the "franc Poincaré" had a different set of consequences. With Poincaré's new monetary policies came a raft of legislation regulating labor. French workers were given priority in labor markets while immigrant workers, like the Beach Boys who could exist through casual, part-time labor, were penalized. Permits were required of foreigners and, of course, the bureaucracies behind the permits required proof of legal immigrant status. Poincaré's protectionist monetary and labor policies resulted in racialized collateral damage. It appeared to reflect a broader trend in the European world: McKay's Beach Boys saw that African crews were becoming scarce on the ships that visited Marseille and white crews were becoming more normal. And the white crews were less generous with meals and money than their African brethren. The kinds of marginal jobs on which they had depended disappeared. As McKay writes:

suddenly francs were getting scarcer in their world, meals were dearer in the eating-sheds and in the bistros, and more sous were necessary to obtain the desirable red wine and white, so indispensable to their existence. (222)

The romantic lifestyle of the Beach Boys was coming to an end, brought to heel by monetary policy.

19 Ibid., 231.

Global dollarization, global white supremacy

Near to the time this monetary narrative of the franc was unfolding, the novel is cross-cut by another monetary narrative – a narrative of the dollar. The arrival of the dollar is a curious thing. It does not appear as part of the Beach Boys' array of currencies – as part of the grubby but ephemeral ledger of *sou*. Instead, the dollar appears as an abstract though terrifying sign of US imperial power. Quite literally, the dollar arrives on a ship. In a passage in *Banjo*, the Beach Boys witness the arrival of a large US boat in Marseille's harbor. It was a ship like they had never seen: a ship flying the United States flag. McKay refers to the ship as the "Dollar Boat" as the dollar sign is emblazoned on its funnel. The Beach Boys look upon the ship with contempt and disgust, not only because, as McKay writes, "that mighty \$ stood out like a red challenge in the face of the obstreperous French bull." But because it also marks the arrival of what McKay describes as "the brazen white sign of the dollar." (153)

The dollar on the steamship's funnel was the logo of the Dollar Line, a fleet of ships owned by and named after the Scottish-American shipping magnate and lumber baron Robert Dollar. Dollar was an aggressive promoter of US international commerce, especially in the Pacific.²⁰ McKay writes: "Even though the name of the man who bossed the line was Dollar [...] it was at least bad taste for him to be sending that sign touring round the world in this new era of world finance" (153). The dollar was not merely a corporate logo, it was a symbol of US financial expansion in the interwar years.

McKay's comments prompt us to step outside or beyond the novel to critically consider the meaning of this "brazen white sign of the dollar" in its historical context – and to think about what is, ostensibly, a sign of monetary sovereignty as a symbol of racial power. What does this mean? What does it mean to think of the dollar as a symbol of imperialism and white supremacy? As I stated earlier, the globalization of the dollar is the globalization of white supremacy as both the ideology and infrastructure

20 A brief biography of Dollar is available in Forbes, B.C. (1923). *Men Who Are Making the West*. New York: B.C. Forbes Publishing, 16–29, 185–203.

of a US imperial project. We can see this through a cursory overview of the history of the internationalization of the dollar since the nineteenth century.

Malcolm X once stated that the “The entire American economy is based on white supremacy”²¹ and of course, the prehistory of dollarization is the project of settler colonialism that secured the continental territory of the United States via the genocide of the indigenous populations and through the primitive accumulation of capital through the development of an economy, and a society, built on the backs of enslaved Africans.²² Over the course of the nineteenth century, as the US began to transition to an industrial economy, it also began to expand overseas, attempting to build the financial, commercial, and military infrastructure that would support the globalization of US commerce. The expansion of US trade in the American hemisphere was the priority.²³ Pan-American or inter-American congresses and conference were held to promote trade relations, encourage the standardization of commercial protocols, and to assert US economic supremacy – and, by default, white supremacy.²⁴ To give but one example of these efforts, in an inter-American monetary conference held in Washington in 1891, the US proposed a US-dominated International American Monetary Union with a single hemispheric currency. Cuba’s José Martí was a delegate to the conference. For Martí, the proposal was marred by both the presumed dominance of the US in the economies of South America, and by US beliefs in white, Anglo-Saxon racial supremacy. Martí warned: “They believe in the incontrovertible superiority of ‘the Anglo-Saxon race over

21 Haley, Alex & Malcolm X (1993 [1963]). Malcolm X, May 1963. In: Haley, Alex & Fisher, Murray. *The Playboy Interviews*. New York: Ballantine Books, 41.

22 For an overview see: Girvan, Norman (1975). *Aspects of the Political Economy of Race in the Caribbean and the Americas: A Preliminary Interpretation*. Atlanta: Institute of the Black World.

23 Hudson, Peter J. (2017). *Bankers and Empire: How Wall Street Colonized the Caribbean*. Chicago: University of Chicago Press, 5–9, 59–60.

24 An overview of these congresses and conferences is found in Inman, Samuel G. (1965). *Inter-American Conferences, 1826–1954: History and Problems*. Washington, DC: The University Press.

the Latin race. They believe in the inferiority of the Negro race, which they enslaved yesterday and torment today, and of the Indian, whom they are exterminating.”²⁵

Martí clearly saw that white supremacy was the flip side of the internationalization of the United States’ monetary policy. He was also prescient concerning how that policy would unfold in the future: dollarization was never only a financial or economic project, it was a project that implicitly assumed the superiority of the white race while naturalizing – and fixing – the inferiority of the darker races through its technical organization and operation. This is key. For if, as the late Jamaican philosopher Charles Mills has written, “White supremacy is the unnamed political system that has made the modern world what it is today,” then we must ask how that unnamed political system is reproduced through its forms of economic organization.²⁶

By the end of the nineteenth century, the project of dollarization was tied to colonialism and neocolonialism in the Caribbean, Latin America, and Asia. Commissions were established to reform the currencies of China, Mexico, and the Philippines, placing them on a silver regime tied to the dollar with the purpose of maintaining the low cost of non-white agricultural labor to benefit US markets. In the following decades, there were similar financial missions by US “money doctors” and financial reformers who fanned out throughout South America.²⁷ When the formal era of US imperialism began in 1898, marked by acquisition of Cuba, Puerto Rico, Guam, and the Philippines, US political-economic policy was shaped by cultural and racial beliefs about the inferiority of African, Indian, and Latin peoples. Thus Cuba, although granted its independence in 1902, was governed by the paternalistic Platt Amendment which checked its sovereignty by curtailing Cuba’s right to sign treaties

25 Martí, José (1997 [1891]). Comisión Monetaria Internacional Americana. *La Revista Ilustrada*. Reprinted and translated in Martí, José (1997). *Inside the Monster*. New York: Monthly Review Press, 29–30.

26 Mills, Charles W. (1997). *The Racial Contract*. Ithaca, NY: Cornell University Press.

27 Drake, Paul W. (1989). *The Money Doctor in the Andes: The Kemmerer Missions, 1923–1933*. Durham, NC: Duke University Press.

with foreign powers, and limiting its ability to contract debt and manage its fiscal affairs, while granting the US the right to intervene militarily if either of the latter provisions were broken. US military intervention in Cuba occurred in 1906, 1912, and from 1917 to 1922, and the entirety of Cuba's sugar industry and banking system was taken over by North American interests following the economic crisis of 1920. By the early 1930s, despite the restrictions on contracting debt, Cuba was drowning under an unsustainable – and odious – debt issued by Wall Street's Chase National bank – today's JPMorgan Chase.²⁸ A similar racial-economic regime was applied to the Dominican Republic. In 1907, following a conflict among the Dominican Republic's creditors, the US established the Roosevelt Corollary to the Monroe Doctrine. By this policy, the United States assumed fiscal control of the Republic, taking over the collection and distribution of its customs revenue while reserving the right of military intervention and the seizure of customs houses in the case of default.²⁹

The Dominican example became the model for what was known as "dollar diplomacy."³⁰ The idea behind dollar diplomacy was to displace European influence and extend US capitalism in the Caribbean region, purporting to replace military intervention with financial diplomacy. Private bankers worked with financial experts and local governments to refund sovereign debt, reorganize customs collection and currency systems, and organize nominally national government banks – not only in the Dominican Republic but also Honduras, Costa Rica, Nicaragua,

28 Cuba's odious debts are discussed in Hudson (2017), op. cit., 222–252.

29 Veese, Cyrus (2002). *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*. New York: Columbia University Press.

30 My summary history of dollar diplomacy draws on Nearing, Scott & Freeman, Joseph (1925). *Dollar Diplomacy: A Study in American Imperialism*. New York: B.W. Huebsch and the Viking Press. For an extended discussion of US financial advising and the politics of culture during this era see Rosenberg, Emily S. (2003). *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900–1930*. Durham, NC: Duke University Press. On the private bankers and national banking associations, see Hudson (2017), op. cit.

and Haiti. Despite the claims for technocratic governance, dollar diplomacy rarely excluded military intervention: the US occupied Cuba, the Dominican Republic, Nicaragua, and Haiti during the dollar diplomacy years.

The occupation of Haiti is an important case.³¹ The US occupied Haiti from 1915 to 1934. The occupation was notable for its brutality: a pacification campaign murdered thousands of peasants in cold blood and forced hundreds onto labor and roadbuilding campaigns. It was significant for the use of the US military to protect the interests of US capitalists: the intervention was prompted by the executives of the National City Bank of New York, today's Citibank, and they were able to take over Haiti's sovereign debt and its central bank, while gaining protection for their investments in railroads, wharves, and agriculture. And it was significant for the harrowing racism that was behind it: intervention was justified because of a belief in African inferiority, atavism, backwardness, and savagery; in the theory that African people were incapable of self-government; and in a view that Haiti could only develop if guided by the hand of a stronger, white power. Of course, Haiti was not and is not the only country subjected to such racist ideology. But again, what I'm also trying to suggest is that this racism, this ideology of white supremacy, was both baked into and operationalized in the history of dollarization that brought Haiti, and much of the Caribbean, under US control.

Pan-Africanism against Dollarization

This history of the brazen white sign of the dollar is not explicitly discussed in *Banjo*. McKay's Beach Boys are portrayed as knowing little to nothing about the political-economic transformation prompting the changes in their lifestyle and fortunes. They are represented as not only largely ignorant of the social and historical forces shaping their lives, but as apolitical actors – and certainly not as potentially militant subjects.

31 My thinking on the US occupation of Haiti is expanded in Hudson (2017), op. cit., 81–116.

This is unfortunate, especially given McKay's own history as a radical.³² For at almost the exact moment that McKay's characters are partying in Marseille, there is a growing upsurge of global Black and anti-colonial militancy. Imperialism was in crisis. The end of capitalism appeared imminent. Many radicals and progressives saw in this moment of crisis an opportunity for social and political change, a chance to seize power and upend the racial orders under which they had been subjugated. Indeed, one could argue that by the end of the 1920s and the beginning of the 1930s, global white supremacy itself had entered a period of crisis as movements of what W.E.B. Du Bois once described as the "dark proletariat" sprang up throughout the world.³³ Cubans mobilized against the Machado dictatorship and repudiated Chase Manhattan's odious debts. In Haiti, students began a protest that led to a country-wide general strike that eventually ended the US occupation. The second conference of the League against Imperialism and Colonial Oppression was held in Brussel in its 1927, bringing together radicals from both the metropole and the colonies to strategize the overthrow of European colonialism. McKay's old friend Lamine Senghor was in attendance.³⁴

At the League's second congress, held in Frankfurt, Germany in 1929 – the same year *Banjo* was published – delegates proposed an international meeting of Black workers. This First International Conference

32 McKay's radical history is discussed in James, Winston (2022). *Claude McKay: The Making of a Black Bolshevik*. New York: Colombia University Press.

33 DuBois, W.E.B. (1935). *Black Reconstruction in America*. New York: Russell & Russell, 15.

34 Petersson, Fredrik (2014). Hub of the Anti-imperialist Movement: The League against Imperialism and Berlin, 1927–1933. *Interventions* 16(1), 49–71; Murphy, David (2022). Pan-Africanism and Marxism in Interwar France: The Case of Lamine Senghor. In: Featherstone, David, Høgsbjerg, Christian & Rice, Alan (2022). *Revolutionary Lives of the Red and Black Atlantic since 1917*. Manchester: Manchester University Press, 172–192.

of Negro Workers was held in Hamburg, in 1930.³⁵ Out of it emerged the International Trade Union's Committee of Negro Workers, tasked with mobilizing Black labor in worldwide class struggle against global capitalism. Critical to the work of the Committee was the revolutionary mobilization of Black sailors and dock workers in the ports of Europe, the Caribbean, and Africa. For a time, the great pan-Africanist George Padmore was the head of the Committee.³⁶ And, in fact, one needs to read Padmore's 1932 treatise *The Life and Struggles of Negro Toilers* alongside *Banjo* to get a full sense of the range of African protest that is ignored by McKay and absent in *Banjo*. Padmore writes of German, French, Portuguese, and British colonialism in Africa and the Caribbean, and the transformation of Haiti and the Dominican Republic, and Liberia and Abyssinia, into colonies of American finance capital. Padmore documents the strikes, revolts, and insurgencies against European colonialism – and against the brazen white sign of the dollar.³⁷

For George Padmore, the 1930s were a time of increasing pan-African political activity. He broke with Moscow and sought an independent path of Black internationalist activity while developing an autonomous critique of colonialism, capitalism, and white supremacy that never entirely broke with Marx. Claude McKay, although once a prominent Black Bolshevik, had broken with Marxism before he wrote *Banjo*, while

35 See Weiss, Holger (2019). Framing Black Communist Labour Union Activism in the Atlantic World: James W. Ford and the Establishment of the International Trade Union Committee of Negro Workers, 1928–1931. *International Review of Social History* 64(2), 249–278.

36 Biographies of George Padmore include Hooker, James R. (1967). *Black Revolutionary: George Padmore's Path from Communism to Pan-Africanism*. New York: Praeger; Murapa, Rukudzo (1974). *Padmore's Role in the African Liberation Movement*. PhD Thesis. Northern Illinois University; James, Leslie (2014). *George Padmore and Decolonization from Below: Pan-Africanism, the Cold War, and the End of Empire, 1939–1959*. London: Palgrave Macmillan; Worrell, Rodney (2020). *George Padmore's Black Internationalism*. Kingston: University of the West Indies Press.

37 Padmore, George (1931). *Life and Struggles of Negro Toilers*. London: RILU Magazine for the International Trade Union Committee of Negro Workers, passim.

his pan-Africanism rested on cultural, not political-economic, terms.³⁸ It is perhaps unsurprising, then, that McKay's characters appeared to retreat from the moment of political-economic and racial crisis of the 1920s – and the novel ends with his group of Beach Boys breaking up, each going their separate ways.

Conclusion: Monetary Sovereignty and Black Revolt

Attempting to read the present through an invocation of the past is obviously a flawed and imperfect endeavor. But it is difficult not to see parallels between the interwar years and the present. Both moments are marked by monetary instability, bouts of intense financial speculation, global crises of politics and economics, and the expansion of white supremacy and imperialism. Not to mention an ever-present threat of fascism and war. But what lessons can we take from the interwar years – and from my rereading of Claude McKay's *Banjo*?

Most obviously, I would suggest we reconsider the history of monetary sovereignty and monetary policy through a critique of white supremacy and consider whether international financial institutions have been forged based on democratic practice—or on a racial hierarchy designed to maintain and unequal racial order. If they are based in racial hierarchy, can we presume their legitimacy for African people? I would suggest we need to rethink both the archives and the methodologies of economics and monetary history – not to simply ask economists to write about literature, but to see that different types of archives potentially hold different histories. I would suggest we need to consider – and make analytically significant – the contemporary links between monetary sovereignty, militarism, neocolonialism, imperialism, and global white supremacy. We need to begin asking questions of the US African Command, or AFRICOM, in shaping contemporary African

38 McKay, Claude (1937). *A Long Way from Home*. New York: Lee Furman, 69; McKay, Claude (2020). *Romance in Marseille*. London: Penguin Classics.

economies. I would suggest that when it comes to the question of reparations, we need to cast our net wider, not only demanding reparations of those nation-states that participated in the slave trade, but of those corporations, multinational organizations, that have been involved in the exploitation of the Black world since the end of the slave trade and through the ongoing history of imperialism and colonialism. We need to begin to name, audit, and shame corporations: be they Citigroup and JPMorgan Chase, or Glencore and Unilever.

And perhaps we need to return to the lives of McKay's Beach Boys if we are going to think about questions of debt, reparations, and repair. Should we think beyond the ideas of reparations as a mere financial settlement, or as a better incorporation of Black people into the free market, and begin to think of it in terms of a rejection of both? If Black people have labored for 500 years to build the wealth of the West, perhaps more than anything we need a break, a rejection of the traumas of slavery and of capitalism and of capitalist labor discipline and an embrace of an ethic demonstrated by people who want to eat, live, and socialize; to make their music, dance, and drink their wine. But perhaps we need Padmore's revolution before we can get to McKay's repair.³⁹

39 My thinking here is influenced by McKay's *Banjo*, but also by Lewis's discussion of reparations and the rejection of work in Lewis, Jovan S. (2020). *Scammer's Yard: The Crime of Black Repair in Jamaica*. Minneapolis: University of Minnesota Press.

Part Three: Money and Debt

The Problem of Money in International Monetary Reform

Fathimath Musthaq

Thirteen years before the penning of the 'Arusha Initiative', a strident and purposeful declaration echoed through Tanzania: Julius Nyerere's 'Arusha Declaration', a vision for an African socialism that would bring prosperity, harmony and well-being to a continent ravaged by colonialism. The declaration emphasized the importance of self-sufficiency and hard work. It envisioned a sovereign Tanzania carving out its own path to prosperity.¹ Alas, the vision failed to materialize and a few years down the road, Nyerere found himself in the last place he wanted to be: contending yet again with the International Monetary Fund (IMF) to negotiate relief, owing to a severe balance of payments crisis in Tanzania in the late 1970s.

Aspirations of the newly independent Tanzania ran up against the reality of unequal integration and racial hierarchy in the global economy. Recognizing the necessity of economic and monetary sovereignty for the actualization of self-determination, postcolonial leaders demanded a New International Economic Order (NIEO) built on just terms of trade, preferential and non-reciprocal treatment in economic agreements, transfer of technology, financial assistance and, importantly, monetary reform that promoted 'the development of the developing countries and

1 Nyerere, Julius (1967). *The Arusha Declaration by Julius Nyerere 1967*. Accessible at: [The Arusha Declaration by Julius Nyerere 1967 \(marxists.org\)](https://www.marxists.org/africa/nyerere/1967/01/nyerere-arusha-declaration.htm).

the adequate flow of real resources to them'.² Once again, these ambitions were quashed by world powers obsessed with crushing socialist leanings in the Third World. Henry Kissinger said of the NIEO:

I agree that we should not accept the proposition of the new economic order; on the other hand we must not go to the barricades. We will be totally alone if we do – beaten back and back, with no support. My position is that we should not debate whether it is a new order or an old order but fight on technical issues.³

In 1980, Third World countries made yet another attempt at international monetary reform. Tanzania's and Jamaica's battles with the IMF in the 1970s inspired a South–North conference in Arusha, the outcome of which was the Arusha Initiative, a call for restructuring the international monetary system (IMS) to deliver monetary stability alongside acceptable employment and sustainable growth. It went as far as to propose a universal and democratic world central bank and a new international currency unit that would accommodate the needs of non-capitalist economic and social systems. Conference participants concluded by calling for a Conference on International Money and Finance to negotiate monetary reform.⁴ Sadly, this never materialized.

Fast forward to 2020. Sri Lanka and Pakistan negotiate IMF relief packages, as their economies teeter under the strain of Covid-related restrictions and climate disasters. Export earnings (US dollars) dwindled in Sri Lanka, severely restricting the country's ability to pay for essential food and fuel imports. Despite the IMF's record of making liquidity assistance conditional on austerity and other detrimental reforms, Sri Lanka went to the IMF. In fact, countries that most need US dollars

2 UN General Assembly (1974). Resolution adopted by the General Assembly 3201 (S-VI). *Declaration on the Establishment of a New International Economic Order*. Accessible at: <https://digitallibrary.un.org/record/218450?v=pdf>.

