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How Foreign Debt Impacts the Enjoyment of Human Rights: Vulture Funds Contribute to the Privatization of Traditional Government Functions

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I. Introduction

The greatest obstacle to the enjoyment of human rights, as related to foreign debt, arises when debtor nations reach the point of insolvency where they must choose between continuing to provide public services and servicing their debt. In reality, this decision is never absolute; yet, activities like those of vulture funds exacerbate debt and increase obstacles to development. Vulture fund is a term used to describe private equity firms with predatory business tactics. The International Monetary Fund (IMF) and the World Bank Group (WB) are institutions designed to modulate global cycles which tend toward volatility. As the Human Rights Council (HRC) Independent Experts have reported, the rise of vulture funds has made the work of the IMF and WB more difficult and costly. Foreign debt speculators undermine international efforts to address foreign debt, impair development, and interfere with the enjoyment of human rights.

Vulture funds have a significant impact on foreign debt because they disrupt voluntary debt restructuring norms. The first part of this report briefly reviews vulture funds within the global capital market ecosystem and describes what legal mechanisms they use to exploit the bond market. The second portion of this report examines the obligations indebted countries commit to when they seek debt assistance from the IMF and WB.

Financial requirements for debt assistance from IMF and WB include austerity measures by the State. Such measures, described in the second portion of this report have the potential to interfere with more advantageous development strategies. In addition to the development barriers that debt relief invite, a significant portion of relief moneys are paid to unscrupulous lenders and vulture funds. This report explores the human rights vulnerabilities of privatizing traditional government functions as a means of correcting debt.

II. Global Capital Markets, the Vulture Fund Ecosystem

a. Capital Markets

For the purpose of this report, a capital market is an economic arena where an entity with surplus funds rents long-term assets to an entity seeking funds either for the purpose of investment or economic stabilization. The "rent" of capital is a function that considers the type of equitable security and the reliability of the borrower. In the international capital market, bonds issued by one country are traded for capital with the promise of interest payments and full principal at the end of the bond's life. Though capital markets exist regionally, the allure of the international capital market is twofold: lenders can draw from a larger pool of borrowers; and investors can better diversify their portfolios, thereby decreasing their aggregate risk.[1]

In domestic capital markets of developing regions, regional capital supply is unable to meet demand.[2] Reasons for such gaps in financing include limited savings, suppressed market activity, and unreliable legal and financial frameworks.[3] Finance gaps are frequently remedied by inflows of foreign capital or Foreign Direct Investment.[4]

b. Foreign Direct Investment

Foreign Direct Investment (FDI) is a category of cross-border investment where investors from one regional economy hold a significant degree of influence on the management of the enterprises of the borrowing economy.[5]

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[1] International Business, *Understanding International Capital Markets,* Chapter 7.2, https://saylordotorg.github.io/text_international-business/s11-02-understanding-international-ca.html.
[2] Aregbeshola Rafiu Adewale, *The Relationship between Capital Market Development and Inflow of Foreign Direct Investment to Africa – a VECM – conditioned Impulse,* ResearchGate, (June 2016), https://www.researchgate.net/publication/303750805_The_Relationship_between_Capital_Market_Development_and_Inflow_of_Foreign_Direct_Investment_to_Africa_-_a_VECM-conditioned_Impulse.
[3] *Id.* at 2.
[4] *Supra* note 2.
[5] The World Bank, *What is the difference between Foreign Direct Investment (FDI) net inflows and net outflows,* https://datahelpdesk.worldbank.org/knowledgebase/articles/114954-what-is-the-difference-between-foreign-direct-inve.

In 1965, the World Bank Group created the International Center for Settlement of Investment Disputes (ICSID) in an effort to revive global trade. ICSID, one of five WB organizations, was designed to "provide facilities for conciliation and arbitration of international investment disputes."[6]

It is noteworthy that initial investments are heavily instigated by transnational corporations (TNCs).[7] Negotiations seen by governments as investment in development are often skewed in favor of the lending corporation. Governments may seek to attract TNC investments for development in manufacturing or mineral extraction.[8] Human rights implications become clear when TNCs win control of a developing country's public utilities, shifting domestic tax structures and liberalizing pricing, often to the disadvantage of consumers.[9]

c. Bilateral Investment Treaties

The Bilateral Investment Treaty (BIT) is the main international investment law protecting FDI. During disputes, each treaty provides for a specialist investment arbitrator to decide on the investment claim at issue. Modeled after international commercial arbitration, facts of the case are confidential, leaving many third-party actors (residents of the effected counties) without standing and therefore limited opportunity to participate in the proceedings.[10]

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[6] ICSID International Center for Settlement of Investment Disputes, *ICSID and the World Bank Group,* https://icsid.worldbank.org/en/Pages/about/ICSID%20And%20The%20World%20Bank%20Group.aspx.
[7] Dossier, *Transnational corporations and developing countries: big business, poor peoples,* THE COURIER ACP-EU, (January-February 2003), *http://ec.europa.eu/development/body/publications/courier/courier196/en/en_036_ni.pdf.*
[8] *Id*. at 7.
[9] Emmanuelle Auriol and Pierre M. Picard, *Infrastructure and Public Utilities Privatization in Developing Countries,* (April 2016), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=923257.
[10] *Supra* note 6, ¶ 15 – 16.

