



Resolving macroeconomic debt crises after four decades of mismanaged globalization

*A comparative discussion of lessons learned from sovereign debt restructuring experiences and negotiating with the IMF
Perspectives from Argentina, Lebanon and Zambia*

October 11, 2022

14:00 New York, 15:00 Buenos Aires, 20:00 Lusaka, 21:00 Beirut

Location: Columbia University [Kravis Room K340 (3rd floor)
665 W 130th St, New York, NY 10027]

Zoom: https://us02web.zoom.us/webinar/register/WN_z1Vkf6aORZKPzk89r4BQWQ

Following four decades of mismanaged globalization, the world economy has recently been hit by two massive shocks—the Covid-19 pandemic and the war in Ukraine, that create massive challenges for a number of countries in the Global South that will be under debt distress. The Federal Reserve interest rate hikes will create additional tensions for debt sustainability in the context of a global financial architecture that for decades was conducive to the *too little and too late* syndrome in sovereign debt crises resolution, where debt restructuring was postponed for too long, and when it finally occurred, there was insufficient relief. Global debt markets have been evolving in a way that creates new challenges—with a new composition of the universe of creditors between commercial, Paris club bilateral creditors, and non-Paris club creditors (most importantly China), and the multilateral institutions, including the IMF. Changes in debt contracts (namely, collective action clauses) have, moreover, not proven as helpful as their advocates had claimed.

A recent internal ex-post program evaluation of the IMF has shown that for Argentina, the pre-pandemic 2018 program was ill-designed and has led the country to an immense unsustainable debt burden, in addition to its preexisting financial and economic struggles. This program features Nobel laureate **Joseph Stiglitz** on stage at Columbia University in dialogue with former economy minister of Argentina, **Martin Guzman**, discussing the environment that countries in economic, social, and debt distress will face to resolve their crises, the urgent need for reforms, and how the IMF and some of its policies need to be revised to align its operations with its mission. The panel will also focus on the need for reforms to enhance the voices of the debtor countries. The program also features a comparative discussion of the sovereign debt situation in Lebanon – which is currently in negotiations on a new arrangement with the IMF – with economic journalist **Viviane Akiki**, as well as in Zambia – which is restructuring its debt under the G20/Paris Club Common Framework while also seeking debt relief – with civil society expert **Muchimba Siamachoka**.

Kicking off the week of activities before the IMF and World Bank Annual Meetings, the program will be moderated by Bloomberg News Reporter and Editor **Sydney Maki**, who has covered news on sovereign debt extensively. The moderated discussion will be based on guiding questions such as those below:

- What are lessons learned for debtor countries from Argentina's 2018 loan refinancing experience? After the IMF's critical ex-post internal audit of this loan, what should the IMF have learned for future scenarios?
- Which strategies might Lebanon use to negotiate and engage with the IMF on debt relief, for example taking lessons learnt from Argentina's 2020 restructuring with private creditors and its recent negotiations with the multilateral creditor?
- What is Zambia's experience going forward with the Common Framework debt treatment and is this a big issue in the Zambian news?
- How can possible reforms of the international financial architecture be derived from all these lessons learned?
- What are the implications of IMF's conditionalities for social justice and human rights?
- What strategies can debtor countries use to negotiate on more equal terms?
- Will improvements to contractual language suffice to address the too little and too late problem in sovereign debt restructurings?
- Is there still need for an international mechanism for sovereign debt crises resolution?

FES New York's **Michael Bröning** will offer introductory remarks and FES Argentina's **Julia Eliosoff** will wrap up.