3 Memorandum (1975). Memorandum of Conversation on Foreign Relations of the United States 1973–1976. *Foreign Economy Policy Document* 294.

4 Arusha Initiative (1980) The Arusha Initiative: A Call for a United Nations Conference on Money and Finance. *Development Dialogues* No. 2.

continue to have very limited access to them: the best option for peripheral countries is still the IMF's Special Drawing Rights (SDR) system, whereas core economies now have permanent central bank swap lines with the Federal Reserve.⁵

The inequity of the IMS remains a major concern for Third World countries, as articulated by the participants at the Monetary and Economic Sovereignty of Africa conference in Dakar in 2022. The ineffective allocation of SDRs during the Covid crisis, with most of it going to rich countries, geopolitical rivalries involving trade restrictions on China and sanctions on Russia, and assertive Southern leadership, particularly in Latin America, have reinvigorated the call to delink from the dollar. These proposals take three forms:

- a) A multilateral clearing union (MCU) modeled after Keynes's original proposal at Bretton Woods: A MCU would issue a unit of account that is the weighted average of national currencies. With international commercial payments and financial flows denominated in this new unit, the MCU would clear imbalances in payments, lend to countries with deficits, importantly 'on terms that would be reliable and well known in advance to all'.⁶
- b) Regional initiatives to de-dollarize: For example, Brazil and Argentina announced plans to establish a common currency (the 'sur') which would eventually grow into a regional union. IMF's former chief economist Olivier Blanchard described the initiative as 'in-

5 Murau, Steffen; Pape, Fabian & Pforr, Tobias (2022). International Monetary Hierarchy through Emergency US-Dollar Liquidity: A Key Currency Approach. *Competition & Change* 27(3–4) 495–515. The Fed's newly inaugurated repo facility for Foreign and International Monetary Authorities (FIMA) offers dollar liquidity but costs are high and it requires countries to have already accumulated US treasury bonds which can be pledged as collateral.

6 Dutt, Devika & Dos Santos, Pablo F.P. (2023). A Multilateral International Monetary System. *Progressive International*. Accessible at: <https://progressive.international/blueprint/1b9059a7-7c60-4d60-8874-02f9ce26df88-dutt-dos-santos-a-multilateral-international-monetary-system/en>.

sane'.⁷ Pooling monetary sovereignty, however, would give these countries more autonomy from the US (as some contend the euro has done for Europe), but trade imbalances and concerns such as inflation stand in the way of such a union. Another initiative comes in the form of local payments systems. Unlike SUCRE,⁸ which was ushered in with much hope and faltered due to complications, the Mercosur Local Currency Payments System (SML) between Argentina, Brazil, Uruguay and Paraguay has enjoyed limited success. An initiative led by central banks, it allows small and medium-sized enterprises (SMEs) to access the market in Mercosur member countries by trading in local currency and thus avoiding the cost of foreign exchange operations. The reach is limited, however, and central banks continue to settle net differences in US dollar since no central bank wants to hold another member's currency as reserves.⁹

- c) Coalitional initiatives such as the BRICS (Brazil, Russia, India, China, South Africa) campaign: In an effort to de-dollarize, BRICS have introduced rival institutions such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). The introduction of yuan oil futures is another attempt to decrease the weight of the US dollar in international trade. Russia and China also introduced alternative payment systems to the US-dominated

7 Harris, Bryan (2019). Bolsonaro's Central Bank Chief Vows to 'Reinvent' Brazil Economy. *Financial Times*. Accessible at: <https://www.ft.com/content/60713664-ec34-11e9-a240-3b065ef5fc55>.

8 Sistema Unitario de Compensación Regional de Pagos; Unified System for Regional Compensation proposed by Cuba to facilitate trade between 'Bolivarian' regimes (Bolivia, Venezuela, Cuba, Nicaragua). The proposal was to create a regional unit of account, sucre, that would replace the US dollar in trade invoicing in regional transactions but also was to serve as a store of value in the medium and longer term. The system remains in its initial stages, however, in part due to complications involving determination of bilateral exchange rates and countries such as Venezuela employing multiple exchange rates.

9 Fritz, Barbara; Kaltenbrunner, Annina; Mühlich, Laurissa & Orsi, Bianca (2023). South-South Monetary Regionalism: A Case of Productive Incoherence? *New Political Economy* 28(5), 1–14.

SWIFT network. At the same time, the BRICS have demanded reform of the IMF SDR, with one of those demands – the inclusion of the renminbi in the SDR basket of currencies – succeeding in 2016.

Of the proposals to reform the IMS, this chapter will argue that regional arrangements and the BRICS initiative (that seek to decrease the weight of the US dollar in global transactions) hold more promise than multi-lateral arrangements underpinned by a depoliticized international unit of account. To explain this position, the chapter will now review some of the material and political realities of money that have implications for international monetary reform.

Material and Political Realities of Money

This chapter is an invitation to critically engage with the realities of *money* in proposing monetary reform. In the following sections, drawing extensively on extant literature, the chapter puts forward five features of money that complicate existing proposals for reform: (1) Money is part state, part market (hybridity) and thus private confidence and participation is necessary for credible money (social dimension); (2) Money is credit, and therefore functional money requires a creditworthy entity, the state being the most creditworthy in the national space owing to political contracting (political dimension); (3) Historically, the rise of world money (key currency) has been associated with commodities such as gold and oil (material dimension); (4) The expropriation of value in colonial and postcolonial settings has been essential to world money (imperial dimension); and (5) Infrastructure to store value is key to the reproduction (and acceptance) of (world) money (infrastructural dimension).

Money and the State

Hybridity of Money and the Importance of Private Participation

Proposals for monetary reform overstate the capacity of states or (international) formal institutions to create what Keynes called ‘money itself’.¹⁰ Money itself refers to what settles debt contracts and price contracts whereas money-of-account is the unit in which such contracts are expressed. As Mike Beggs argues, states can assign or nominate what counts as money (money-of-account) but they do not necessarily create all money forms (money itself), nor are they able to singlehandedly determine the value of money.¹¹ In fact, states at the top of the monetary hierarchy create very little of money-proper (money itself); most of the money in circulation consists of private bank deposits. The public and private–public money forms currently in use often originated as private money.¹² Through a process of ‘private money accommodation’, state actions such as the deployment of lender-of-last-resort operations during systemic crises transform private money into private–public money.¹³

There are two key takeaways from the above discussion. First, money is both public and private, that is part state, part market.¹⁴ The hybrid character of money is often obscured by the fact that in a given currency

10 Bell, Stephanie (2001). The Role of the State and the Hierarchy of Money. *Cambridge Journal of Economics* 25(2), 149–163.

11 Beggs, Michael (2017). The State as a Creature of Money. *New Political Economy* 22(5), 463–477.

12 Murau, Steffen (2017). The Political Economy of Private Credit Money Accommodation: A Study of Bank Notes, Bank Deposits and Shadow Money. *Thesis*. University of London.

13 Ibid. In fact, as Murau argues, money comes in many forms. He divides the money supply into three segments over which the state has varying control: public money (issued directly by the state); public–private money (created by private entities that have explicit or implicit state guarantees); private money (issued by private institutions with no public guarantees).

14 Mehrling, Perry (2013). Essential Hybridity: A Money View of FX. *Journal of Comparative Economics* 41(2), 355–363.

area, private money forms such as bank deposits are offered immediate convertibility at par with money-proper or base money.¹⁵ This ‘essential hybridity’ of money underscores the importance of private actors to well-functioning money. As Kindleberger said of money, ‘States may propose, but markets dispose’.¹⁶ Private issuance of money facilitates production and exchange in the wider economy, meaning that the actions of private agents are quite important in establishing the infrastructure (and value) of money. Proposals for monetary reform therefore cannot ignore the fundamental challenge of the private stake in money. The second take-away is that by the mere fact of holding a monopoly over the production of money-proper and its ability for private money accommodation, the state occupies a strategic position in the world of money. It has a non-negotiable role in making money forms *credible*. That is, states may not create all forms of money but they certainly aid in the reproduction of money.¹⁷

Hierarchy of Money and the Necessity of Political Contracting at Scale

As Minsky wrote years ago: ‘Everyone can create money; the problem is to get it accepted.’¹⁸ To generate acceptance of a unit of account as money, the entity that issues the currency must be creditworthy. After all, money is an IOU, a debt obligation, a promise to pay. Anush Kapadia, in his book *A Political Theory of Money*,¹⁹ proposes, along with Knapp and others, that the state is the most creditworthy entity in (most) national spaces. With Susan Strange, he understands creditworthiness to be a relative measure

15 Ibid.

16 Kindleberger, Charles P. quoted in Mehrling, Perry (2022). *Money and Empire: Charles P. Kindleberger and the Dollar System*. New Edition. Cambridge/New York: Cambridge University Press, 213.

17 Beggs (2017), op. cit.

18 Minsky, Hyman P. (1986). *Stabilizing an Unstable Economy*. First Edition. New York: McGraw-Hill Education, 228.

19 Kapadia, Anush (2023). *A Political Theory of Money*. Cambridge: Cambridge University Press.

that signifies asymmetrical, ‘structural power’. A creditworthy entity has the ability to set the terms of credit and impart discipline to less creditworthy entities. The question that confronts us now is what makes an entity creditworthy? Moreover, why are some sovereigns more creditworthy than others such that their currency gets voted in as world money? The answer to the first may be found by engaging with political theories of money whilst the latter question requires a more historical approach.

One good place to begin is Mehrling’s view of money, in which he conceptualizes credit as promises to pay, and money as the final means of settling payments. What counts as money therefore varies depending on where one stands: For the citizen consumer, bank deposits, for banks, national central bank reserves and for national central banks settling with one another, world money, which in the contemporary period is the US dollar.²⁰ Money is thus, in its very essence, hierarchical. Some things count as better money than other things.

Within the national space, state money sits at the top. With Chartalists, we can think of this as resulting from the requirement to pay taxes in state money. Delving deeper, Kapadia notes the importance of political contracts to the creditworthiness of the state. Political contracts, encoded in criminal law and carrying higher penalties, are more robust than economic contracts, which pertain to civil law. In the language of creditworthiness, political contracts ensure a higher likelihood that a credit claim will be paid.²¹ Scale matters too. Drawing on Knapp, Mehrling proposes that the state has the best money not because the state is stronger than others but because it has the largest ‘pay community’. Kapadia combines these insights to note the importance of *political mutualization at scale*. Following Keynes, we can treat money as a two-sided balance-sheet operation: credit is always also debt – that is, one entity’s assets are another’s liability. Economic mutualization is where

20 Mehrling, Perry (2012). *The Inherent Hierarchy of Money*. Prepared for Duncan Foley festschrift volume, and conference 20–21 April 2012. Accessible at: https://sites.bu.edu/perry/files/2019/04/Mehrling_P_FESeminar_Sp12-02.pdf

21 Kapadia (2023), op. cit.

a bank's liabilities (promises to pay) are the assets of the depositor. Following Knapp and Goodhart, Kapadia extends the concept to political mutualization, where taxpayers' liabilities are the assets of the state. Kapadia goes on to argue that an ideal type of state is more creditworthy than a private bank because political claims (mutualization) are more robust than economic claims, *and* operate over a broader catchment area. Political mutualization at scale then is also what allows states to perform lender-of-last-resort operations: political contracts tie the future earnings of the largest pay community to state finances.

But politics is not all. The commercial success of the pay community matters. As Mehrling writes, 'the value of national currency derives in most cases not from the raw power of the state but from its creditworthiness in commercial terms. National currency is not a fiat currency but a promise to pay'.²² That is to say, a state's taxation powers are not only backed by the political contract, but also by the potential *economic output* of the political unit. Thus, economic strength, and the political power to command (some of) this strength, are essential to the success of money. This account of money does not bode well for attempts to create a new unit of account that is backed by a non-political non-state entity such as a multilateral clearing union. The 2010 Eurozone debt debacle is a case in point: while the euro is issued by a nonstate *political* unit, it is still limited relative to, say, the US dollar because the European Union lacks a fiscal union (political mutualization at scale) that can tap the economic strength of the Eurozone.²³ Thus, Mario Draghi's 'whatever it takes' came well after the southern end of the Eurozone had collapsed and sufficiently shrunk the size of lender-of-last-resort operations needed for recovery.²⁴

22 Mehrling, Perry (2003). Mr. Goodhart and the EMU. In: Bell, Stephanie A. & Nell, Edward J. (eds.). *The State, the Market and the Euro: Chartalism versus Metallism in the Theory of Money*. Cheltenham/Northampton, MA: Edward Elgar Publishing, 33f.

23 Kapadia (2023), op. cit.

24 Tooze, Adam (2019). *Crashed: How a Decade of Financial Crises Changed the World*. Reprint Edition. New York: Penguin Books.

In this section we proposed that because money is credit, the entity that issues it has to be creditworthy for functional money. While private participation in creating money is essential for the capitalist economy, it is state money that is most credible. The robustness of political contracts, and political mutualization at scale, enhance the creditworthiness of the state. But some states are more creditworthy than others, and this can be traced to its potential 'pay community'. The larger the economic space (in terms of territorial resources and economic transactions) under the command of a political unit, the greater its creditworthiness. This is where the story of money intersects with the messy and violent history of empire.

Money and Empire

Control of Key Commodities and World Money

If state money sits at the top of the hierarchy within the national space, world money sits at the top of the international monetary hierarchy. World money, or a global key currency, serves as the final means of clearing and settling *cross-border* payments. For example, the pound sterling served this function during the golden years of the British empire.²⁵ Eventually the US dollar came to replace the pound sterling. Today's international monetary system may be described as an 'offshore USD system'²⁶ where US dollar-denominated credit money instruments, created offshore, dominate global transactions. This places the US Federal Reserve at the apex of the global monetary hierarchy and simultaneously pushes others into a peripheral position. While there can be regional key currencies such as the euro or the Japanese yen, these are one level

25 De Cecco, Marcello (1975). *Money and Empire: The International Gold Standard, 1890–1914*. Oxford: Blackwell Publishers.

26 Murau, Steffen; Rini, Joe & Haas, Armin (2020). The Evolution of the Offshore US-Dollar System: Past, Present and Four Possible Futures. *Journal of Institutional Economics* 16(6), 767–783.

below the US dollar in the monetary hierarchy. As scholars have noted, the periphery can be conceived of in three layers depending on their access to the US Federal Reserve's balance sheet: a first layer that has access to swap lines, a second layer which can use the Fed's repo facility, and a third layer (where most Global South countries are clustered) which can only access dollars through the IMF's SDR system.²⁷

The histories of the pound sterling and the US dollar underline the importance of the control of key commodities in elevating currencies to the status of world money or a global key currency. The gold standard of 1870–1914 was essentially a sterling standard based on Britain's vast endowment of coal and its access to gold reserves via its colonies. Indeed, key currency systems are built, according to Aglietta and Coudert, on the dominant energy source of the time. Hence, the international monetary system was a coal sterling system in the nineteenth century and a dollar oil system from 1944 onwards.²⁸ The discovery of the Witwatersrand gold fields in South Africa in 1886, containing the world's largest gold deposits, gave the British empire a near monopoly over gold reserves in the late 1800s. It enabled the expansion of international trade, the flow of real resources (cotton, sugar) to Britain, and put London at the centre of the global economy.²⁹ Political power was, of course, crucial in crowning the pound sterling as world money. The British government backed the labour practices of British mining companies that kept labour costs low in order to stabilize the value of gold. Conflicts between white Afrikaner republics and British gold-mining companies came to a head in 1899 in the brutal South African War which saw Britain introduce concentration camps in which thousands of black and Afrikaner civilians died.

With Britain in decline by the end of the Second World War, owing to wartime expenditures that bled gold bullion from British and Euro-

27 Murau et al. (2022), op. cit.

28 Aglietta, Michel & Coudert, Virginie (2019). The Dollar and the Transition to Sustainable Development: From Key Currency to Multilateralism. *CEPII Policy Brief*. Accessible at: <https://ideas.repec.org/p/cii/cepipb/2019-26.html>.

29 Mitchell, Timothy (2013). *Carbon Democracy: Political Power in the Age of Oil*. First Edition. London: Verso Books, 70.

pean allies' treasuries to the US, a new rivalry emerged between Britain and the US over the next commodity to crown world money: oil. By the end of the war, the US produced two-thirds of the world's oil, and more than half of the remaining third was produced in its sphere of influence, in Latin America and the Caribbean.³⁰ More importantly, oil was traded in the currency of the company that controlled production: 'sterling oil', mostly from Iran, was traded in pounds sterling, whereas the majority of global oil was traded in US dollars, thanks to the wide reach of US corporations in Latin America and the Middle East. Denominating oil trade in dollars boosted the US dollar, a privilege that the US sought to protect and strengthen through various diplomatic efforts, notably in 1945 and in 1971. The empire in decline (Britain) and the empire on the rise (the US) understood the importance of oil to the strength of their currencies and fought the battle over world money in the 1940s and 1950s in 'pipeline routes and in rival diameters of pipe'.³¹ The techniques of militarism and diplomacy in securing key currency status through commodity control were visible throughout the period. The link between money and commodity in theory may not be as strong as that between money and credit. However, when it comes to *world* money, history emphasizes its material dimension: sterling backed by gold and coal, and the dollar backed by oil.

Value Expropriation and World Money

If economic power enhances the creditworthiness of a state, then it stands to reason that the more value an entity can lay claim to (including outside its formal political unit), the more creditworthy the state attached to it is. Creditworthiness of a political entity is enhanced by its ability to expropriate value outside its immediate political space, through public channels (expropriation of reserves) and via private channels (profits accrued by lead firms in global value chains). Britain, and later the US, expanded their access to gold by requiring colonies

³⁰ Ibid.

³¹ Ibid, 119.

to keep gold reserves with the colonial office. Under the sterling-exchange standard, London held a large proportion of the export surplus of British colonies. While India was indebted to Britain, it had an export surplus with the rest of the world, which had to be deposited in London. Access to India's gold reserves provided elasticity to the pound sterling: reserves held in the Gold Standard Reserve and the Paper Currency Reserve (Indian accounts at the Bank of England) went towards purchasing sterling securities, and part of the reserves were made available to select finance houses in London, and placed on deposit in joint stock banks.³² India's reserves elevated the pound sterling and the city of London. Thanks to its monopoly over gold production (in South Africa) and gold reserves of its colonies, England was able to increase its money supply while maintaining the value of sterling, thus delivering sound world money during this period. The US made efforts to dislodge the pound sterling. US companies faced severe constraints in international trade owing to the dominance of sterling and the centrality of Lombard Street in foreign exchange transactions.³³ Between 1900 and 1905, the US undertook efforts to create a bloc of gold-standard countries whose coinage would be denominated in US gold coin and whose gold reserves were to be kept in the US.

Similarly, in the franc des colonies françaises d'Afrique (CFA) zone created in 1945, France, with its economy in tatters after the war, was able to boost its economy and currency thanks to the resources and reserves of its former colonies. Not only did the monetary union allow France to secure privileged access to raw materials vital for economic recovery by paying for them in French francs and below market prices, but the arrangement also required the centralization of foreign exchange reserves

32 Vasudevan, Ramaa (2022). The Gold-Exchange Standard in Colonial India: Fore-shadowing the Monetary Hierarchy of the International State-Credit Standard. *Review of International Political Economy*, 31(5):1496-1519.

