New Book: How to Reform the Global Debt and Financial Architecture Edited by James T. Gathii (Free Access)

By:

James Thuo Gathii

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Excerpts from the Introduction by James Thuo Gathii

This book brings together African voices on reforming the global debt and financial architecture convened by the African Sovereign Debt Justice Network (AfSDJN). The global debt and financial architecture is a colonial legacy established when the most debt vulnerable countries in Asia and Africa were not at the table. Africa's 55 countries are therefore under-represented in the governance structures of the International Monetary Fund (IMF) where they have a meagre 6.01% of the voting rights. The IMF sits at the helm of the global debt and financial architecture. Its governance system established by its Articles of Agreement is based on weighted voting. This means that the US with over 17% of the voting share at the IMF has an effective veto over any

fundamental reforms of the system because 85% of the total voting power is required for any change in the voting structure. This in turn means the US Treasury and government have disproportionate influence over the affairs of the IMF including its role with regard to the sovereign debt crisis. Further, when the votes of the permanent members of the Paris Club are added to the weighted shares of the US at the IMF, it is quite clear the poorest economies of the world have no influence at the IMF. Since the approval of Paris Club members is necessary before the commencement of any renegotiation of sovereign debt, the subordination of indebted countries is etched into the architecture of the global debt and financial architecture.

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