There are over 3,000 bilateral treaties and 320 multilateral treaties active in today's global market.[11] BIT arbitration, deriving its authority from the World Bank's ICSD, has the ability to hear disputes regarding FDI, per article 25 of the ICSD.[12] While arbitrators are selected as apolitical and unbiased third parties, judgments tend to favor investors.[13]

BITs are regularly criticized for their inconsistent decisions and their lack of consideration of international legal norms outside those of international commercial and inter-State arbitration. As opportunistic private actors, vulture funds have been increasingly successful in bringing claims before investment arbitrators. The rise in misuse of investment arbitration courts has amplified calls to consider human rights norms.[14]

d. Vulture Funds

The African Legal Support Facility, a social justice group involved in initial vulture fund litigation, describes vulture funds as private financial organizations that buy debt at significant discounts with the intention of aggressive litigation of the debtor for full recovery value of the bond.[15] According to the African Development Bank (AfDB), vulture fund average recovery rates are approximately three to twenty times that of their investment, equivalent to a 300% to 2,000% rate of return.[16]

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[11] *Supra* note 6, ¶ 11.
[12] ICSID International Center for Settlement of Investment Disputes, *Chapter 11 Jurisdiction of the Centre,* http://icsidfiles.worldbank.org/icsid/icsid/staticfiles/basicdoc/parta-chap02.htm.
[13] Human Rights Council, *Mandate of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights*, U.N. DOC. A/RES/34 (23 March 2017).
[14] *Supra* note 6, ¶ 64.
[15] ALSF African Legal Support Facility, *Vulture Funds in the Sovereign Debt Context,* https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-legal-support-facility/vulture-funds-in-the-sovereign-debt-context/.
[16] *Id. at* 15.

Vulture funds have been a topic of concern for the Human Rights Council (HRC) for over a decade due to their ability to siphon efforts intended to regulate sovereign debt.[17] HRC's resolution to investigate the effects of foreign debt and other related international financial obligations is keenly aware that vulture funds threaten the development of emerging markets as they undermine the efforts of international financial institutions.

One way in which these predatory entities have found success lay within the treaties themselves. Prior to the case of Argentina, described below, there was a tendency to omit a "collective action" clause from the terms of treaties. Without collective action clauses, a supermajority of bondholders could be kept from negotiations by a few holdout investors. Without a collective action clause, small numbers of holdout creditors have the power to delay negotiations resulting in greater bond holdings being sold on the secondary market, and ultimately the default of sovereign bonds in the emerging market.[18] Vulture funds, having then purchased significant portions of debt on the secondary market, are accessing investment arbitration court to enforce repayment.

III. From Privatization to Public-Private Partnerships

The majority of countries targeted by vulture funds are Heavily Indebted Poor Countries (HIPC).[19] Litigation, however, is not confined to HIPC, with at least nine non-HIPC countries

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[17] *Supra note* 13.

[18] Claudio Alviggi, *The Argentine case: the U.S. District Court for the Southern District of New York interpretation of the pari passu clause and the recent U.S. Supreme Court opinion, Argenine vs NML Capital, ltd, no, 12-842,* http://www.globalrestructuring.eu/wp-content/uploads/2015/08/The-Argentine-case.pdf.

[19] African Development Bank Group, *Vulture Funds in the Sovereign Debt Context*, http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-legal-support-facility/vulture-funds-in-the-sovereign-debt-context/.

having also been targeted.[20] In the event of debt restructuring, exploitation of the debt system by vulture funds, or any unscrupulous lender, dictates that their debts are paid before investment in State development projects. In the aftermath of the Greek financial crisis, for example, an estimated 90% of the bailout money was used to pay back unscrupulous lenders.[21]

Vulture fund strategies depend on the purchase of abandoned bonds. The low-income countries targeted by these predatory speculators commonly apply for financial support from the IMF. Application to such programs as the Poverty Reduction and Growth Trust (PRHT), which indebted countries apply for through the IMF, is a concern for advocates of human rights. PRHT applicants must commit to poverty reduction strategies that include austerity measures, structural adjustments, caps on public expenditures, privatization of traditional government functions, and divestment of state assets.[22]

a. Money Flows Up Stream

The capital market ecosystem tends, in net terms, to show that poor countries pay the rich. In the words of Joseph Stiglitz, Columbia University professor and Nobel Prize economist, "water flows upstream."[23] Stiglitz reasoned that emerging and developing economies devise domestic policies which prioritize fiscal attractiveness to the global capital market, sometimes making decisions contrary to their domestic reality. Developing countries seek higher credit ratings, which translate to more favorable interest rates and thus more development.