33 Rosenberg, Emily S. (1985). Foundations of United States International Financial Power: Gold Standard Diplomacy, 1900–1905. *The Business History Review* 59(2), 169–202.

in an 'operations account' held at the French Treasury. Following independence, former colonies were required to deposit 100% of reserves in the account, a ratio that was lowered to 65% between 1973 and 2005, and since 2005 at least half of the pooled foreign exchange reserves of member states has to be deposited in this account.³⁴

The private channel is just as important. In the early seventeenth century, the British East India Company provided the raw materials necessary for industrialization in England. The flow of real resources such as cotton and timber to England from the periphery amounted to a major transfer of value,³⁵ which helped bolster the English economy and, with it, the pound sterling. Today, we see similar trends with American companies that dominate the global space despite anxiety over the decline of the US.³⁶ Through military might and its surplus power at the end of the Second World War, the US made the world hospitable to US firms. US firms today capture a disproportionate share of global profits, and US firms with robust intellectual property rights (IPR) obtain a disproportionate share of US and global profits.³⁷ IPR provides US firms with (near) monopoly power in global commodity chains, thus concentrating profits at the top of the value chain. The importance of Washington-based institutions such as the World Trade Organization in reproducing dollar hegemony cannot be overstated. Trade treaties enforced and adjudicated through WTO-sanctioned processes secure access for

34 Koddenbrock, Kai & Sylla, Ndongo S. (2019). Towards a Political Economy of Monetary Dependency: The Case of the CFA Franc in West Africa. *Working Paper* 19/2. MaxPo Discussion Paper. Accessible at: <https://www.econstor.eu/handle/10419/202323>.

35 Patnaik, Utsa (2017). India's Global Trade and Britain's International Dominance. In: Sen, Sunanda & Marcuzzo, Maria C. (eds.). *The Changing Face of Imperialism*. New Delhi: Routledge India.

36 Starrs, Sean (2013). American Economic Power Hasn't Declined – It Globalized! Summoning the Data and Taking Globalization Seriously. *International Studies Quarterly* 57(4), 817–830.

37 Schwartz, Herman M. (2019). American Hegemony: Intellectual Property Rights, Dollar Centrality, and Infrastructural Power. *Review of International Political Economy* 26(3), 490–519.

companies to overseas markets and offer them legal protection against incursions by peripheral states.

Reproduction of Money

Infrastructure to Move, Store and Grow Value

In the context of a capitalist system that is built on a constant drive for accumulation, world money, in addition to serving as a means of payment, has to provide avenues for actors to move, store and grow value. This becomes particularly important when we consider the growth models of powerful export-led countries that send real goods to the US in return for dollars. One reason why manufacturing powerhouses such as China and South Korea accept dollars (a promise to pay sometime in the future) is because the US state is creditworthy. But that is not all. A secondary reason, closely related to the first, is that US financial markets provide the *infrastructure* to move, store and grow value. A highly financialized housing market, combined with an accessible and deep securities markets, allows holders of dollars to park their savings in dollar-denominated assets. Financial markets in the US, particularly capital markets, then reproduce dollar hegemony because they contain the depth and scale that can accommodate the dollar savings of the rest of the world. There are not enough supplies of other currency denominated securities that can act as stores of value.³⁸ The channelling of surplus into assets and liabilities denominated in dollars serves to enmesh non-US actors in the dollar system and increase their reliance on the Federal Reserve.³⁹ Not only that: the flow of foreign capital to the US (at relatively low rates) allows

38 Lysandrou, Photis & Stassinopoulos, Yorgos (2020). Resisting the Gravitational Pull of the Dollar: The Economic Rationale behind a Large Eurozone. *Economy and Society* 49, 1–24.

39 Schwartz (2019), op. cit.

the US to export capital back to the world at higher rates, thus strengthening the reproduction of the US dollar.⁴⁰

The Problem of Small, Uneven and Combined

Given the realities of money and world money, international monetary reform appears daunting. Money seems to be tied to political power, while also operating in a semi-independent fashion in the economic space. World money, thus far, has been forged through imperialism and militarism that tie a currency to key commodities in the global space. Furthermore, financial markets that store and grow value appear to be crucial to the functioning of world money, particularly in the context of uneven and combined development.

For peripheral (and semi-peripheral) countries to emerge out of the dollar trap, the question is not specific to money, but *world* money or a global key currency. The following questions present themselves: is it possible to have world money that is not tethered to a formal political unit (that is, a state or a political union)? What kinds of characteristics should world money possess in order for it to be accepted by other agents? Given the realities of money, it is difficult to see how an international unit of account created by a multilateral union can pass the first two tests of money: the social and political dimensions. Without a credible political union backing the unit of account, how to incentivize private agents to deal in it?

Regional currency unions and payment systems mentioned above do hold promise but they require political compromises which can be hard to come by in the face of trade imbalances and economic woes such as inflation and instability, not to mention entrenched nationalism. Successful currency or monetary unions need the backing of successful fiscal unions to lend credibility to the unit of account that serves as money. In the absence of such compromises, the political and social dimensions of money remain unaddressed. Important to note here is that postcolonial

40 Ibid.

leaders and thinkers were acutely aware of these realities of money. The problem of size raised by Eric Williams and the pan-Africanist vision of Kwame Nkrumah in many ways went to the heart of the problem of economic domination via monetary subordination. Black Atlantic Federalists saw federation (a political union backed by a fiscal union) as the 'spatial and institutional fix for the postcolonial predicament'.⁴¹ They saw in federation the possibility for a larger and more diverse economy, and the political weight necessary to make demands on the international stage.

For the moment, the most plausible challenge to dollar dominance comes from the BRICS initiative, primarily led by China. In contrast to regional unions, the BRICS initiative brings together the economic heavyweights of the Global South. Moreover, the goal, at least for the moment, seems to be not to create a new unit of account but to increase the weight of national currencies, in particular the renminbi, in trade among the BRICS. As a national currency backed by considerable capital and a powerful state, the renminbi already satisfies the social and political challenges of money. It increasingly satisfies the material and imperial dimensions as well: while the country itself is rich in mineral resources, it has also inaugurated the 'yuan oil future'. As the largest oil importer, and Russia as the largest oil exporter, the capacity of BRICS to challenge the US dollar by attacking dollar dominance in global oil trade is considerable.⁴² Furthermore, confidence in the renminbi can grow as China's vast lending to other Global South countries, some of it through the Belt and Road Initiative (BRI), increases the returns to the renminbi from outside of its own borders. Where the renminbi performs poorly is on the infrastructural dimension – that is, it remains, at least for the

41 Getachew, Adom (2020). *Worldmaking after Empire: The Rise and Fall of Self-Determination*. Princeton, NJ/Oxford: Princeton University Press, 108.

42 While the oil futures are priced in renminbi, renminbi is also convertible to gold on the Shanghai Gold Exchange and Hong Kong Gold Exchange. This means that China's oil supplies that receive renminbi in payment can immediately convert this into gold (Liu, Zongyuan Z. & Papa, Mihaela (2022). Can BRICS De-Dollarize the Global Financial System? *Elements in the Economics of Emerging Markets*).

moment, a poor conduit for moving, storing and growing value, thanks to China's strict capital controls.

Challenges remain, of course. The crowning of the renminbi as the global key currency, should it come to pass, may not be an ideal solution, as the cases of the pound sterling and the US dollar show: when the prerogatives of one nation dominate in the management of the global key currency, the interests of the rest are undermined. But given that functional money requires a political union, it is not surprising that key currencies, both global and regional, have had strong national dimensions (as an example of the latter case, Germany's interests when it comes to managing the euro). The BRICS initiative's success may be measured not in how far the renminbi itself goes, but in how successful the coalition is in increasing the use of their national currencies in cross-border trade. For example, the share of US dollars in Russia–China bilateral trade decreased from 90% in 2015 to 46% in 2020.⁴³ Regional and coalitional payments systems can flourish, but world money will continue to remain relevant as an uneven and combined global economy render it extremely difficult, but perhaps not impossible, to attain self-sufficiency within a trade zone.

43 Liu & Papa (2022), *op. cit.*

Money as a Common

How and Why Money Should Be Placed in the Service of the People and Their Environment in Africa, both Globally and Locally, by Rethinking It as Part of the Commons

Jean-Michel Servet

In the light of the strong appeal of Bitcoin as a supposed alternative solution to national and global monetary and financial problems, the current debates on the possible disappearance of the CFA franc¹, which is desired by some and feared by others, should not be confined to an essentially political position. Instead, the arguments should be grounded on a thorough consideration of the nature of money itself so that the proposed solutions do not quickly turn out to be worse than the problem at hand, as is the case with Bitcoin. The focus of this chapter is to provide a brief outline of possible alternatives.

We will begin by briefly discussing why using Bitcoin, a supposedly decentralised and global currency, is an unrealistic solution in terms of both the call for sovereignty and the dynamics of production and trade. Bitcoin is only marginally used as a means of payment and does not function as a unit of account. The likelihood of it becoming both is virtually nil given that it is primarily used as a speculative asset. The original idea should not be confused with what it has overwhelmingly become today.

1 « Franc de la Communauté financière en Afrique », Bernard Courbis, Jean-Michel Servet, “Zone franc”, in : Newman P., Milgate M., Eatwell J. (ed.), *New Palgrave Dictionary Money and Finance*, 1992, volume 2 pp. 191–192

Because it is not a credit-based currency, its widespread use could only create a deflationary pressure on the economy, which is the opposite of the goal sought by its African aficionados.

Bitcoin is not jointly managed by stakeholders and can even be described as anti-common for several reasons. These reasons include, in no particular order, the following:²

- The purpose of its ownership and the transactions in which it is involved is essentially to achieve private enrichment through speculation.
- It is commonly used as a vehicle for embezzlement, money laundering and racketeering, and as a potential tax avoidance scheme.
- Given the highly unequal distribution of its ownership, its management is controlled de facto by a minority and, as regards the transactions which transit through platforms, its much-touted decentralisation is an illusion.³
- Its issuance entails the consumption of tremendous amounts of energy.

It is therefore impossible for it to become a currency in the sense of an institution that enables a relationship of interdependence between in-

2 Among the numerous criticisms that have been made against bitcoin, we will cite the synopsis published on the site of the Association nationale des docteurs ès sciences économiques et en sciences de gestion (French National Association of Doctors of Economics and Management) by Nadia Antoin on 22 February 2022: <https://www.andese.org/contributions/chroniques-de-nadia-antonin/532-crypto-actifs-innovation-de-rupture-ou-vecteur-de-risques.html>.

3 See Delahaye, Jean-Paul; Dufrêne, Nicolas; Krajewski, Pierre & Servet, Jean-Michel (2023). Long Live Decentralization... but Not for Us! The Myth of Decentralization in the Cryptoasset Ecosystem. *Institut Rousseau*. Accessible at: <https://institut-rousseau.fr/vive-la-decentralisation-mais-pas-pour-nous/>. As for mining, half of it is currently in the hands of two pools, Foundry USA [<https://foundrydigital.com/>] and AntPool [<https://www.antpool.com/>]; this makes it impossible for any changes to be made that would be contrary to their interests [<https://www.blockchain.com/explorer/charts/pools>].

dividuals and their communities. Little information is available to date to gauge the consequences of the recognition of the bitcoin as equivalent to the CFA franc in the Central African Republic. However, as the country was inspired by the Salvadoran example, its failure can be anticipated.⁴ This is not only due to the current particularly unfavourable international situation for bitcoin (the drop in its value and the hostility of the World Bank and the IMF⁵ as well as national authorities in most countries), but also to the fact that what is being presented as a solution appears to be largely illusory (especially when a country has defective or insufficient computer, telephone and even electrical networks, as is often the case in Africa). While El Salvador can count on bitcoin to enable it to become a haven for speculation (including in real estate), a tax haven and a refuge for the international operations of local mafias, particularly in their dealings with the United States, the Central African Republic has limited competitive advantages in those areas compared to many recognised financial centres in the North and South. This makes its adoption riskier and only truly beneficial for local people involved in corruption and trafficking, and for the Russian mercenaries operating in the country. The response should be to democratise money by placing its issuance and management under stakeholder control.

The critical observation that legitimises an alternative monetary and financial order is that money created by bank credit leads, on the one hand, to a refusal to finance productive activities that are considered too risky and, on the other hand, to over-liquidity and the hyper-development of investment currency to the detriment of payment currency, and

4 See the information cited and the analysis conducted in Dufrêne, Nicolas; Delahaye, Jean-Paul; Servet, Jean-Michel; Krajewski, Pierre; Fabien, Clément & Hannat, Paul (2022). *Les crypto-actifs: du mirage à la réalité. Penser l'impact financier, économique, écologique et politique des crypto-actifs* (Crypto-assets: From Mirage to Reality. Assessing the Financial, Economic, Ecological and Political Impact of Crypto-assets). Accessible at: Microsoft Word - Rapport sur les crypto-actifs G UE Parlement européen VF.docx (emmanuelmaurel.eu).

5 Debelloir, Marine (2023). *La directrice du FMI envisage une interdiction de certaines cryptomonnaies*. Accessible at: <https://cryptoast.fr/directrice-fmi-envisage-interdiction-certaines-cryptomonnaies/>.

to speculation, which is detrimental to the development of real productive activities based on goods and services. In contrast to bitcoin, what constitutes joint management of a currency?⁶

- What makes something part of the commons is not a physical characteristic⁷ of the thing itself, but the way it is managed; in this case, through sharing.⁸
- There must be a mechanism for controlling the money supply or, more precisely, a regulatory framework for money creation by the public authorities or through a commission representing the various *stakeholders* in the economy, finance and society.

This type of a mechanism can be achieved through ‘positive money’⁹ proposals.

This idea involves separation between two different types of banking institutions. One would be responsible for managing payment currency and the other would provide credit using savings deposits (either directly or by borrowing funds from another institution with a surplus). This is

6 Here we find, applied to money and finance, Elinor Ostrom’s approach to shared resources, such as water, whose ownership is managed by communities and not administered by a state or a public structure (Ostrom, Elinor (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press.). Hence the name common.

7 The refusal to commodify money is based in particular on the distinction between trust (methodical, hierarchical and ethical) and security and reputation. See Aglietta, Michel & Orléan, André (eds.) (1998). *La Monnaie souveraine* (Sovereign Money). Paris: Odile Jacob.

8 Servet, Jean-Michel (2025). *L’institution monétaire de l’humanité* (*The Monetary Institution of Humanity*). Paris: Classiques Garnier. Forthcoming 2025.

9 Positivemoney (2024). *Shifting Power from Big Banks to People*. Accessible at: <https://positivemoney.org/>. It was put (as *Monnaie pleine* in French and *Vollgeld* in German) to a vote in Switzerland in 2018 and has been the focus of powerful movements in the UK and Iceland. But they have yet to come to fruition. See Servet, Jean-Michel (2022). *Le projet d’une monnaie pleine* (*The Positive Money Project*). *Ritimo*. Accessible at: <https://www.ritimo.org/Le-projet-d-une-monnaie-pleine>.

also referred to as ‘pledged’, ‘positive’, or ‘fully backed’ money or ‘full reserve banking’. The currency used for payments would be ‘sovereign’ in the sense that the customer deposits taken in by the banks in the sector would be fully guaranteed by the banks. They would therefore not be allowed to grant credit. The institutions responsible for lending would no longer grant credit, as they do today, on the basis of their customers’ debt certificates, but solely on the basis of their capacity to lend from the resources at their disposal.

However, to avoid a contraction in the financing of the economy due to a reduction in credit in the event of strict application of the system, a stakeholder commission should be set up in conjunction with the Central Bank. The commission could authorise financial institutions to exceed the volume of funds available for lending. Such lending should be targeted primarily at environmental objectives, but also at local development and the satisfaction of social needs, according to set priorities. The aim is not to dry up the financing of the economy but to control it in order to curb the speculative economy. This commission would make the difference between money as a public good and money as a common good. A common mistake in this case is to assume that the ‘market economy’ is capable of addressing:

- accounting for all the costs of human activities (whereas only the costs of things that are marketed or taxed are recognised), and
- the satisfaction of needs without factoring in inequalities in the distribution of resources.

This could be achieved through a new form of indicative economic planning.

Sovereign money is a new way of managing money issuance and use within a well-defined national or federal space. Formally speaking, it would entail no change. When a person receives non-cash money, they have no way of knowing whether they are dealing with money that is mainly credit-based or whether its value is guaranteed by a deposit of equal value in a bank. The change would be in the way the institutions

that manage it operate and, beyond that, in the way the entire financial and monetary system operates.

For those who think that a new credit framework of this kind would severely limit economic expansion and the satisfaction of needs, suffice it to say that the eras of indicative economic planning, including of credit (widely applied under various names after the Second World War and the ensuing boom years), with public control of finance, were marked by stronger economic growth than the later neoliberal periods of 'credit liberalisation'.¹⁰

The proposal aims to prevent an increase in speculative *excess liquidity* in the monetary and financial systems. It could partially address the issue of speculation by controlling issuance. Indeed, on its own, it would appear to be incapable of absorbing the excess liquidity that currently exists in the form of money stocks. Alongside the money issued by banks, there has been a massive transformation of large numbers of assets into highly liquid financial assets. This can be seen, for example, in the management of commodity markets, with Chicago and Geneva as their epicentres.¹¹ A sovereign money measure, whereby the value of the currency would be guaranteed, would therefore need to be accompanied

10 Pollin, Robert (2003). *Contours of Descent*. London/New York: Verso, 131; Servet, Jean-Michel (2010). *Le Grand Renversement*. Paris: Desclée de Brouwer, 62, 93, 99. It should be noted here that what is meant by 'economic growth' can vary considerably: to take just one example, it can be synonymous with environmental destruction or, on the contrary, with environmental clean-up. This is why the credit system needs to be guided by debates between the different stakeholders

11 Servet, Jean-Michel (2012). Genève dans l'empire de la liquidité (Geneva in the Empire of Liquidity). In: Abdelmalki, Lahsen; Jean-Pierre Allegret; Puech, Florence; Jallab, Mustapha S. & Silem, Ahmed (eds.). *Développements récents en économie et finances internationales. Mélanges en l'honneur de René Sandretto* (Recent Developments in International Economics and Finance. A Tribute to René Sandretto). Paris: Armand Colin, 169–178; De Brunhoff, Suzanne (1976). Les matières premières et le système monétaire international (Commodities and the International Monetary System). *Revue Tiers Monde* 66, 515–537. Accessible at: Les matières premières et le système monétaire international - Persée (persee.fr).

by a number of other interventions. At the global level, this could include taxation of material and immaterial income and wealth, the creation of buffer stocks of commodities to replace speculation on futures markets – where securities are sold before they are owned – and the prohibition or tight control of speculative crypto-assets¹² such as bitcoin. At the local level, it may be necessary to facilitate the development of various types of complementary currencies to replace central currencies and create momentum for the satisfaction of collective and private needs. Issuance of national or federal fiscal money could be envisioned with this in mind.

From Global to Local: Rethinking Money from the Bottom Up in Africa through Local Complementary Currencies

Recognising local complementary currencies could go some way to overcoming the opposition between national or federal/confederal and supranational currencies.

Monetary pluralism has always existed, with complementary local currencies now taking many forms. These can include:

- inter-company credit systems,¹³ such as the WIR in Switzerland (which was created in 1936) or, much more recently, the Sardex (in Sardinia and subsequently in other regions of the Italian peninsula);
- local exchange systems that form networks of goods and services transactions between households based on a unit of account for such

12 This argument is developed by Delahaye, Jean-Paul & Servet, Jean-Michel (2021). *Le bitcoin: Une spéculation comme les autres?* (Bitcoin. A Speculation Like Any Other?). *Alternatives économiques*. Accessible at: <https://www.alternatives-economiques.fr/bitcoin-une-speculation-autres/00099433>. See also Dufrêne et al. (2022), op. cit.

13 The accounting mechanism is presented by Simon, Bernard (2022). *Crédit interentreprises: quelle situation en 2022* (Inter-company Credit: The Situation in 2022). *Ellisphere*. Accessible at: <https://www.ellisphere.com/credit-interentreprises-situation-2022/>.

transactions and an accounting system to record the exchanges; in cases where the system includes exchanges of services only, it is called a time bank (as in the Italian example). And if the system is supported by an external organisation, it takes the form of the 'accorderies' found in Québec and France; and

- local complementary currencies in use between producers of goods and services who accept them and consumers who acquire them. The money issued by the sponsoring association can be acquired by exchanging it against national or federal currencies, and the funds guaranteeing it are deposited in a financial institution (generally a participant in the mutualist or cooperative movement or a municipal credit bank).

