Book Review

Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers

by Eric Toussaint and Damien Millet. New York: Monthly Review Press, 2010. $17.95 US. ISBN: 978-1-58367-222-8. Pages: 1-361.

Reviewed by Jillian L. Curtin[1]

In their book, *Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers*, Eric Toussaint and Damien Millet provide an extensive overview of the impact that debt has on highly indebted poor countries (HIPCs). They show how debt inhibits HIPCs from investing in infrastructure, health, education, and other development-oriented social-policies. The problem, they argue, is not just debt itself, but the capitalist global economic system that fuels it. This process contributes to an endless cycle of poverty and human suffering.

The book is written for a general audience. It is organized in a way that showcases the causes of the cyclical debt crisis, the major actors involved, and ways of addressing the problems. It is especially proficient in outlining how private actors in the global financial system have had a negative impact on HIPCs. Throughout the book Toussaint and Millet display Marxists overtones. Their critique of the global financial system and the exploitive nature of the global trade system is accurate. They provide some "radical alternatives" to the current, broken system. However, many of their ideas are not overly radical. For example, their argument focusing on the elimination of structural adjustment programs (SAPs) is in line with many other experts in the field. In fact, this discussion on SAPs is the highlight of the book.

Toussaint and Millet give an in depth explanation of the role SAPs have played in this debt crisis. They describe them as entities geared toward developing institutions and policies to allow private foreign investment into countries. This process shapes the structure of the domestic political economic policy in debtor countries. It gives lenders

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the ability to control indebted countries through conditionality which has helped to create a system of dependence, exploitation, and indirect rule. The use of SAPs not only interferes with sovereignty but implies that some countries lack the ability to rule themselves. Toussaint and Millet argue that any lending should consist of a simple transaction in which the lender provides money solely on the condition that the debtor will pay it back. Conditions should not be applied. It is difficult to disagree with this position.

Interestingly, Toussaint and Millet do not call for the abolition of lending and debt all-together. However, they do argue against usury. They claim that private banks and investment houses in the global north have been making "easy money" off of the global south. These countries have paid back their debts – many times over – but the interest in some cases is so high that an endless cycles of debt ensues.

They also argue against certain foreign "investment" in HIPCs. They believe that often this "investment" is a cover which allows wealthier countries to take HIPCs' natural resources without sufficient financial compensation. This has had profound ecological and economic consequences for HIPCs and is why the shift toward Chinese investment – even though China infringes less on sovereignty – Is simply exchanging one resource exploiter for another. They articulate that the process of external loans in exchange for resources does not help a HIPC establish long-term human and/or economic development. It is the conditions under which lending and debt are currently conducted which is the crux of the problem.

One problem with this book is the way in which it answers its own questions. While they ask some great questions, often their answers could be further unpacked. For example, in addition to their argument on how debt has redistributed financial resources from important social policies like health and education they make some important points about the impact of debt on resources and food sovereignty. But, the analysis of these problems is somewhat shallow. More space could have been dedicated to explaining why these areas are essential to meaningful development. The analysis is also problematic when they discuss the significance of self-determination and the right to self-governance. Deeper, empirically grounded examples and a theoretical examination of the consequences of resources depletion and food sovereignty would have added more to their argument and allowed this book to make a deeper contribution to contemporary debates on development and debt.

A second problem is, at several points, the book borders on becoming a polemic. Often the author's choice of words is incendiary. They use loaded language to support their argument in areas where more empirically based explanations are desirable. This detracts from their overall argument. For example, they claim that the debt burden has "crushed all attempts" for HIPCs to develop. In addition to the implication of hopelessness, the tenor of the phrase externalizes the responsibility of development and ignores any complicity amongst the governments of the HIPCs. This is a problem found throughout the book.

Another issue with this work is that their solutions are only partly explained. They argue that much of the citizenry in HIPCs are too poor to formally participate in the market. As such, only governments are able to redistribute wealth and provide the programs necessary for human and economic development. However, they do not adequately address the potential problems of economic corruption associated with authoritarian regimes and shell governments. Their correlation between the elimination of debt and deterring the formation and maintenance of authoritarian regimes is weakly argued.

The rationale Toussaint and Millet do provide – that the immediate forgiveness of debt acquired under dictators would deter external lenders from providing credit to dictators – counters their own call for the abolition of the current risk and confidence-based financial system. This is a logical inconsistency in the book. Government control of economic assets often leads to dictatorships. Toussaint and Millet also fail to explain how wealth will be generated in these countries once debt is forgiven.

Aside from these problems Toussaint and Millet do provide a general overview of how the burden of debt is crippling development efforts in many countries. This is an ongoing crisis that has been overlooked in the wake of the current economic crisis that is preoccupying European and American politics. Their question and answer and answer format makes their work easy to understand. This book provides an enticing argument for interested readers with little to no background in economics, politics, or development studies.