Such systems have been developed mainly in North America and Western Europe. They are rare in the so-called 'developing' countries. The best-known model in the South is that of Las Palmas in Brazil. The question therefore arises as to the barriers to monetary reappropriation at the grassroots level in sub-Saharan Africa.

As far as local exchange systems are concerned, the idea is to think about 'money' in a different light, to give it a social purpose. This critique of money, which has played a strong role in the dynamics of French *Systèmes d'échange local* (SELS), Local Exchange Trading Systems (LETS) in the English-speaking world, *Tauschring* (exchange circles in German), and others, is little understood in Africa, mainly because the social uses of cash are taken for granted. The public therefore does not see the need for an 'alternative currency'. Cash is a prerequisite for the development of informal businesses in which households produce goods and services. However, low income levels could also make them relevant in the 'South', hence their integration into development projects in the form of local complementary currencies. In 2003, the original Community Exchange System (CES) was founded as an internet-based LETS in Cape Town, South Africa. By 2011, it had grown into a global network covering 99 countries. As of March 2019, active communities linked to the CES network had been identified in the following African countries: 62 in South Africa, 2 in Botswana, 1 in Cameroon, 1 in Ethiopia, 2 in Kenya, 2

in Lesotho, 1 in Liberia, 1 in Madagascar, 2 in Namibia, 2 in Nigeria, 1 in Swaziland, 1 in Uganda, 2 in Zambia and 2 in Zimbabwe.

The obstacles to the development of complementary currencies in Africa are primarily political. Local currencies develop best when there is a local community behind the project (for example, in Europe, the main local currency is the eusko, used in French Basque Country). However, local currencies are generally equated with a desire for regional independence and are therefore opposed by governments and monetary authorities that totally underestimate the dynamics they can produce. This has been the case in Senegal's Casamance region,¹⁴ where an experiment involving the issuance of a paper that could be exchanged for foodstuffs was aborted in the autumn of 2011 because the authorities saw it as a revival of the strong claims for independence that had existed for decades in the southern part of the country. However, Ousmane Sonko, the new mayor of Ziguinchor elected in 2022, is in favour of the initiative.¹⁵ Opposition to bitcoin and proposals for alternative currencies such as sovereign currencies and local complementary currencies are rooted in an approach to money as a social relationship that makes it an institution of interdependence linking individuals and their communities at various levels. The struggle to achieve this is undoubtedly a long road paved with many obstacles but also, in my view, with hope.

14 A presentation is available in French here: Notre histoire – MRLD. Also in Senegal, a project was announced for the creation of a local currency in Kaolack (capital of the region of the same name) in July 2016 (http://seneweb.com/news/Societe/vers-la-creation-d-rsquo-une-monnaie-locale-a-kaolack_n_44313.html). These projects, in addition to those in Casamance and Kaolack, Dakar, Saint-Louis and Thiès, are supported by the Moom Sa Bopp Mënël Sa Bopp (MRLD) movement and by the Centre d'Etudes pour le Financement du Développement Local (Centre for Local Development Financing Studies). They have yet to be implemented, as far as I know.

15 Thior, Birama (2022). *Ziguinchor: Le premier théoricien de la monnaie locale défend Ousmane Sonko*. Accessible at: https://senego.com/casamance-le-premier-theoricien-de-la-monnaie-locale-defend-ousmane-sonko_1368492.html.

Sovereign Debt Crisis and Africa's Economic Sovereignty

Is the African Repo Market the Solution?¹

Horman Chitonge

Several African countries are currently struggling with unsustainable public debts. This is not the first time that several countries on the continent are facing a debt crisis. The first major debt crisis emerged in the early 1980s and was only addressed by a series of debt cancellations between 2005 and 2007, through the Multilateral Debt Relief Initiative (MDRI) and the Heavily Indebted Poor Countries (HIPC) Initiative. Today, several countries, in the aftermath of the Covid-19 pandemic, have found themselves with a huge debt burden, with many countries either in debt distress or on the threshold of their sovereign debt becoming unsustainable.² Several countries have now approached the IMF for support to restructure public debt.

This chapter looks at the current debt crisis on the continent, focusing on whether the proposed Africa repo market is a viable solution to this recurring challenge. It argues that while the “African repo market” has potential to provide some relief to some heavily indebted countries, it will not address the challenges which underlie the debt crisis in Africa. While the Liquidity and Sustainability Facility (LSF) may make available cheaper development finance and improve the liquidity situation in a

1 This chapter is based on an unpublished working paper submitted to the African Debt Network in 2022.

2 African Development Bank Group (2021). *African Economic Outlook 2021: From Debt Resolution to Growth – The Road Ahead for Africa*. Tunis: AfDB.

few countries, it will not address the crisis poorer countries on the continent are facing. The main reason for this is that the Africa repo in its current form will only reproduce on the continent a discriminatory development financing structure (which currently defines the global financial system). It is further argued that the sovereign debt crisis in Africa is merely a symptom of a fundamental economic problem – the lack of economic resilience as a result of specializing in the production and export of primary commodities. Economic and monetary sovereignty in Africa can only be achieved by addressing the structural weakness of African economies which are still underpinned by the colonial economic logic.

Analysis of recent debt dynamics on the continent suggest that the current debt crisis is slowly eroding African countries' economic and monetary sovereignty, as was the case during the 1980s and 1990s when the debt crisis at that time led to the implementation of the Structural Adjustment Programmes (SAPs). The loss of economic and monetary sovereignty is not only manifested in the conditionalities attached by the international financial institutions (IFIs) to debt relief programmes, but also in African countries being pushed to make decisions that place them in economic situations where they perpetually remain highly prone to debt crises. Policies and strategies that can help African countries transform the structure of production to create resilient economies are undermined by the debt relief programmes.

Concerns around the rising levels of sovereign debt in Africa have resurfaced in the last decade, making headlines in international and local news media. After the MDRI and the HIPC debt cancellation between 2005 and 2007, public debt in most African countries declined, with the average public debt-to-GDP ratio dropping from over 100% in 2000 to below 30% by 2010 (see Table 10.1).³ Although public debt levels declined in most countries, the MDRI did not deal with the root cause of the problem; sovereign debt levels have sharply risen again in many countries, leading to fears around debt sustainability amid the rising cost of debt

3 Senga, Christian; Cassimon, Danny & Essers, Dennis (2018). Sub-Saharan African Eurobond Yields: What Really Matters beyond Global Factors? *Review of Development Finance* 8, 49–62.

servicing.⁴ The onset of the Covid-19 pandemic aggravated the debt situation, forcing many African governments to borrow in order to respond to the economic, social and health challenges caused by the pandemic.

Africa's Sovereign Debt Crisis: An Overview

The issue of sovereign debt in Africa has generated a rapidly growing body of literature, which can be classified into six major strands. The first strand of debates has focused on the sustainability of public debt.⁵ The major concern this raises is that the rising levels of debt together with rising costs of debt servicing are likely to undermine the developmental efforts in most countries. As shown below in the case of Zambia, some countries are spending more than a third of public expenditure on debt servicing. This diverts resources from other critical services such as education, health and social protection.

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- 4 Economic Commission for Africa (2021). *Launch of the Liquidity and Sustainability Facility (LSF), Glasgow, Scotland*. Accessible at: <https://www.polity.org.za/article/launch-of-the-liquidity-and-sustainability-facility-lsf-glasgow-scotland-2021-11-04>; Heitzig, Chris; Ordu, Aloysius U. & Senbet, Lemma (2021). Sub-Saharan Africa's Debt Problem: Mapping the Pandemic Effects and the Way Forward. *Working Paper*. Africa Growth Initiative-Brookings; Gabor, Daniela (2021a). *The Liquidity and Sustainability Facility for African Sovereign Bonds: A Good ECA/PIMCO Idea Whose Time Has Come?* Accessible at: SocArXiv Papers | The Liquidity and Sustainability Facility for African Sovereign Bonds: a good ECA/PIMCO idea whose time has come? (osf.io).
 - 5 Coulibally, Brahim (2021). Debt Sustainability and Financing for Development: A Key Post-Covid-19 Challenge. *Foresight Africa*, 9–12 International Monetary Fund (2021). *Regional Economic Outlook – Sub-Saharan Africa: Navigating a Long Pandemic*. Washington, DC: IMF; United Nations Conference on Trade and Development (UNCTAD) (2022). *Financing for Development: Mobilising Sustainable Development Finance beyond Covid-19*. Accessible at: Financing for development: Mobilizing sustainable development finance beyond COVID-19 | UNCTAD.

The second strand of issues which have emerged in the last five years is the impact of the Covid-19 pandemic on African economies.⁶ African governments have been forced to borrow from local and international markets to support measures implemented to respond to the challenges caused by the pandemic. Data presented below confirm the rise of public debt in several countries in the aftermath of Covid-19. While several countries were already in debt distress even before the pandemic broke, there is no doubt that it contributed significantly to the rising debt burden on the continent.⁷

The third major area of concern is that African sovereign bonds are incurring higher interest rates compared to countries with similar economic fundamentals.⁸ This is largely connected to the unfair way in which the global financial system treats poorer countries, which are penalized for being poor. They are made to pay higher interest rates because they have weaker economic fundamentals, while richer countries pay the lowest premium on their sovereign bonds. The unfair treatment of African countries in the global financial system has been widely known for a long time now, with the United Nations Secretary General, António Guterres, confirming in a report published on 12 July 2023 that “Countries in Africa borrow on average at rates that are four times higher than those of the United States and even eight times higher than those of Germany”.⁹

6 See World Bank (2022). *International Debt Statistics*. Accessible at: <https://www.worldbank.org/en/programs/debt-statistics/ids>.

7 See UNCTAD (2022), op. cit.; World Bank (2022), op. cit.

8 Olabisi, Michael & Stein, Howard (2015). Sovereign Bond Issues: Do Africans Countries Pay More to Borrow. *Journal of African Trade* 2, 87–109; Gabor (2021a), op. cit.; Fofack, Hippolyte (2021). The Ruinous Price for Africa Pernicious Perception Premium. *Africa Growth Initiative Working Paper*. Brookings Institute, Washington, DC.

9 United Nations Conference on Trade and Development (UNCTAD) (2023). A World of Debt: A Growing Burden to Global Prosperity. *A Report by the UN Global Crisis Response Group*. Accessible at: https://unctad.org/system/files/official-document/osgmisc_2023d4_en.pdf.

The fourth issue is related to the third, and involves the behaviour and influence of Credit Rating Agencies (CRAs) on Africa's sovereign debt. Several analysts have noted that Africa suffers from the perception bias which in most cases has nothing to do with the real economic fundamentals on the ground.¹⁰ As a result of this, rating agencies sometimes act on their poor perception of African economies, a situation that contributes to raising the cost of borrowing in Africa. This has been attributed to an over-inflated risk assessment of African sovereign debt, leading to a phenomenon which has been referred to as the "perception premium"¹¹ or simply the "African Premium".¹² This reflects the international capital markets' open bias against African sovereign bonds.

The fifth issue that has been highlighted in the literature is around the growth of domestic sovereign bond markets (see Table 10.2).¹³ This has been lauded as a positive move because it reduces the risk associated with foreign- currency-denominated bonds, which exacerbates the cost of debt servicing when the local currency depreciates against major global currencies.

The sixth issue is the call to reform the global financial system. In the wake of the current sovereign debt crisis, there have been growing calls to restructure the global financial system to promote fair access to

10 Barta, Zsofi & Johnston, Alison (2017). Rating Politics: Partisan Discrimination in Credit Ratings in Developed Economies. *Comparative Politics Studies* 00(0), 1–34; Broto, Carmen & Molina, Luis (2014). Sovereign Ratings and Their Asymmetric Response to Fundamentals. *Documentos de Trabajo* 1428; Chirikure, Nora; Ambimbola, Olumide & Chelwa, Grieve (2022). How the Big Three Rating Agencies Impact African Countries. *Economy and Society Policy Brief*. APRI Africa Policy Research Institute.

11 Fofack (2021), op. cit.

12 Gabor (2021a), op. cit.

13 Dafe, Florence & Essers, Dennis (2017). Localising Sovereign Debt: The Rise of Local Currency Bond Markets in Sub-Saharan Africa. *SOAS Working Paper Series* 202. University of London; Essers, Dennis; Blommestein, Hans J. & Cassimon, Danny (2014). Local Currency Bond Market Development in Sub-Saharan Africa: A Stock Taking Exercise and Analysis of Key Drivers. *Institute of Development Policy and Management Working Paper* No. 2014/08. University of Antwerp.

development finance resources.¹⁴ Calls to restructure the global financial system have come not only from NGOs, but also from governments of developing countries as well the United Nations itself.

Trends in Africa's Sovereign Debt

In terms of the current sovereign debt crisis in Africa, available evidence shows that public debt in many African countries has been rising at alarming rates in the last decade, with the situation becoming critical following the outbreak of the Covid-19 pandemic as countries scrambled to find resources to cover the pandemic-induced expenditure.¹⁵ This is partly evident in the number of countries in debt distress rising from 8 in 2014 to 18 in 2020, with public debt-to-GDP ratio rising to an average of 58% of GDP for the continent¹⁶ and to an average of 70% for the sample of countries discussed in this chapter (see Table 10.1).

To provide a sense of the dynamics of the crisis of sovereign debt in Africa, this section presents an overview of public debt in 18 selected African countries. The 18 countries are selected on the basis that they have been active in the international bond market, and they have accumulated relatively large public debt, most of which is foreign debt (see Table 10.2). From the sample of countries presented here, it is evident that most of them, except Kenya, Namibia and South Africa, entered the new millennium with a huge debt burden, defined as public debt of more than 60% of GDP.¹⁷ For countries such as Angola, DRC, Republic of

14 Stiglitz, Joseph (2020). Point of View: Conquering the Great Divide. *Finance and Development*, September 2020; Tiftik, Emre & Mahmood, Khadija (2021). Covid Drives Debt Surge – Stabilisation Ahead? *Global Debt Monitor*. 17 February 2021.

15 UNCTAD (2022), op. cit.

16 For countries such as Angola, Congo Republic, Ghana, Mozambique, Seychelles, South Africa and Zambia, public debt is higher than the average for the region (see Table 10.1).

17 The IMF uses 60% of GDP of public debt as a threshold for determining whether a country has a sustainable public debt or not. Debt distress is determined by looking at several indicators including projected public revenue, economic

Congo, Mozambique, Seychelles and Zambia, their debt-to-GDP ratio was over 100% in 2000, and the large portion of this was external debt. Although the debt levels in most countries dropped after the MDRI, most of these countries were subjected to more stringent regulatory measures attached to the debt relief package.

From 2010 onwards, public debt started to rise steadily in most countries, reaching 73% of GDP in 2020, but declined slightly to 69% in 2021 and 2022. For the sample of countries presented in this chapter, the average sovereign debt levels grew by 50% between 2010 and 2015, doubling in countries such Zambia, Namibia, Mozambique, Gabon and Cameroon (Table 10.1). Rising public debt in African countries mirrors the global trend after the onset of the Covid-19 pandemic, which pushed up sovereign debt as countries implemented measures to respond to it. At the global level, the average public debt-to-GDP ratio rose from 88% in 2019 to 105% in 2020.¹⁸ For advanced economies, debt-to-GDP ratio increased to 124% in 2020, and close to 140% for the USA.¹⁹

In the case of the sample of countries discussed here, increased public borrowing began before the pandemic. If we look at the five-year average, we see that the average annual rate of public debt growth doubled from 7% in the 2011–2016 period to over 14% in 2016–2019 (Figure 10.1).

growth, debt-to-GDP ratio, foreign currency reserves, current account position, etc. (IMF 2021).

18 Tiftik & Mahmood (2021), op. cit.

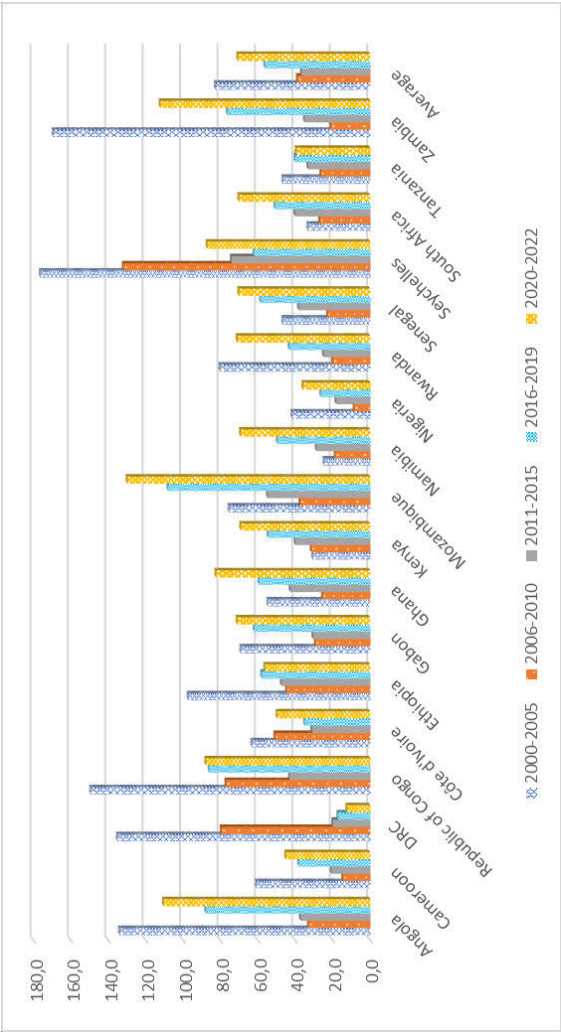
19 Gaspar, Vitor; Medas, Peppor & Perrlli, Roberto (2021). Global Debt Reaches a Record \$226 Trillion. *IMF Blog*. Accessible at: <https://www.imf.org/en/Blogs/Articles/2021/12/15/blog-global-debt-reaches-a-record-226-trillion>.

Table 10.1: Sovereign Debt to GDP Ratio (%), 2000–2022.

	2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022
Angola	1339	1335	37.2	57.1	75.7	69.3	93.0	113.6	136.5	103.7	90.8
Cameroon	79.3	47.7	14.7	32.9	33.3	37.7	39.6	42.3	45.8	45.8	43.8
DRC	135.0	101.5	30.6	17.0	19.5	19.2	15.1	15.0	15.2	11.9	10.1
Congo Rep	145.0	99.8	43.5	74.2	91.0	94.2	77.1	81.7	101.1	85.4	76.9
Côte d'Ivoire	74.0	58.2	45.6	29.5	31.7	33.5	36.0	38.8	47.7	50.2	51.1
Ethiopia	93.6	78.2	39.6	54.5	54.9	57.7	61.1	57.9	55.4	57.1	n/a
Gabon	72.5	49.3	21.3	44.7	64.2	62.9	60.9	59.8	77.4	72.1	63.7
Ghana	80.2	34.0	34.5	53.9	55.9	57.0	62.0	62.6	78.9	83.5	84.9
Kenya	27.9	28.4	39.1	44.4	46.7	54.8	57.3	59.0	67.6	69.7	70.2
Mozambique	100.5	62.4	39.6	87.4	119.9	99.6	107.1	105.4	128.5	133.6	127.6
Namibia	20.4	26.0	16.0	41.3	44.8	43.2	50.4	59.6	65.3	69.9	72.6
Nigeria	57.6	18.9	9.4	20.3	23.4	25.3	27.7	29.2	35.0	35.7	36.9
Rwanda	86.0	59.0	18.8	32.4	36.6	41.3	44.9	50.2	60.1	74.8	78.2
Senegal	57.5	36.1	28.5	44.5	47.5	61.1	61.5	63.8	68.7	71.9	70.1
Seychelles	177.8	144.1	82.2	67.1	69.1	62.1	59.1	57.7	96.5	81.9	82.8
South Africa	37.9	29.6	31.2	45.2	47.1	48.6	51.6	56.3	69.4	68.8	72.3
Tanzania	n/a	46.1	27.6	39.2	39.8	40.7	40.5	39.0	39.1	39.7	39.6
Zambia	261.0	75.7	18.9	65.8	61.0	66.3	80.4	97.4	128.7	101.0	106.8
Average	96.5	62.7	32.1	47.3	53.5	54.1	57.0	60.5	73.2	69.8	69.3

Source: Author based on data from International Debt Statistics database.

Figure 10.1: Five-year average public debt-to-GDP ratio (%), 2000–2022.



Source: Author based on data from International Debt Statistics database. Note: Data for Namibia and Seychelles not available.

Apart from the DRC and Republic of Congo, public debt in all selected countries increased between 2006 and 2020, with countries such as Angola, Mozambique, Ghana, Zambia, Rwanda and Namibia experiencing sharp increases over this period (Figure 10.1). Average annual public debt growth rate for the 2020–2022 period rose by 10 percentage points from 14% before the Covid-19 pandemic to 24%. In half of the countries in the sample (Cameroon, Cote d'Ivoire, Ghana, Namibia, Nigeria, Rwanda, Seychelles and Zambia) average annual public debt growth rates doubled compared to the growth rates before the onset of the Covid-19 pandemic, reflecting the pandemic-induced borrowing.

It is also evident from the trends in sovereign debt that the larger share of Africa's debt is foreign debt, although the share of domestic debt is rising, accounting for slightly more than half of total debt in 2022 from just about a third in 2005 (see Table 10.2).²⁰ The rising share of domestic debt in total debt points to the growth of local capital markets in a number of countries, especially countries such as South Africa, Nigeria, Namibia and Kenya, where domestic borrowing has been a significant part of sovereign debt (see Table 10.2).

20 Note that the external debt reported in the international debt database only captures official debtors; it excludes other external source of sovereign debt in Africa such as China. If this is taken into account, the level of sovereign debt would higher than presented in Table 10.2.

Table 10.2: Sovereign external and domestic debt as percentage of GDP.

	External debt (% of GDP)				Domestic debt (% of GDP)				Domestic debt in total debt (%)			
	2005	2010	2022		2005	2010	2022		2005	2010	2022	
Angola	29.4	29.3	43.1		104.1	7.9	47.7		78.0	21.2	52.5	
Cameroon	30.4	8.2	31.0		17.3	6.5	12.8		36.3	44.2	29.2	
DRC	91.9	22.4	13.2		9.6	8.2	-3.1		9.5	26.8	-30.7	
Congo Rep	57.0	15.9	25.1		42.8	27.6	51.8		42.9	63.4	67.4	
Côte d'Ivoire	48.3	34.0	36.0		9.9	11.6	15.1		17.0	25.4	29.5	
Ethiopia	47.8	19.9	23.0		30.4	19.7	n/a		38.9	49.7	-	
Gabon	34.5	16.8	34.8		14.8	4.5	28.9		30.0	21.1	45.4	
Ghana	25.9	14.4	43.2		8.1	20.1	41.7		23.8	58.3	49.1	
Kenya	22.6	17.4	31.2		5.8	21.7	39.0		20.4	55.5	55.6	
Mozambique	54.5	36.1	71.0		7.9	3.5	56.6		12.7	8.8	44.4	
Namibia	4.1	4.3	16.7		21.9	11.7	55.9		84.2	73.1	77.0	
Nigeria	19.7	1.2	9.4		-0.8	8.2	27.5		-4.2	87.2	74.5	
Rwanda	50.5	13.6	46.8		8.5	5.2	31.4		14.4	27.7	40.2	
Senegal	31.9	21.8	47.0		4.2	6.7	23.1		11.6	23.5	33.0	
Seychelles	52.9	49.3	29.4		91.2	32.9	53.4		63.3	40.0	64.5	
South Africa	6.8	8.6	18.8		22.8	22.6	53.5		77.0	72.4	74.0	
Tanzania	37.0	8.6	27.3		9.1	19.0	12.3		19.7	68.8	31.1	
Zambia	75.1	7.3	36.8		0.6	11.6	70.0		0.8	61.4	65.5	
Average	40.0	18.3	32.4		22.7	13.8	36.3		36.2	43.1	52.4	

Source: Author based on data from International Debt Statistics database.

There are many factors which have contributed to rising sovereign debt in Africa. These include low public debt following the debt cancellation after 2007, and robust economic growth resulting from rising commodities prices on the global market between 2003 and 2014, which signal stronger capabilities among African countries to service debt.²¹ Other factors include the expansionary monetary policy adopted in most advanced economies after the 2008/2009 financial crisis, which reduced borrowing costs by lowering interest rates. This pushed investors to look for high yields on investments, largely in emerging markets.²² Low interest rates on the global financial markets partly explain why we are seeing a shift in the composition of Africa's external debt from predominantly concessional borrowing to the dominance of private capital markets after the 2009 financial crisis.²³ It has been estimated that the number of African countries borrowing on international markets increased from 3 in 2003 to 21 by 2020.²⁴ Although concessional borrowing is still a large proportion of Africa's public debt, there has been significant growth of the non-concessional borrowing component, which is sometimes interpreted as a sign of confidence in the growth prospects of African economies.²⁵

The dynamics of the high debt burden are characterized by a vicious circle in which a country's need for financing rises with rising borrowing costs. This is mainly due to the unfavourable risk assessment which low-income countries in Africa and the Global South receive from creditors. For example, in the case of Zambia, the country's default on the US\$42.5 million debt service in 2020 led to skyrocketing yield on its sovereign bonds. The rising interest rates on debts has pushed up the cost of servicing debt in most countries, with debt servicing in Zambia rising 'almost

21 African Development Bank Group (2021), op. cit.

22 World Bank Group (2020). *Debt Report 2022*. Second Edition. Accessible at: World Bank Document.

23 Dafe & Essers (2017), op. cit.; IMF (2021), op. cit.; African Development Bank Group (2021), op. cit.

24 Fofack (2021), op. cit., 13.

25 African Development Bank Group (2021), op. cit.

thirteenfold in a decade from \$63 million per year to more than \$804 million annually by the end of 2019'.²⁶ For Zambia, this was worsened by the depreciation of the local currency (Kwacha), which by the end of the first quarter in 2021 had lost 22.7% of its value against the dollar compared to the same quarter in 2020.²⁷ In 2020 alone, the country was expected to pay US\$4 billion in debt servicing and payment of arrears, which is close to 25% of its GDP. The average public debt service-to-public revenue ratio in Africa was 19% in 2019 but rose to more than 25% in 2021.²⁸

The Africa-Wide Repo Market

In the wake of the current debt crisis, several measures have now been proposed to address the challenges associated with unsustainable public debt. With specific reference to Africa, the creation of the African repurchase (repo) market (the LSF) has been proposed and was launched in November 2021 by the Economic Commission for Africa (ECA). The main objective of the LSF according to the ECA is to provide 'African governments with a liquidity structure on par with international standards so as to address the African continent's specific Eurobond issuance needs'.²⁹ The ECA expects the African repo market to address the challenge of rising cost of sovereign debt, and it is estimated that through the LSF, African governments will save up to US\$11 billion over the next five years as a result of the lower borrowing costs option.

Analysts acknowledge that the idea of an LSF is a potentially good initiative, but there are doubts on whether the African repo market in its proposed form can address the cost of borrowing for African countries.³⁰ While the LFS is certainly work in progress, and it is not possible at this stage to assess its actual impact on the sovereign debt crisis in Africa; a

26 Fofack (2021), *op. cit.*, 14.

27 Ibid.

28 African Development Bank Group (2021), *op. cit.*, 59.

29 ECA (2021), *op. cit.*

30 Gabor (2021a), *op. cit.*

number of observations can be made based on the proposed structure and operation of the facility.

The African repo market is envisioned to work as a facility where private investors can borrow against African sovereign bonds at concessional interest rates. A private investor with an African sovereign (Eurobond or local currency bonds) can borrow from the LSF by pledging these bonds as collateral. In a conventional capital market, private investors seeking to buy or holding African sovereign bonds often rely on their own funds or raise funds for investment from capital markets, usually at higher interest rates. What the African repo anticipates is to attract private investors into African sovereign bond market by making available resources from which they can borrow against these bonds. According to the ECA, since the private investors holding African bonds will be able to borrow at lower interest, it is expected that the LSF will ultimately lower African governments' cost of accessing development finance.³¹ The ECA expects the LSF in Africa to prioritize liquidity first, with risks (collateral evaluation) coming in as a second priority. Below is a description of how the LSF is expected to operate:

Whereas public and private repo lenders use haircut as a risk management tool [and therefore prioritize assessment of risk], the LSF would first prioritise the liquidity of sovereign bond markets, albeit without giving up entirely on risk management aspects. This is why the LSF would set concessional haircuts at below market levels (prioritising liquidity) but would retain [collateral evaluation] a rating-based methodology (presumably to account for the credit rating of the private borrower and the creditworthiness of the issuer of sovereign collateral).³²

31 Economic Commission for Africa (ECA) (2020). *Building Forward Together: Financing a Sustainable Recovery for the Future of All*. Addis Ababa: ECA.

32 Haircut is the difference between the money value given to the seller (borrower) and the value of collateral the asset provides as guarantee, as assessed by the lender (buyer) (Gabor (2021a), op. cit., 8).

In theory, the LSF creates three main opportunities. One is that it can make sovereign borrowing transparent and potentially cheaper, but not cheaper for all countries. Second, it has the potential to be an indirect vehicle for accessing long-term development finance necessary to support the transformation of African economies. Third, the LSF has the advantage of being a regional facility designed to further African interests, which are often overlooked or discriminated against in international markets. But the LSF in its current form has three major weaknesses.

First, while the ECA sees the LSF as a game changer that deviates from the current global financial architecture which prioritizes risk evaluation over liquidity, the proposed LSF modalities and structure are not radically different from the 'Wall Street Consensus'.³³ As noted above, the lowering of interest rates does not mean the private investors will overlook their 'perceived' risks of African sovereign bonds. There is a high possibility that the perceived risks of African sovereign bonds would raise the LSF interest rates, and thereby raising borrowing costs. This would eventually undermine the priority put on liquidity, especially for poorer African economies. The European Central Bank adopted a similar measure, but between 2010 and 2012 it raised interest on the repo by demanding additional collateral, which led to the dampening of the mood for private investors.³⁴ The LSF might face a similar scenario, which is likely to undermine its priority on liquidity because the need to cover the perceived risk of the least liquid economies override liquidity as a priority.³⁵

33 Gabor, Daniela (2021b). The Wall Street Consensus. *Development and Change* 52(3), 429–459.

34 Cullen, Jay (2017). The Repo Market, Collateral and Systemic Risk: In Search of Regulatory Coherence. In: Chiu, Iris H.-Y. & MacNeil, Iain G. (eds.). *Research Handbook on Shadow Banking*. Amsterdam: Elgar, 85–116.

35 Euroclear Bank (2009). *Understanding Repos and Repo Markets*. Accessible at: [untitled \(ydfsresourcelibrary.blob.core.windows.net\)](https://www.ydfsresourcelibrary.blob.core.windows.net/); Bank for International Settlementment (BIS) (2017). Repo Market Functioning. *CGFS Papers* 59; Garbo (2021a), op. cit.

Second, even if the LSF has a genuine focus on liquidity, as long as the lending and borrowing modalities are linked to the current models of risk evaluation and collateral structure, this will not help most African economies, which suffer a perception bias in the current risk evaluation framework. For this to work, one must find a different system of evaluating risk and collateral requirement or decouple the need for liquidity from risk assessment. Such a mechanism calls for a fundamental shift from the current risk evaluation models. This is fundamental because it is always economies perceived to be at high risk of default which face serious liquidity constraints, and as a result face the prohibitively high cost of borrowing. Thus, stating that liquidity will be prioritized while at the same time sticking to the conventional risk evaluation models does not help poor countries. Unless the LSF can find a way to delink liquidity needs from risk assessment, it will be difficult to provide cheaper access to development finance resources for poorer African countries. As long as the LSF sticks to the current risk assessment and credit rating criteria, it will be reproducing the same system, where the richer countries have access to less expensive development financial resources while the poorer nations are pushed into default-driven borrowing. In this sense, the LSF will still favour relatively advanced economies on the continent by allowing them to borrow at lower interest rates but imposing punitive borrowing costs on poorer African countries which desperately need to borrow at lower costs. Given the proposed structure and operation of the LSF, it is likely that it will reproduce the same inequality we have seen in global finance architecture.

Thirdly, the financing of the LSF is problematic. The ECA is counting on donors – Organisation for Economic Co-operation and Development (OECD) central banks, multilateral and regional development banks, IMF (Special Drawing Rights) – to provide the initial capital for the LSF. But it is not clear that these funders will be willing to make any substantial amounts available to support the African repo market. Even if they do make funds available, that would mean that they would apply the conventional global capital market framework, which does not give the LSF much room to deviate from the norm. If these institutions make available the funds needed for the LSF to operate, they will impose their

own view of how the facility should operate. Most likely they will bring the LSF within the ambit of the established CRA structure, which takes us back to square one.

If past experiences are anything to go by, there is no ground to believe that these funders will commit substantial resources to the African repo market without the accompanying regulatory discipline.³⁶ There are other concerns raised about the LSF, including the point that its status in relation to central banks on the continent is not yet clear and that the LSF operations might be in direct conflict with and may even undermine the work of central banks.

Conclusion

Although there is heterogeneity among African countries, the current levels of debt in several countries have reached alarming proportions. Public debt-to-GDP ratios for countries such as Ghana, Kenya, Mozambique, Namibia, Senegal, South Africa and Zambia were much higher in 2020 than they were in 2000. The rising cost of debt servicing in most of the countries has meant that an increasingly higher proportion of public resources are being committed to meeting sovereign debt obligations, thereby diverting the limited resources available from efforts to promote economic transformation and funding social services. For example, in the Zambian case, the government was expected to spend 47% of total public revenue in 2022 to service debt and pay arrears. While the LSF has the potential to help countries such as Zambia with crippling public debt, the facility in its current form has several shortcomings which makes it difficult for poorer African countries to benefit from this initiative. Its proposed structure is likely to lead to the same effects as the global financial system, which punishes African countries for being poor. Efforts intended to effectively address the African debt crisis

36 Williams, Matthew S. (2008). The Bush Administration, Debt Relief, and the War on Terror: Reforming the International Development System as Part of the Neoconservative Project. *Social Justice* 35(3), 49–65.

need to understand the complex nature of the twenty-first-century global economy underpinned by a sophisticated financial sector whose activities exacerbate global inequality and marginalization.

The Case for the Suspension of Payment or Repudiation of Odious Debts

Éric Toussaint

Since the 19th century, public debt has been used as a weapon of domination and despoilment in Latin America, China, Haiti, Greece, Tunisia, Egypt and numerous other countries. Ultimately, the combination of debt and free trade has been a fundamental factor in the subordination of whole economies since the 19th century. Local ruling classes have joined forces with major foreign financial powers to subject their countries and people to a system of permanent transfer of wealth from local producers to domestic or foreign creditors. As early as the first half of the 19th century, Haiti was used as a test case. Haiti was the first independent black republic, having freed itself from the yoke of France in 1804. However, Paris did not renounce its claims on Haiti, obtaining a princely settlement for the erstwhile slaveholders. The agreements signed in 1825 with the new Haitian rulers created a monumental independence debt on which Haiti was unable to make its payments by 1828, and which in fact took a century to pay off, making any form of real development impossible. Debt was also used to subject Tunisia to France in 1881 and Egypt to the United Kingdom in 1882.¹ This chapter demonstrates that it is entirely possible to repudiate or suspend

1 Toussaint, Éric (2022). Another look at the debt of Tunisia and Egypt in the 19th century and the colonization of those countries by France and Britain , *Committee for the Abolition of Illegitimate Debt* (CADTM), published 29 September 2022. Accessible at: <https://www.cadtm.org/Another-look-at-the-debt-of-Tunisia-and-Egypt-in-the-19th-century-and-the>

payment of debts that are regarded as illegitimate or odious without any lasting adverse consequences – quite the contrary. The idea that a country that repudiates or suspends payment of a debt will be boycotted by lenders is belied by reality.

Sovereign debt repudiation is an act by a sovereign state that declares debts claimed by its creditors to be void. Sovereign debt cancellation is an act by creditors who wholly or partially waive payment of their debts. The concept of odious debt has been defined in international law. The definition was drafted in the 1920s and published in Paris in 1927 by Alexander Sack,² a conservative Russian jurist and former professor of law under the Tsarist Empire in St. Petersburg, who was exiled to Paris after the Russian Revolution. I mention this to show that he was neither a Communist nor a sympathiser with the Soviets or the Bolsheviks, but was actually shocked by the refusal of the Soviets to honour the Tsarist debt. Sack analysed all the sovereign debt disputes he could find, beginning with the French Revolution in 1789, and formulated a doctrine in international law stating that in the event of succession or change of government, previous obligations are transferred to the new regime regardless of the nature of the regime in question – democratic, tyrannical, religious, or people's republic – except where the debt is odious. When debt is incurred against the best interests of the residents of a state, or against the objective interests of the state – and thus in favour of a privileged minority – and the creditors cannot prove that they were unaware of that fact, then such debt can be described as odious. Thus, according to this doctrine, it is the use of the debt that makes it odious or not, void or not. The democratic or undemocratic nature of the regime that incurred it is irrelevant. In this chapter, I will only discuss debt repudiations or suspensions by countries of the Global South. I have reviewed debt repudiations by Northern states (United States, France, Portugal, Soviet Russia, Baltic states, etc.) in other publications.³

2 Sack, Alexander N. (1927). *Les Effets des Transformations des États sur leurs Dettes Publiques et Autres Obligations financières*. Paris: Recueil Sirey.

3 Toussaint, Éric (2023). Du Nord au Sud de la planète: Les répudiations de dettes de la fin du XVIII au XXI^e siècle. *Committee for the Abolition of Illegitimate Debt*

Mexico, Costa Rica, China, Indonesia and Ecuador Have Emerged Stronger from Their Debt Repudiation Decisions

In my book *The Debt System A History of Sovereign Debts and their Repudiation*, I analysed debt repudiations decided by sovereign states in the South.⁴ What follows is a brief selective summary.

It is indeed possible to stand up to creditors, as demonstrated by Mexico under Benito Juárez, who, in 1867, refused to take responsibility for the loans contracted by the regime of Emperor Maximilian from the Société Générale in Paris two years earlier to finance the occupation of Mexico by the French army.⁵ In 1914, in the midst of the revolution, when Emiliano Zapata and Pancho Villa were on the offensive, Mexico suspended payment of its foreign debt, which it viewed as illegitimate, repaying only symbolic sums between 1914 and 1942 in a bid to gain time. Between 1934 and 1940, President Lázaro Cárdenas nationalised the oil industry and the railways without compensation, in addition to expropriating more than 18 million hectares of large landholdings and handing them over to indigenous communities. This tenacity paid off: in 1942, the creditors waived approximately 90% of the value of the loans and agreed to small compensation payments for the companies that had been expropriated. Mexico was able to achieve significant economic and social development in the decades running from the 1930s to the 1960s.

We can also cite the case of Costa Rica, where, in 1919, the Congress repudiated the debt contracted by the deposed government of President

(CADTM), published 12 January 2023. Accessible at: <http://www.cadtm.org/Du-Nord-au-Sud-de-la-planete-Les-repudiations-de-dettes-de-la-fin-du-XVIII-a-u>.

- 4 Toussaint, Éric (2019). *The Debt System A History of Sovereign Debts and their Repudiation*. Chicago : Haymarket.
- 5 Toussaint, Éric (2017). Mexico proved that debt can be repudiated. *Committee for the Abolition of Illegitimate Debt* (CADTM), published 24 March 2017. Accessible at: <https://www.cadtm.org/Mexico-proved-that-debt-can-be>.

Tinoco from the Royal Bank of Canada.⁶ Costa Rica's action led to international arbitration in which the Chief Justice of the United States ruled in favour of Costa Rica against the Royal Bank of Canada, which was supported by Great Britain.

Further examples can be cited: China's decision in the wake of the 1949 revolution to repudiate odious debts incurred by the former regime. China finally won creditor lawsuits against it in the United States in the 1980s;⁷ In 1956, independent Indonesia decided to repudiate a debt claimed by the Netherlands, its former colonial power.⁸ In 1958, at the time of independence, the President of Guinea Conakry, Sékou Touré, refused to shoulder French colonial debts. After the triumph of the Cuban revolution in January 1959, the Cuban government repudiated a series of debts and expropriated large foreign companies, especially American ones. This led to a court case in the United States in which the private creditors were unsuccessful.⁹ In 1960, when the former Belgian Congo achieved independence, the government of Patrice Lumumba refused to accept the debts demanded by Belgium and the World Bank. It was not until the consolidation of the dictatorship of Marshal Mobutu that Congo recognised the debts that Belgium had contracted with the World Bank.¹⁰

Algeria, which became independent in 1962, repudiated debts claimed by France and led a highly successful fight in the United Na-

6 Ludington, Sarah; Gulati, Mitu & Brophy, Alfred L. (2009). Applied Legal History: Demystifying the Doctrine of Odious Debts. *Theoretical Inquiries in Law* 11, 247–281.

7 King, Jeff (2016). *The Doctrine of Odious Debt in International Law. A Restatement*. Cambridge: Cambridge University Press, 84–85.

8 Ibid., 80f.

9 US Supreme Court (9064). *Banco Nacional de Cuba v. Sabbatino*, 376 U.S. 398. Accessible at: <https://supreme.justia.com/cases/federal/us/376/398/>.

10 Toussaint, Éric (2014). *The Life and Crimes of an Exemplary Man*. Committee for the Abolition of Illegitimate Debt (CADTM), published 8 May 2014. Accessible at: <https://www.cadtm.org/The-Life-and-Crimes-of-an-Exemplary-Man>

tions against colonial debts.¹¹ After the Shah was overthrown in 1979, Iran refused to accept debts incurred by the former regime. Eritrea, upon gaining independence from Ethiopia in 1993, refused to take on the debts that Ethiopia sought to transfer to it.¹² On its independence in 2002, East Timor, a former Portuguese colony that was annexed by Indonesia in 1975 under Suharto's dictatorship, refused to inherit any debts.¹³ In 2005, Paraguay successfully repudiated debts claimed by Swiss banks.¹⁴

In 2008, Ecuador unilaterally suspended payments on a debt which had been found to be illegitimate by an audit commission and obliged its creditors to agree to the cancellation of two-thirds of the debt in suspension of payment.¹⁵

In all these examples, the countries that took these decisions came out stronger, with the exception of Congo-Leopoldville, whose Prime Minister, Lumumba, was overthrown and subsequently assassinated. Resisting may not guarantee victory, but submitting to creditors does guarantee defeat.

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- 11 Carton, Anaïs (2022). A sovereign State can refuse the transfer of debts that were contracted in times of subjection. *Committee for the Abolition of Illegitimate Debt* (CADTM), published 23 June 2022. Accessible at: <https://www.cadtm.org/A-sovereign-State-can-refuse-the-transfer-of-debts-that-were-contracted-in>.
 - 12 King (2016), op. cit., 104–106.
 - 13 Toussaint, Éric (2023). *The World Bank A Critical History*. London: Pluto
 - 14 Presidencia de la Republica de Paraguay (2005). *Decreto n° 6295*, 26 August 2005.
 - 15 Toussaint (2024), Ecuador: Resistance against the policies imposed by the World Bank, the IMF and other creditors between 2007 and 2011, *Committee for the Abolition of Illegitimate Debt* (CADTM), published 16 August 2024, <https://www.cadtm.org/Ecuador-Resistance-against-the-policies-imposed-by-the-World-Bank-the-IMF-and>. See also: International Monetary Fund (2012). Sovereign Debt Restructurings 1950–2010: Literature Survey, Data and Stylized Facts. *IMF Working Paper*, 78. Accessible at: Sovereign Debt Restructurings 1950–2010: Literature Survey, Data, and Stylized Facts; by Udaibir S. Das, Michael G. Papaioannou, and Christoph Trebesch; IMF Working Paper 12/203; August 1, 2012.

The Arguments of Opponents of Debt Repudiation or Suspension of Debt Payments Are Contradicted by the Facts

Let us consider the arguments of detractors of debt repudiation or suspension of debt payments. According to traditional economic theory, breach of contract has certain negative consequences for debtors. After renegeing on their promises and imposing losses on investors, debtors are supposed to find it very difficult to access capital markets and generate new debts. The cost of new borrowing is expected to rise significantly, with a 'stigma effect' on new debt issuance. Some go so far as to say that such debtors will be completely excluded from the debt market, at least for some time. A country that repudiates or suspends payment of its debts will be sanctioned, its rating by international agencies will be deeply downgraded, there will be a reduction in investments and, consequently, a lower growth rate.

These assertions are contradicted by the facts, as shown by renowned economist Joseph Stiglitz. Joseph Stiglitz was awarded the Nobel Prize in Economics in 2001 and chaired President Bill Clinton's Council of Economic Advisers from 1995 to 1997 before becoming Chief Economist and Vice-President of the World Bank from 1997 to 2000. Stiglitz makes a strong case for suspending public debt repayments. In a collective work published in 2010 by Oxford University Press, he argues that Russia in 1998 and Argentina in the 2000s prove that unilateral suspension of debt repayments can be beneficial to countries that implement the measure: 'Both theory and evidence suggest that the threat of a cut-off of credit has probably been exaggerated.'¹⁶

When a country succeeds in imposing a debt reduction on its creditors and recycles the funds previously earmarked for debt repayment to finance an expansionary fiscal policy, positive results are achieved:

16 Herman, Barry; Ocampo, José A. & Spiegel, Shari (2019). *Overcoming Developing Country Debt Crises*. Oxford: Oxford University Press. Chapter 2 was written by Stiglitz, Joseph (2019). *Sovereign Debt: Notes on Theoretical Frameworks and Policy Analyses*, 35–66; quotation from p. 48.

Under this scenario, the number of local firms that are forced into bankruptcy is lowered, both because of the lower interest rates than if the country had continued to pay its debt¹⁷ and because of the improved overall economic performance of the economy. As the economy strengthens, government tax revenues are increased – again improving the fiscal position of the government. [...] All of this means that the government's financial position is stronger going forward, making it more (not less) likely that creditors will be willing to provide finance. [...] Empirically, there is little evidence in support of the position that a default leads to an extended period of exclusion from the financial market. Russia was able to borrow again on the financial markets two years after defaulting, based on a unilateral decision without prior consultation with its creditors. [...] Thus, in practice, it is apparent that the threat of credit being cutting off appears not to be effective.¹⁸

According to Joseph Stiglitz, some people believe that one of the central roles of the IMF is to impose the highest possible price on countries that are planning to default, and many countries behave as if they believe in that threat. He believes they are wrong: 'The fact that Argentina did so well after defaulting, even without IMF support (or perhaps because it did not have IMF support), could lead to a change in this belief.'¹⁹

Stiglitz also clearly blames bankers and other lenders who grant massive loans without seriously checking the creditworthiness of the borrowing countries or, worse, who lend in full knowledge that the risk of default is very high. He adds that since lenders charge high rates to certain countries in light of the risks they take, it is only natural that they should face losses due to debt write-offs. The lenders should use the high interest rates they charge as provisions for potential losses.

17 One of the conditions set by the IMF when it assists a country on the verge of defaulting is to raise local interest rates. If a country escapes the conditions set by the IMF, it can instead lower interest rates to avoid business failures as much as possible.

18 Stiglitz (2019), *op. cit.*, 48–49.

19 *Ibid.*, 49.

He further denounces indiscriminate, ‘predatory’ lending to debtor countries by bankers. In short, Stiglitz argues that lenders should take responsibility for the risks they take. At the end of his contribution, he considers that countries that are preparing to default or renegotiate for debt relief will need to impose temporary capital controls/exit taxes to discourage capital outflows. He embraces the doctrine of odious debt and argues that it should be cancelled.²⁰

The Case of Argentina in the 2010s–2020s

A final thought on the case of Argentina. In his book on the repudiation of the gold clause by the Roosevelt administration and Congress, Sebastian Edwards²¹ explains that he decided to study that period of 20th century history when he realised that the Argentine government had justified its attitude towards its creditors in the 2010s by referring to the actions of the United States in 1933–1935.²² Edwards himself states that he was on the side of the creditors when the US courts ruled in their favour and ordered Argentina to compensate them. What Edwards fails to mention is that Argentina also managed, as Stiglitz points out, to come out ahead by standing up to its private creditors. Its annual growth rate between 2003 and 2008, in the midst of its suspension of payments, was remarkably high despite the fact that the country no longer had access to the financial markets. Although the New York State Court ruled against Argentina in 2013, the Argentine authorities initially resisted the injunction

20 Ibid., 55, 60–61. Joseph Stiglitz has argued in favour of this position on numerous occasions over the past decade. See, in particular, his book Stiglitz, Joseph (2002). *Globalization and Its Discontents*. New York: W.W. Norton.

21 Edwards, Sebastian (2018). *American Default. The Untold Story of FDR, the Supreme Court, and the Battle over Gold*. Princeton, NJ: Princeton University Press.

22 Toussaint, Éric (2023). Debt ceiling: Radio Silence Concerning United States President Franklin Roosevelt’s Repudiation of Debts. *Committee for the Abolition of Illegitimate Debt* (CADTM) published 28 May 2023. Accessible at: <https://www.cadtm.org/Debt-ceiling-Radio-Silence-Concerning-United-States-President-Franklin>.

of Judge Griesa. It took the election of neoliberal Mauricio Macri to the presidency of Argentina for the country to misguidedly agree to compensate the vulture funds favoured by Judge Griesa. Macri's debt management was disastrous and brought the country to the brink of bankruptcy in 2018.²³ The IMF had to grant Argentina an emergency loan of \$45 billion, the largest amount granted by the institution in its history. The loan and Macri's management of the crisis caused him to lose the elections in 2019 and sparked the need for an additional IMF loan of \$45 billion in 2022, which was used to pay off the previous loan.²⁴ This clearly shows that subservience to the markets and the IMF does no good and that it is better to resist creditors while pursuing a different kind of policy.

23 Toussaint, Éric (2019). Argentina: facing another debt crisis. *Committee for the Abolition of Illegitimate Debt* (CADTM), published 18 December 2019. Accessible at: <https://www.cadtm.org/Argentina-facing-another-debt-crisis>.

24 Toussaint, Éric (2022). The IMF agreement with Argentina is perversely sophisticated. *Committee for the Abolition of Illegitimate Debt* (CADTM), published 15 June 2022. Accessible at: <https://www.cadtm.org/Eric-Toussaint-The-IMF-agreement-with-Argentina-is-perversely-sophisticated>.

Part Four: Challenging Economic Orthodoxy

Heterodox Economics, Neoclassical Economic Failures and Socio-economic Challenges in Africa

A Paradigmatic View

Howard Stein

The debate on the nature of heterodox economics and its comparison to the neoclassical economic paradigm continues. In his 2019 book *Is There a Future for Heterodox Economics: Institutions, Ideology and a Scientific Community*, renowned institutional economist Geoff Hodgson asks how it is that heterodox economics has paradoxically grown and diversified in recent decades but has never been more marginalized and excluded from the economic citadels of influence and power. It is virtually impossible for a heterodox economist to get a job in an economics department in a top university. While Hodgson points to “the systems of power and authority within in the organization of science and academia” as a component of this marginalization of heterodox economics, he overwhelmingly places the blame on heterodox economics itself, including its tendency toward too much pluralism and “inadequate quality control” creating “severe reputational problems for heterodox scholarship”.¹ Hence the reason why there has not been a paradigm shift away from the reigning orthodoxy is mostly due to the flaws in the alternative.²

1 Hodgson, Geoffrey (2019). *Is There a Future for Heterodox Economics? Institutions, Ideology and a Scientific Community*. Cheltenham/Northampton, MA: Edward Elgar, 3–5.

2 Ibid., 82.

This brief chapter will deconstruct Hodgson's arguments as a mechanism to lay out a series of constructs aimed at understanding the contrasting economic visions of heterodox economics vs. neoclassical economics. The focus will be on gaining insights into why the ideas of economic transformation and related policies in Africa that have arisen from neoclassical economics that dominate the academic and policy institutions on the continent have been such a dismal failure. The chapter will also explore why the neoclassical economic paradigm continues to be omnipresent even though by Kuhnian standards there is more than sufficient evidence on the need for a paradigm shift which has little or nothing to do with the problems of the alternatives. We begin with a brief analysis of Kuhn's framework.³

Kuhn and Neoclassical Economics

To Thomas Kuhn, science progresses through a stable disciplinary matrix or paradigm that can advance the understanding of the phenomenon being examined. This constitutes the creation of communities with shared theoretical beliefs, values, instruments and techniques, and even metaphysics.⁴ Neoclassical economists have the shared theoretical

3 There are other ways of looking at neoclassical economics that help explain its persistence in the face of overwhelming evidence of its failures, including Lakatos' methodology of scientific research. At the core of research are irrefutable propositions, positive and negative heuristics concerning the selection of tools and questions, and a protective belt of theories, empirical conventions and auxiliary hypotheses whose rejection does not threaten the basic core propositions. Neoclassical economics has a core set of propositions which are irrefutable and include a commitment to homoeconomicus, methodological individualism, the acceptance of equilibrium as a natural state, rational deductivity and axiomatic reasoning. For a detailed discussion of how this approach can be used to interpret the World Bank's approach to policy in Africa see: Stein, Howard (2008). *Beyond the World Bank Agenda: An Institutional Approach to Development*. Chicago: University of Chicago Press, Chapter 2.

4 Kuhn, Thomas (1996). *The Structure of Scientific Revolutions*. Third Edition. Chicago: University of Chicago Press.

beliefs, values, techniques and metaphysics of a paradigm. However, it fails miserably in advancing understanding of its subject, the economy. Soderbaum identifies this as an ideological paradigm, not a scientific paradigm.⁵ As Kuhn argues, the need for a replacement paradigm is driven by the failure of the existing paradigm to solve key anomalies.⁶ By this measure, the neoclassical economic paradigm should have been replaced long ago in Africa and elsewhere by heterodox economics.⁷ Even authors in prominent science journal *The Lancet* are calling for a paradigm shift to heterodox economics for the future survival of humanity.⁸ The issue of why it has continued to dominate is the focus of the next section, including the questions surrounding power and vested interests.

Deconstruction of Hodgson's Argument

Power, Institutions and Ideology

Hodgson recognizes that the power structures within mainstream economics help its perpetuation. "We need to address the systems of power and authority within the organization of science and academia"⁹ to counter the marginalization of heterodox economics. However, the

5 Soderbaum, Peter (2021). Each Paradigm in Economics Is a Scientific and Ideological Paradigm. *WEA Commentaries* 11(2), 9–10. Accessible at: <https://www.worlddeconomicsassociation.org/files/2021/08/Issue11-2.pdf>.

6 Bird, Alexander (2018). Thomas Kuhn. *Stanford Encyclopedia of Philosophy*. Accessible at: <https://plato.stanford.edu/entries/thomas-kuhn/>.

7 Stein, Howard (2021). Institutionalizing Neoclassical Economics in Africa: Instruments, Ideology and Implications. *Economy and Society* 50(1): 120–147; Lee, Frederic S. (2009). *A History of Heterodox Economics: Challenging the Mainstream in the Twentieth Century*. London/New York: Routledge.

8 Brand-Correa, Lina; Brook, Anna; Büchs, Milena; Meier, Petra; Naik, Yannish & O'Neill, Daniel W. (2022). Economics for People and Planet – Moving beyond the Neoclassical Paradigm. *The Lancet Planetary Health* 6(4), e371–e379.

9 Hodgson (2019), op. cit., 5.

continuation of the paradigm is not simply aimed at serving the internal doyens of the profession as suggested here by Hodgson but the real organs of power and authority. Hence, it is important not to separate neoclassical economics from its broader instrumentality.

In Africa, donors have long recognized the centrality of economics and economic theory in helping to meet their political, institutional and policy objectives.¹⁰ Economics is the language of power that plays a largely uncontested role in shaping policy and controlling resources. Economics forms and buttresses ideologies and in turn is shaped by ideologies.

Take, for example, neoliberalism, which is the ideological belief in the primacy of free-market capitalism with a commitment to the policies of deregulation, privatization and the reduction of government spending that arguably still dominates thinking in Africa today. Neoliberalism has well-known shared principles with the foundational constructs of neoclassical economics. However, not all neoclassicals are neoliberals due to the possible presence of market failures which can disrupt the purported welfare-maximizing impact of unfettered markets.

This, in Hodgson's view, allows him to dismiss the idea that "discontent with even prominent mainstream policy positions is an inadequate reason to become a heterodox economist"¹¹ since "the core assumptions of mainstream economics do not lead logically to the promotion of markets".¹² This rather preposterous assertion ignores the persuasive impact of the powerful promises of markets hammered into students from their first-year microeconomic classes buttressed by the mathematical elegance of the chimerical world created by the neoclassical economic vision.

In fact, he takes it a step further and accuses heterodox economists rather than neoclassicals of being ideological. "But sometimes ideology overpowers theory [. . .] The task of heterodox economics is wrongly de-

¹⁰ Stein (2008), *op. cit.*

¹¹ Hodgson (2019), *op. cit.*, 8.

¹² *Ibid.*, 11.

signed as a critique of pro-market economics.”¹³ This type of reasoning focusing on logical possibility rather than the dynamics of habituation seems antithetical to the position at the heart of original institutional economics. Habits of thought are inculcated as a core component of the neoclassical economic training. As Soderbaum nicely puts it:

When taught at universities and elsewhere, neoclassical economics plays a role of making a specific ideology legitimate not only for students but also politicians and in society more generally. Self-interest is good for society, increased monetary profits in business is believed to be good for all of us by strengthening the economy.¹⁴

Misconceptions on Imperfections

There is an even deeper problem here than just the ideological impact that transcends the deemphasis of market imperfections in curriculums. Their understanding of how markets operate in the real world is misconceived. The very idea of imperfections arises out of the theoretical structure from which they emerge. They have no independent meaning outside of this flawed, contrived construction of neoclassicals. Philosophers refer to this as a concept by postulation. Students of economics from the beginning are inculcated with the vision of the perfect market fulfilling utility-maximizing atomistic-driven exchange which is created as an ideal in which imperfections are postulated to explain why this ideal is not reached. Hence, policy in this vision is a precept of individualized models of rational choice applied to collective action. Prescriptive consequentialism replaces human reasoning in the generation of strategies of intervention for the public purpose.¹⁵

This is not some abstract point but is at the heart of the approach of micro-development economics and RCTs (randomized controlled trials)

13 Ibid., 10.

14 Soderbaum (2021), op. cit., 9.

15 Bromley, Daniel (2007). Environmental Regulations and the Problems of Sustainability, Moving beyond ‘Market Failures’. *Ecological Economics* 63(4), 676–683.

and related behavioral economics which have grown in importance in Africa and elsewhere. Behavioral economics deviates from neoclassical economics in its assumptions by modifying the idea of full rationality, which draws insights from psychology in areas like people's time horizons for discounting the future. The implicit theory of behavioral man seeks a better, though still abstracted, model of human psychology and behavior and then beyond that, through policy intervention, to approximate or bring "economic man" into being.¹⁶

Hence the neoclassical principles continue to provide the grounded core with policy focused on the prescriptive consequentialism of simulating economic man in the Benthamite tradition. Even when a wider range of human motivations is recognized,¹⁷ the practitioners and policymakers that draw on their work assume that people when faced with similar conditions and constraints behave in the same way. By positing universal character attributes, diverse economic practices are reduced to a single explanatory variable like risk aversion. This neglects the role of social structures and the diversity of cultural norms at the core of heterodox economics and replaces them with the RCT fetish for methodological individualism. Beyond a host of ethical, methodological and financial issues, RCTs have a perverse effect on the development agenda which is forced to focus on assistance that can be randomly evaluated. Put simply, it is rarely feasible to randomize the location of infrastructure projects and other programs vital to a country's development.¹⁸

Misrepresentations of Heterodox Constructs

Hodgson also rejects much of the efforts of heterodox economists to define orthodoxy and heterodoxy, including those found in the work of one

16 Stein, Howard; Cunningham, Sam & Carmody, Pádraig (2021). The Rise of 'Behavioral Man': Randomized Controlled Trials and the 'New' Development Agenda. *Human Geography* 14(1), 62-75.

17 Banerjee, Abhijit & Duflo, Esther (2012). *Poor Economics: Barefoot Hedge-Fund Managers, DIY Doctors and the Surprising Truth about Life on Less than \$1 a Day*. London: Penguin Books.

18 Stein et al. (2021), op. cit.

of the most prominent and prolific proponents of heterodoxy— my former colleague, the late Fred Lee.¹⁹ Hodgson claims Lee argued that heterodox economics is “some sort of dissent relative to mainstream economics” and that in Lee’s view “mainstream theory is comprised of a core set of propositions such as scarcity, equilibrium, rationality, preferences and methodological individualism that assume asocial, ahistorical, [...] fictitious concepts, a deductivist closed system [...] methodology and the concept of scarcity”.²⁰

Hodgson also claims that heterodoxy to Lee is partly defined by its rejection of scarcity, which is not acceptable to him, since “some material things such as water and oil are globally scarce in the sense of being finite and limited” and “local scarcity is a universal feature of the human condition [...] because of the time and resources required to make use of a resource”.²¹ However, this is a misrepresentation of Lee’s argument. Economics in the heterodox tradition is about explanations of the provisioning process. “The mainstream explanation focuses on how asocial, ahistorical individuals choose among scarce resources to meet competing ends given unlimited wants.” It is not about a wholesale rejection of scarcity but of “the neoclassical concept of scarcity”²² which is presented as a natural order so emphasis can be placed on the capacity of prices to reflect the relative scarcity of factor resources, goods and services.

Lee argues that the scarcity concept is a component of most major heterodox traditions. Post-Keynesians reject this idea of scarcity as being natural but arising from a social process. Marxists place the emphasis not on the individual facing scarcity but on the social relations underpinning social provisioning. Institutionalists reject the idea that natural resources enter the production process without being socially constructed.

19 Fred Lee was my colleague in the Department of Economics at Roosevelt University in Chicago from 1984 to 1990.

20 Hodgson (2019), *op. cit.*, 53.

21 *Ibid.*, 54.

22 Lee (2009), *op. cit.*, 8.

What unifies heterodox economics is that it “denies the truth and value of neoclassical economics, its sacred laws, methodology and texts”. It is not just a critique but focuses “on understanding the social provisioning process” involving “human agency in a cultural context and social process in historical time affecting resources, consumption patterns, production and reproduction and the meaning (or ideology) of the market, state and non-market/state activities engaged in social provisioning”.²³

Following his definitional nitpicking, misrepresentation, or outright rejection of the work of Lee and other heterodox economists, Hodgson places the distinction between heterodox and orthodox economics on one issue, utility maximization.²⁴ To Hodgson,

“Orthodoxy is characterized by maximum utility: [it] invokes a crude one-dimensional view that cannot do justice to multiple facets of human motivation particularly moral motivation that are relational not purely individual [...] [i]n sum the best definition we have for heterodox is that it rejects Max U with its preference function.”²⁵

23 Ibid., 8.

24 Kvangraven and Alves have a much deeper understanding of heterodox economics: “the study of production and distribution of economic surplus, including the role of power relations in determining economic relationships, as study of economic systems, and tendencies associated and employment of theories at their core such as Classical Political Economy, Marxian Economics, Feminist Economics, Institutional Economics and Keynesian Economics.” They add: “As reality is not static, we deem it as crucial to constantly think and rethink the nature of the appropriateness of these theories and methods [...] to do economics in a pluralistic and integrative manner and to be responsible and open-minded economists.” This is the very essence of what defines heterodoxy relative to orthodoxy. Being open-minded. See Kvangraven, Ingrid & Alves, Carolina (2019). *Why So Hostile? Busting Myths about Heterodox Economics*. *Developing Economics*. Accessible at: <https://developingeconomics.org/2019/05/08/why-so-hostile-busting-myths-about-heterodox-economics/>.

25 Hodgson (2019), op. cit., 80.

Hodgson's appreciation of heterodox economics and critique of neoclassical economics were once much deeper and more systematic and went well beyond the problems with utility maximization. For example, in 1992 he argued that following Lionel Robbins's work, most neoclassical theorists adhere to a set of common assumptions and tools, not to the study of the economy. This commitment to a specific approach leads to their self-proclaimed "economic imperialism" with application to a "limitless number of social phenomena" including decisions on when to marry, to have children and even whether to commit suicide.²⁶ It is deeply flawed as a theory aimed at understanding the operation of markets. It is worth quoting at length since it echoes so much of the analysis presented here:

A fundamental problem with any attempt to incorporate neoclassical theory as even a subset or a limiting case of a wide theory is that it is founded on an atomistic ontology and a mechanistic metaphor. In short, neoclassical economics is steeped in the metaphors and presuppositions of classical physics [...] neoclassical theory addresses an artificial world where time is reversible, where individuals are self-contained, atomistic units, and where both extreme complexity and chronic problems of information and knowledge are excluded. The idea of rational, maximizing actors interacting and reaching an equilibrium is modelled precisely in these mechanistic terms.²⁷

His position is unequivocal.

It is argued here that the reform of economics is not a question of adding additional dimensions to neoclassical economic theory. A theoretical revolution is required at the core of economics itself. The Walrasian and mechanistic assumptions at the hub of orthodox economics have to be replaced. Some inspiration for this project can be found from evolutionary theory and from non-neoclassical economic

26 Hodgson, Geoffrey (1992). The Reconstruction of Economics: Is There Still a Place for Neoclassical Theory? *Journal of Economic Issues* 26(3), 750–751.

27 Ibid., 757.

theorists such as Kaldor, Kapp, Keynes, Marx, Myrdal, and Veblen, all of whom eschewed equilibrium theorizing.²⁸

More recently, in a 2006 article he points to rejection of the mainstream emphasis on “deductive and ahistorical methods” as a central feature that separates heterodox economists in areas like the original institutional theory from mainstream economics.²⁹ One can only conjecture that Hodgson has grown more tolerant and accepting of neoclassical economics over time in part due to his founding of the *Journal of Institutional Economics* in 2005. The journal encourages all forms of institutional economics including the mainstream variants like Hayek and the Austrian school and New Institutional Economics inspired by the work of Coase, Williamson and North. This is hinted at in the same 2006 paper.³⁰ We have seen this shift in other heterodox economists, like Sam Bowles, who has moved from a commitment to Marxian economics to mainstream approaches. To quote him in a recent interview: “I think what happened is not so much that I reformed economics but I think economics reformed itself, so I am now a lot closer to the conventional economics today than I was then because economics itself has changed so much.”³¹ As presented in the paper, this is a rather dubious position

28 Ibid., 760–761.

29 Hodgson, Geoffrey (2006). Characterizing Institutional and Heterodox Economics – A Reply to Tony Lawson. *Evolutionary and Institutional Economics Review* 2(2), 215.

30 “More particularly, due to recent developments within the new institutionalism as well as the old, what emerges as ‘institutional economics’ in the next few decades may turn out to be very different from what was prominent in the 1980s and 1990s, and it may trace its genealogy from the old as well as the new institutionalism. Consequently, attempts to draw a sharp line between mainstream and heterodox approaches may be counterproductive as well as being unconvincing” (Ibid., 220).

31 One can understand how brilliant people like Hodgson or Bowles might be attracted to the idea of finally getting some recognition in the economics profession after being treated as marginal figures for years which is the norm for anyone rejecting mainstream approaches. The Moral Economy with Samuel Bowles

to those still committed to the practice and promotion of heterodox economics.

So, who are Hodgson's heroes now? Are they still the great heterodox economic thinkers like Marx, Veblen, Keynes, Polanyi or Myrdal that he once revered? No, it turns out they are people like Herbert Simon and Amartya Sen. Hence, in Hodgson's world all we need add is constructs like bounded rationality and capabilities along with a broadening of human motivation and we can move forward to solve the world's problems, which, as we saw above, is entirely in contradiction to positions he once took. Ultimately, the power of heterodox economics compared to neo-classical economics needs to be demonstrated by the insights gained in understanding the operation of economies, identifying and analyzing extant challenges and problems, and in designing successful policy interventions to deal with them while documenting the failure of orthodox strategies. A couple of brief examples will help illustrate the comparative insights of heterodox economics, starting with inequality in Africa.

Heterodoxy vs. Orthodoxy: The Example of Inequality

Mainstream arguments on inequality are frequently based on the work of Simon Kuznets. He predicted that regions like Africa with low industrialization and a high reliance on agriculture should have an equitable distribution of income. The problem is that Kuznets's formulation arises from the neoclassical theory of distribution. Factors of production in a competitive market are paid according to the value of their marginal contribution to production. Peasants received income, which is linked to their land and labor, which is generally equitable in economies dominated by rural production. With industrialization, the divide between urban-based wage income and rural income will grow, and income inequality will worsen. Only with the shrinking of the rural sector will equality be restored.

– Conversations with History-UC Berkeley. Accessible at: <https://www.youtube.com/watch?v=FrAkYBfrBk4>.

The neoclassical argument arose from the proposition that “free competition tends to give to labor what labor creates, to capitalists what capital creates, and to entrepreneurs what the coordinating function creates”.³² The share of income to resource owners is a function of the exchange value forgone if the resource were held back from the production process. Markets ensure that the income accrued is equal to the value contributed at the margin by each factor of production. However, simply put, this is an assertion with little or no basis in reality. As pointed out by institutional economists, factors of production are integrated, and their impact on production is contingent and interactive. There is no good measurement of the marginal product of a factor and hence it is a purely normative argument dressed up as objective.³³

In Africa and other places where neoclassical economics dominate, there is the dangerous and false notion that people are paid according to natural laws and are a product of forces beyond their control rather than the result of human agency. Taken a step further, poverty on the African continent is the fault of people themselves not the nature of global structures and power configurations that have created these conditions.

At the core of the alternative institutional economic explanation of income distribution are the structures of power which underlie the generation of disparities in material awards. Higher inequality in African countries than predicted by Kuznets is not the result of ethnicity and other explanations suggested by some people trying to rescue Kuznets theory.³⁴ Among other things, how do you explain the observed pattern of increasing inequality with an invariant variable like the ethnic fragmentation of a country. In contrast, the institutional theory of distribution focuses on understanding power and its linkage to the contestation

32 Bates, John C. (1908). *The Distribution of Wealth*. New York: Macmillan, 13.

33 Stein, Howard (2020). Institutions, Structures and Policy Paradigms: Toward Understanding Inequality in Africa. In: Asefa, Sisay & Huang, Wei-Chiao (eds.). *The Political Economy of Inequality: Global and U.S. Dimensions*. Kalamazoo: Upjohn.

34 See for example Milanovic, Branco. 2003. “Is Inequality in Africa Really Different?” *World Bank Working Paper* No. 3169. Washington, DC: World Bank.

over allocation of the shares of material rewards over time. The key is to comprehend the forces that generate the conditions and rules that affect the comparative power of peasants and workers in transactions in domestic and global production. This is not simply a theoretical debate but has profound implications for understanding the world as it affects Africa and in designing strategies to change it.

Inequality has grown with the increasing expansion of global value chains which are driven by lead firms that link the production process through affiliates or subcontracting. Companies divide and subdivide activities based on a host of considerations including the costs of production, coordination, transportation and technology. Networks have extended across time and space with little consideration of the needs of individual countries. The power and will of nation states to intervene has been demobilized by organizations like the WTO, decades of neoliberal aid conditionality and the transformation of the local economics profession with its shared orthodoxies committed to a vision of unfettered capital flows.

The imperatives of financialization and associated shareholder pressures have altered corporate pay structures. Emphasis is on managerial largesse tied to maximizing shareholder value through short-term time horizons, squeezing labor, avoiding tax liabilities through transfer pricing and offshore shell entities and funneling profits back into stock buybacks. Africa, which is at the bottom of the value chain, has been hit hard by this structure and needs to begin to think about how to reconfigure that subordinate position. Data from the 2000s indicates that the growth of exports from Africa has increased without a comparable expansion in domestic value added.³⁵ New approaches to industrial policy and finance need to be guided by insights from heterodox economic thinking which challenges the orthodox idea that this is a natural outcome of a set of immutable laws.

35 De Medeiros, Carlos Aguiar & Trebat, Nicholas (2017). Inequality and Income Distribution in Global Value Chains. *Journal of Economic Issues* 51(2), 401–408.

Heterodoxy vs. Orthodoxy: Measuring Poverty

Following the “rediscovery” of African poverty by donors around the turn of the new millennium, poverty measurement was reemphasized.³⁶ Income-focused metrics once dominated the measurement of poverty in Africa. Today this has been largely replaced by a consumption-based measure of poverty in Africa largely due to its heavy promotion by the neoclassical economists of the World Bank along with the institutionalization of neoclassical economics throughout the continent.

In a neoclassical economic world, capturing household well-being by measuring consumption in a choice-theoretical framework best reflects utility-maximizing behavior. Generating Gini coefficients from consumption data as a representation of inequality is rather absurd and misleading given that the biggest driver of inequality is often durable goods and other income-generating assets along with savings, which are excluded from the approach.

Consumption-based surveys are removed from the dynamics of income generation and distribution, which in a heterodox economics world is central to understanding inequality, class differentiation, social reproduction and the perpetuation of poverty. Policy interventions are circumscribed since there is no capacity to pinpoint the sources of the exploitation of peasants and wage labor. African countries are still heavily rural. After years of liberalizing and privatizing markets it is important to understand how prices are generated and how the income from produce is divided. Increasingly, survival depends on diversifying income sources, including starting small-scale businesses or sending family members to work as temporary laborers or by migrating to towns and cities or even abroad. With growing landlessness, renting acreage has become a central part of household strategies. This is not possible without fully documenting production, marketing and distribution,

36 Stein (2008), *op. cit.*

wage income, business income, rental income and ownership and access to land.³⁷

Conclusions

The late brilliant Malawian heterodox economist, Thandika Mkandawire pointed out in 2014 that the institutionalization of neoclassical economics with its overemphasis on stabilization macroeconomics created a profound capacity problem as African countries tried to transcend the neoliberal era.

The forced process of displacement of old capacity with new had disastrous effects in terms of the ability of governments to deal with the crisis, rendering them less able to formulate their own positions and negotiate on an equal footing with the IFIs. Today governments complain that they cannot find economists to help them draw up new national plans, facilitate their access to global financial markets, or evaluate projects in which they can invest their newly acquired wealth in productive activities.³⁸

As one minister informed the author: “All they [economists] say is that we should strengthen our reserve position or set up sovereign funds. Nothing about how we can productively use them for national devel-

37 A 17-year ongoing project in Tanzania with my colleagues Kelly Askew, Faustin Maganga and Rie Odgaard has now gathered data of this type from more than 3000 households in roughly 50 villages in 6 regions of Tanzania. For an alternative analysis of the dynamics of poverty based on this data and a critique of consumption and asset-based poverty measurements in Tanzania, see Howard Stein, Kelly Askew, Shyamala Nagaraj, Rie Odgaard, Faustin Maganga (2025) “Assessing Poverty Interventions: Conceptual, Methodological and Empirical Perspectives Relating to Property Rights Formalization in Rural Tanzania” *Modern Economy* vol 16 n°2, 251–270.

38 Mkandawire, Thandika (2014). The Spread of Economic Doctrine and Policy-making in Postcolonial Africa. *African Studies Review* 57(1), 188.

opment.”³⁹ Here we have *prima facie* evidence of the consequence of a paradigm that is overtly ideological. The economic challenges in Africa are formidable but the tools available to deal with these challenges are badly flawed after decades of the dominance of neoclassical economics. Heterodox economics is not a paradigm in the Kuhnian sense but a call for an openness that will help forge a new set of tools that can begin to deal with these challenges.

39 Ibid., 189.

Dakar 1972

Recovering IPE's Anti-colonial Moment¹

Felipe Antunes de Oliveira and Ingrid Harvold Kvangraven

This chapter attempts to reclaim a neglected international political economy (IPE) perspective. Emerging in parallel with Global North mainstream IPE, dependency theory encountered the same disruptive global conditions and tackled many of the same problems that led to the establishment of IPE in the 1970s. We argue that from the start the dependency tradition offered insightful and policy-relevant ways to think about IPE's main concerns, but from a Global South or “peripheral” vantage point. Returning to 1972, we place the forgotten Dakar Conference as one of the founding moments of IPE. Convened by Samir Amin, that conference brought together leading scholars and activists from Latin American and African countries. The meeting offers a glimpse into what IPE could have been, had the voices from the Global South been heard in the North.

According to Benjamin Cohen, arguably the most influential intellectual historian of IPE, the “IPE's hall of fame” or the “Magnificent Seven” of IPE consists of Cox, Gilpin, Katzenstein, Keohane, Kindleberger, Krasner, and Strange. Cohen argued that “A more diverse group could hardly be imagined”.² We beg to differ. It is not only that this is an all-white group constituted by six men and one woman. They are

1 This is a shortened version of an article published in *Review of International Political Economy*.

2 Cohen, Benjamin J. (2008). *International Political Economy: An Intellectual History*. Princeton, NJ: Princeton University Press, 8–9.

primarily concerned with the impact and policy implications of the 1970s multiple crises to and for the US and the UK. Their social position in elite universities limits what they can see. It also determines the style of the analysis and what counts as rigorous research methods. All the fundamental IPE themes look very different from the perspective of the global periphery. Instead of discussing the benefits and challenges of hegemonic stability, the key concern is how to resist imperialism.³ Instead of domestic sources of policy decisions, the relevant question is about the role of dominated–dominant classes in reproducing brutal capitalist super-exploitation.⁴ In a nutshell, “interdependence” looks much more like “dependence”.

Dependency Theory: A Neglected IPE Tradition

Susan Strange’s seminal “International Economics and International Relations: A Case of Mutual Neglect”,⁵ arguably the founding “manifesto” of the British school of IPE,⁶ reveals a second case of neglect, beyond the one intended by the author. Not only is Strange exclusively concerned with how the challenges she identifies impact the world from a North Atlantic perspective, but all the authors she engages with are based in Global North institutions. The idea that something could be learned from scholars in the Global South also trying to bridge international economics and international politics does not seem to have occurred to Strange, at least at that moment.

A renewed engagement with dependency theory involves taking a fresh look at the contribution of original dependency scholars, as well as a renewed disposition to hear the new voices of scholars and activists

3 Furtado, Celso (1978). *A Hegemonia dos Estados Unidos e o Subdesenvolvimento da America Latina*. Rio de Janeiro: Civilizacao Brasileira.

4 Bambirra, Vania (1978). *Teoria de La Dependencia – um Anticritica*. Mexico City: ERA.

5 Strange, Susan (1970). International Economics and International Relations: A Case of Mutual Neglect. *International Affairs* 46(2), 304–315.

6 Cohen (2008), op. cit., 13.

from the global periphery. As with any body of scholarship, the definition of dependency theory is highly contested. The most influential definition of dependency may be that of Dos Santos, who sees it as “a situation in which the economy of certain countries is conditioned by the development and expansion of another”.⁷ This definition is broad enough to allow for many different theoretical and methodological entry points for explaining what being “conditioned by” means, how this conditioning has evolved, and how it persists. Dependency theorists saw the global economy as consisting of mutually interlinked social formations, which satisfies Hobson’s call for what non-Eurocentric theories in IPE must do.⁸ Of course, dependency theorists were writing long before this introspection began in IPE.

Considering the relative theoretical openness of dependency theory, with space for various forms of Marxism, structuralism, and institutionalism, it may be fruitful to think of the tradition as a Latin American school of IPE⁹ or as a research program,¹⁰ rather than a formalized theory. Despite the necessarily open-ended nature of these conceptual debates, there are two particularly consequential features of the dependency tradition in general that differentiate it from other IPE traditions: first, its commitment to theorizing from the South, and second, its commitment to a political project of social emancipation.

Dependency theory starts with the particularity of the periphery, theorizes about the persistence of uneven development, explores how

7 Dos Santos, Theotonio (1970). The Structure of Dependence. *American Economic Review* 60(2), 231.

8 Hobson, John M. (2013). Part 1 – Revealing the Eurocentric Foundations of IPE: A Critical Historiography of the Discipline from the Classical to the Modern Era. *Review of International Political Economy* 20(5), 1024–1054.

9 Reis, Nadine & Antunes de Oliveira, Felipe (2021). Peripheral Financialization and the Transformation of Dependency: A View from Latin America. *Review of International Political Economy*, online first; Tussie, Diana & Chagas-Bastos, Fabrício H. (2022). Misrecognised, Misfit and Misperceived: Why Not a Latin American School of IPE? *Review of International Political Economy*, online first.

10 Kvangraven, Ingrid H. (2021). Beyond the Stereotype: Restating the Relevance of the Dependency Research Programme. *Development and Change* 52(1), 76–112.

colonialism historically shaped the global economy and the internal structures of dependent societies, and highlights the constraints countries in the periphery face.¹¹ While dependency theory is often associated with Latin America, strands of dependency theory emerged across the world, including in Africa and the Caribbean.¹² While most dependency theorists were preoccupied with building alternative theoretical and empirical frameworks for understanding development challenges from the vantage point of the periphery, be they related to financial constraints, unequal exchange, super-exploitation of labor, agrarian change, or technological development, some also made far-reaching theoretical contributions that challenged Eurocentric frameworks directly.¹³

The second key characteristic of dependency scholarship is its political commitment to and active engagement in material struggles against colonial and neo-colonial relations, as well as the fight against capitalist dictatorships in Latin America. This commitment ensured that dependency theorists very often participated in both policy and political debates at domestic and international levels, but also within social and revolutionary movements. Samir Amin, for example, advised governments and helped to build alternative institutions in Africa and globally, such as Council for the Development of Social Science Research in Africa (CODESRIA) and the World Social Forum.¹⁴ The Brazilian Marxist dependency theorist Ruy Mauro Marini was regarded as a source of intellectual inspiration for revolutionary movements in Brazil

¹¹ Ibid.

¹² Amin, Samir (1976). *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism*. Translated from French by Brain Pearce. New York: Monthly Review Press; Best, Lloyd (1968). A Model of Pure Plantation Economy. *Social and Economic Studies* 17(3), 283–326; Girvan, Norman (2005). W.A. Lewis, the Plantation School and Dependency: An Interpretation. *Social and Economic Studies* 54(3), 198–221; Rodney, Walter (1972). *How Europe Underdeveloped Africa*. London: Bogle-L'Ouverture Publications.

¹³ E.g. Amin, Samir (1988). *Eurocentrism*. New York: Monthly Review Press.

¹⁴ Kvangraven, Ingrid H. (2020). Samir Amin: A Pioneering Marxist and Third World Activist. *Development and Change* 51(2), 631–649.

and beyond.¹⁵ Dependency theorists across Africa and Latin America were keen to learn from each other and exchange ideas regarding both theoretical and political developments. As we shall see, the Dakar Conference in 1972 is an excellent example of this.

Before delving into the Dakar Conference, let us dwell for a moment on what is left of the dependency tradition in Africa. As in Latin America, radical scholarship certainly had its heyday on the continent in the 1960s and 1970s, before neoliberal reforms imposed through structural adjustment programs started to marginalize radical scholarship in universities.¹⁶ However, there has been a revival of the dependency tradition in recent years in Africa as well as globally. For example, the decolonial scholarship in Africa in recent years – with the work of Ndlovu-Gatsheni at the forefront – is arguably close theoretically to dependency theory, often drawing directly on Samir Amin and other African Marxists. Furthermore, there is a visible employment of dependency theory and radical anti-colonial Marxist theory across the continent, including among scholars that engage in debates about intellectual decolonization.¹⁷ Given the continued development of imperial structures and dynamics of underdevelopment, scholarship that employs the dependency tradition to make sense of local realities continues to yield incredibly rich and relevant insights.¹⁸ A case in point is the Special Issue of the *African*

15 Traspadini, Roberta & Stedile, João P. (eds.) (2011). *Ruy Mauro Marini – vida e obra*. São Paulo: Expressao Popular.

16 Ndlovu-Gatsheni, Sabelo (2023). Intellectual Imperialism and Decolonisation in African Studies. *Third World Quarterly*. Early View.

17 E.g. Smith, Michael N. & Lester, Claire-Anne (2023). From 'Dependency' To 'Decoloniality'? The Enduring Relevance of Materialist Political Economy and the Problems of a 'Decolonial' Alternative. *Social Dynamics* 49(2), 196–219.

18 See for example Adesina, Jimi O. (2022). Variations in Postcolonial Imagination: Reflection on Senghor, Nyerere and Nkrumah. *Africa Development / Afrique et Développement* 47(1), 31–58; Ajl, Max (2021). The Hidden Legacy of Samir Amin: Delinking's Ecological Foundation. *Review of African Political Economy* 48(167), 82–101; Koddenbrock, Kai; Kvangraven, Ingrid H. & Sylla, Ndongo S. (2022). Beyond Financialisation: The Longue Durée of Finance and Production in the Global South. *Cambridge Journal of Economics* 46(4), 703–733; Scott, Catherine (2021). The Gender of Dependency Theory: Women as Workers, from Neocolo-

Review of Political Economy on Samir Amin and dependency, released in 2022.

The Dakar Conference as Dependency Theory's Anti-Colonial Praxis

The 1972 global conference on “Strategies of Development – Africa Versus Latin America” in Dakar, Senegal (henceforth, the Dakar Conference) held global significance for dependency theory as a tradition as it was an explicit attempt to bring Latin American and African scholarship together. Unlike previous conferences and seminars in Latin America, this conference could not be dismissed by the emerging IPE scholars in the Global North for being narrowly focused on Latin American development issues as key global questions relevant to IPE were discussed with participants from Latin America, Africa, Europe, and North America. Considering its global lineup of contributions, the debates in Dakar were arguably much less provincial than Global North IPE debates being held at the same time. Our contention is that this conference, which so far has been ignored in intellectual histories of IPE, is a perfect example of the dependency tradition's double commitment; first, to theorizing from the global south; and second, to an anti-colonial and anti-imperialist political praxis.

Theorizing from the South

Key sources of information about the Dakar Conference are the memoirs of scholars such as Ruy Mauro Marini, Theotônio Dos Santos, Vania Bambirra, Andre Gunder Frank, and Samir Amin. Dos Santos, for

nialism in West Africa to the Implosion of Contemporary Capitalism. *Review of African Political Economy* 48(167), 66–81; Zajontz, Tim (2022). Debt, Distress, Dispossession: Towards a Critical Political Economy of Africa's Financial Dependency. *Review of African Political Economy* 49(171), 173–183.

instance, remembered the Dakar conference as a seminar that “put in contact a group of thinkers that continue to this day the debate about the world system”.¹⁹ He also mentions the conference in his 1978 *Imperialismo y Dependencia*, where he states that Samir Amin merged Latin American and African social thought in a productive manner.²⁰ Bambirra mentions the invitation to join the Dakar Conference in her memoirs, but unfortunately, she could not travel because she fell ill with pneumonia.²¹ For Marini, however, the conference was crucial. It gave him the chance to present his most important work, namely the *Dialectics of Dependency*, which he had just finished.²² Frank, in turn, remembers the conference as an attempt by Samir Amin to “introduce dependency theory in Africa”.²³ He also took the opportunity to “[smuggle] some nascent [World Systems] theory in as well”, with Samir Amin’s agreement.²⁴ The 41 participants in the Dakar Conference came from countries such as Argentina, Benin, Brazil, Cameroon, Egypt, Haiti, Nigeria, Tanzania, and Zaire (now the Democratic Republic of Congo); but also from the UK, the USA, Germany, and France.²⁵ The documents and memoirs about the 1972 Dakar Conference reveal that its main protagonists were scholars from or based on the global periphery, primarily concerned with sharing among themselves their exciting new research ideas and theoretical perspectives. This is the first characteristic of dependency’s anti-colonial

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- 19 Dos Santos, Theotonio (1994). *Memorial Academico*. Niterói: Universidade Federal Fluminense, 46.
 - 20 Dos Santos, Theotonio (2020 [1978]). *Imperialismo y Dependencia*. Mexico City: Ediciones Era, 1074.
 - 21 Bambirra, Vania (1991). *Memorial Academico*. Universidade de Brasília, 43.
 - 22 Marini, Ruy M. (2011). *Dialética da dependencia [1972]*. In: Traspadini, Roberta & Stedile, João P. (eds.). *Ruy Mauro Marini – vida e obra*. São Paulo: Expressao Popular.
 - 23 Frank, André G. (1991). *El subdesarrollo del desarrollum: Un ensayo autobiográfico*. Caracas: Nueva Sociedad, 61.
 - 24 Frank, André G. (2000). Immanuel and Me With-out Hyphen. *Journal of World Systems Research* 6(2), 217.
 - 25 CLACSO (1972). *Boletín Clacso*. Enero-Feb-Marzo 1972. Ano 3, 14; Bayle, Paolo A. (2015). Connecting Souths. The Construction of Academic Networks between Latin America and Africa. *Revista de Ciencias Sociales* 53, 153–170.

perspective. Thinking from the vantage points of particular spaces in the global periphery, relying on knowledge centers in the periphery, but with global ambitions.

Political Relevance

The second key characteristic of dependency – the political commitment to participating in policy-relevant debates, disputing the space with mainstream economic, political, and sociological perspectives – appears clearly in Samir Amin's Concept Note about the Dakar Conference.²⁶ The Concept Note highlights the shortcomings of “pure economics” and builds on the “growing consciousness of the necessity of treating the problem of development from the historical, social, political, as well as economic angles if we want to trace the roots of underdevelopment and tackle them with a more scientific approach”.²⁷ Another example of this political commitment can be deduced from the content of the papers presented in Dakar. A quick look at the topics covered in the conference reveals its breadth and relevance. Reginald Green talked about the challenges of building self-reliant socialism in Tanzania. Frank presented two papers, one historical contribution about the role of Latin America and Africa in world history, and a second more policy-oriented paper, considering the consequences of the international division of labor on the dynamics of internal markets of dependent countries. Brian van Arkadie and Oscar Braun touched on a topic that became increasingly important in dependency scholarship, namely international trade and foreign investments. Rodolfo Stavenhagen presented his research about agrarian structures in Africa and Latin America. Finally, Samir Amin, Ruy Mauro Marini, and Fernando Henrique Cardoso presented what later became influential theoretical papers about the very concept of

26 United Nations African Institute for Economic Development and Planning (IDEP) (1971). Conference on Strategies of Development – Africa Versus Latin America. IDEP/ET/CS/2347-3. Dakar, Senegal, 1.

27 Ibid.

dependency and the limitations of capital accumulation in the global periphery. What is particularly interesting in the context of the Dakar Conference's commitment to interdisciplinarity is that many of the topics discussed were explicitly daring to dispute the fields of economics and political economy at a moment when the mainstream was starting to become increasingly narrow.

In addition to its scholarly contribution to interdisciplinary development debates, the Dakar Conference arguably fulfilled an international political role. Many of those present at or involved with the Dakar Conference had also been practically involved in anti-colonial institution-building. The Dakar Conference can be seen, therefore, as an intellectual counterpart to the diplomatic efforts by so-called Third World countries to challenge the world order centered on economic institutions and international regimes dominated by so-called First World countries, such as the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (GATT).

The Legacies of Dakar and Its Enduring Relevance

After the Dakar Conference, Amin was to go on to make major contributions to both exposing weaknesses in contemporary approaches to political economy and presenting a coherent alternative way of understanding the development of capitalism and its effects on the periphery, in particular through his seminal *Unequal Development* and *Eurocentrism*.²⁸ Ruy Mauro Marini is perhaps better known in the Global North for his theses on sub-imperialism,²⁹ which are particularly relevant today, in the context of the rise of emerging powers whose economic structures are deeply intertwined with US imperialism and the global capitalist economy at large. Other participants in the conference also went on to make major contributions to scholarship, policy, and political activism in a variety of ways. Several of the African participants took

28 Amin (1976), op. cit.; Amin (1988), op. cit.

29 Marini, Ruy M. (1972). Brazilian Subimperialism. *Monthly Review* 23(9), 14–24.

positions in academia or government. Frank continued to expand his research to world history and was instrumental in the development of world systems analysis. Stavenhagen went on to work on internal colonialism, taking racial inequalities as an important element.³⁰ What's more, the conference brought dependency theory to Germany, as Dieter Senghaas edited a book with several of the papers presented in Dakar translated into German.³¹ For Senghaas, the relative ignorance in the Global North about dependency theory was a result of what he called "scientific imperialism".³²

Our argument here is not that the Dakar Conference was a mythical and flawless moment of Global South scholarship, nor that all the papers presented in Dakar remain directly relevant to contemporary IPE debates. It is important to recognize the limits to the connections fostered through peripheral collaborations as well. The most obvious one is the clear gender imbalance in the conference, as Vania Bam-birra, the only woman invited (that we know of) could not actually attend. Furthermore, even within the Global South, there are some problematic intellectual hierarchies, with a much stronger appreciation of Latin American scholarship among African scholars than the other way around. Our call, therefore, is not for an uncritical or dogmatic repetition of either the Dakar Conference or the dependency theory canon. Instead, we value specific aspects of dependency theory reflected in the Dakar Conference, which can also be found in other anti-colonial and anti-imperialist scholarship that has been equally marginalized by IPE. In particular, the protagonism of Global South scholars, the deep interdisciplinarity of the debates, and the recognition of the necessity of approaching development "from historical, social, political, as well

30 Stavenhagen, Rodolfo (1965). Classes, Colonialism, and Acculturation. *Studies in Comparative International Development* 1(6), 53–77.

31 Senghaas, Dieter (1974). *Peripherer Kapitalismus Analysen über Abhängigkeit und Unterentwicklung herausgegeben*. Frankfurt am Main: Suhrkamp Verlag.

32 Ruvituso, Clara I. (2020). From the South to the North: The Circulation of Latin American Dependency Theories in the Federal Republic of Germany. *Current Sociology* 68(1), 22–40.

as economic angles”³³ remain inspiring. So is the recognition that the specific political-economy problems faced by the global periphery call for original theorization, which in turn can have systemic implications for global capitalism at large. For that reason, the road to building a truly global, anti-colonial, and anti-imperialist IPE passes through Dakar.

33 IDEP (1971), *op. cit.*, 1.

Appendix

The Dakar Declaration 2022

Abstract *In the last week of October 2022, scholars, activists, and policymakers from around the world gathered at the Museum of Black Civilizations in Dakar, Senegal for the conference “Facing the Socio-Ecological Crisis: Delinking and the Question of Global Reparations”, organized by the African Monetary and Economic Sovereignty Initiative with the support of the Rosa Luxemburg Foundation, IDEAS and the Politics of Money Network. Over four days, attendees discussed the lessons learned from the COVID-19 pandemic and their implications for alternative economic models that emancipate the Global South from the domination of Western capital. At the conclusion of the conference, attendees adopted the “Dakar Declaration”, codifying the principles emerging from the conference and appealing to allies in the Global South and North to build a global movement for economic sovereignty and socially just development.*

In the spirit of the Arusha Declaration and the Porto Alegre Declaration we have come together in Dakar from all corners of the world to face a world in crisis under the theme of African Economic and Monetary Sovereignty.

We are a group of scholars, policy-makers and activists from Africa, Asia, Europe and North America, some of us economists, others political scientists, historians, sociologists and anthropologists. We address this declaration to African governments, African institutions and external actors and agencies that constrain Africa's economic and monetary sovereignty.

Our existing international economic order is at the heart of the contemporary crises. The Global South suffers disproportionately from these multiple crises. Africa's adverse incorporation into the capitalist order is the problem. We are integral to the system which could not thrive without our exploitation. We dissent from the dominant paradigm in economics which conceptualizes the economy in almost quasi-natural terms and describes a benign world devoid of unequal power relations.

Our global crises are multifaceted: climate breakdown, biodiversity depletion, pollution, speculative finance, war and rampant inequalities. There is a general crisis of the neoliberal capitalist order with a turn to a resistant form of imperialism. Geopolitical turmoil is a dangerous symptom of both.

We do not accept this set of crises but confront and seek alternatives to it in solidarity with workers, the landless, peasants, women, climate activists and similar groups. For these reasons, we launch the Dakar Declaration with the aim of initiating lasting and trusting cooperation with initiatives and movements that share its spirit.

Ten strategic aims serve as our yardstick for action:

1. Most of our governments will not implement the transformations we need. We need to become the masses that always push for more.
2. Yet, we need strong states, democratic and responsible states. But even more than that, we need stronger peoples to defend those states and push them to always do more for the majority. African states can and should mobilize African labor and resources to meet Africa's own needs, resuscitating the developmental ambitions of the early post-independence period.
3. With a world breaking apart into more regional trade blocs, building regional alliances becomes necessary and possible. The reassertion of our economic and monetary sovereignty and the subjection of foreign interests to our internal needs and interests becomes easier. This growth in policy sovereignty to structurally transform our

- economies and societies can enable us to fundamentally tackle long-standing issues of poverty, social development and democratization.
4. We must work to build a new multilateralism where global policy fora and institutions are inclusive, democratic and reflective of the concerns of the Global South's populations.
 5. Militarism and imperialism cannot continue to politically mold the world system. We defend a positive neutralism with respect to the historic colonial-imperial bloc, and non-cooperation with their interference in African affairs.
 6. Global inequalities arising from ecological breakdown and exposure to volatilities in finance and commodity prices put the Global South at a particular disadvantage which we need to overcome.
 7. Recurrent debt crises have to end. We need to develop a global approach to correct the harmful impact of excessive foreign currency debt – including that issued by the IMF – and odious debts. Widespread, deep, and swift debt write-downs are essential. They must be focused on supporting economic transformation.
 8. We need to stop the ongoing theft of wealth, committed by transnational corporations (TNCs), which flows into the Global North when TNCs transfer their earnings into tax havens and then invest them in financial markets, all this clothed in the harmless language of “Foreign Direct Investment”. To that end, measures such as capital controls, restrictions on tax evasion and illicit financial flows and fair taxation of TNCs must be actively promoted and implemented.
 9. We have to tackle historically persistent inequalities rooted in the emergence and global expansion of the capitalist system. We also need a global reparations agenda to address in a fair manner the multifaceted ecological crisis. We must seek to elaborate this agenda technically, legitimize it, advocate it, defend it and implement it. We support the efforts of our African American and Caribbean sisters and brothers in their specific labors for reparatory justice.
 10. We act, teach, research and mobilize in our local and national contexts, regionally and transnationally. We do these with the aim of building a lasting movement and acquire real influence in our political processes.

We are calling for a pan-African, South–South cooperation and global solidarity for our collective cause. We invite you all to our gatherings during which we share our experiences, evaluate our progress and plan the next steps.

The time is now!

Museum of Black Civilizations, Dakar, Senegal, October 2022

SIGNATORIES

Charles Abugre, Ghana
Souad Aden-Osman, Ethiopia
Max AJL, Tunisia/USA
Alexandre Abreu, Portugal
Asghar Adelzadeh, South Africa/USA
Dereje Alemayehu, Ethiopia/Germany
Ikal Angelei, Kenya
Broulaye Bagayoko, Mali
Hanene Bergaoui, Tunisia/Germany
C.P. Chandrasekhar, India
Horman Chitonge, South Africa
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Demba Moussa Dembélé, Senegal
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Dialo Diop, Senegal
Henriette Faye, Senegal
Andrew Fischer, Netherlands
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Maha Ben Gadha, Tunisia
Hamza Hamouchene, Algeria/United Kingdom
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Adebayo Olukoshi, Nigeria/South Africa
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