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[20] Human Rights Council, *Report of the independent expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and political rights,* U.N. DOC. A/HRC/14/21 (29 April 2010).
[21] Jubilee Debt Campaig, *At least 90% of the Greek bailout has paid off reckless lenders,* (18 January 2015), http://jubileedebt.org.uk/press-release/least-90-greek-bailout-paid-reckless-lenders.
[22] News & Notice for IMF and World Bank Watchers, *v. IMF and World Bank Push Water Privatization and full cost recovery on poor countries,* https://www.citizen.org/sites/default/files/imf-wb_promote_privatization.pdf.
[23] Joseph Stiglitz, *Making Globalization Work: The Next Steps to Global Justice,* Great Britain: Allen Lane: an imprint of the Penguin Group *(*2007).

They are motivated to reconfigure accounting measures, augment national savings figures, and minimize the delivery of traditional government functions, all to improve their ability to borrow.[24] Indicators for investment, therefore, have the potential to impede on human rights.

Privatization, the sale of state-owned assets, has long been endorsed by economists as possessing great development potential due to the private sector's superior efficiency.[25] Public-Private Partnerships, featured in the 2015 Addis Ababa Action Agenda for financing development, is the combined approach of concessional public financing with non-concessional private financing.[26] However, both drivers for development have the potential to motivate state and private actors to act contrary to the principles of human rights.[27]

b. Privatization

A comparative study of privatization among developing nations, based on the empirical analysis of seventy-seven developing economies, found that state divestiture naturally followed two steps. First, the State's outward look to the global market dictated whether to privatize, and second, the State looked inward to consider what assets should be divested and to what scale.[28] HICPs are often obligated to enter IMF structural adjustment programs (SAPs) which include liberalization and deregulation of economic activity in their countries.[29]

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[24] *Id.*

[25] Michael Breen & David Doyle, *The Determinants of Privatization: a Comparative Analysis of Developing Countries,* JOURNAL OF COMPARATIVE POLICY ANALYSIS: RESEARCH AND PRACTICE, at 6, http://www.tandfonline.com/doi/abs/10.1080/13876988.2013.741439.

[26] *Addis Ababa Action Agenda of the Third International Conference on Financial Development*, U.N. DOC. 69/313 (27 July 2015), ¶48.

[27] Mathieu Vervynckt and Maria Jose Romero, *Public-Private Partnerships: Defusing the ticking time bomb,* EUROPEAN NETWORK ON DEBT AND DEVELOPMENT, http://www.eurodad.org/files/pdf/59d5d29434577.pdf.

[28] *Supra note 25.*

[29] *Supra note 25,* at 6.

Citizen watchdog reports that several IMF loans required extreme forms of privatization with the transferring of rights and obligations from the public sector to private sector companies through management contracts, leases or concessions.[30] Long-term rights to resources are often granted to foreign multinational corporations.[31] The World Bank, which tracks the debtor country's "willingness to pay" is at odds with the domestic reality of the consumer's ability to pay. In the case of water utilities, privatizing a government service and transforming its communal resource into a commercial commodity can be a human rights violation.[32]

When common resources are transformed into commodities through privatization, issues of human rights arise. Corporations are designed to function in the interest of the shareholder, making them organizations of great efficiency. However, in the delivery of public utilities, there should be greater transparency from the IMF and World Bank concerning the particular austerity measures devised for each indebted country.

c. Public-Private Partnerships

The Public-Private Partnership (PPP) is a cooperative arrangement between two or more public and private entities who come together to complete a long-term project. While the concept of a PPP closely relates to privatization (the outsourcing of a government service), the PPP maintains a level of government involvement. PPPs are currently heavily used in the United States of American and the United Kingdom of Great Britain and Northern Ireland for projects such as high-speed railways.[33]

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[30] *Supra note* 22.
[31] *Supra note 25.*
[32] *Supra note 22.*
[33] U.S. PIRG Education Fund, *High-Speed Rail: Public, Private or Both? Assessing the Prospects, Promise and Pitfalls of Public-Private Partnership,* available at https://studentpirgs.org/sites/student/files/reports/HSR-PPP-USPIRG-July-19-2011.pdf.

But indebted countries and development projects for emerging economies should be cautious when considering collaboration with PPPs as they often result in high costs, loss of government control, and difficulty aligning the interests of private sector profits with public sector services.[34]

The PPP is experiencing increased popularity in financial development circles, but despite such enthusiasm no clear definition of the concept exists.[35] In general, donor trusts seeking viable investments for their capital, are eager to invest in these vague financial instruments which will channel their capital into emerging frontier markets.[36] Critics of these development strategies point out that there is no comprehensive policy framework for business engagement, nor any explicit set of principles to guide fund allocation.

"Capital constantly seeks new markets," says Naomi Klein in her description of disaster capitalism.[37] While capitalists may see PPPs as a new channel for investment, the 2015 Addis Ababa Action Agenda recognized that PPPs' usefulness in realizing the 2030 Sustainable Development Goals relies on the development of international standards for transparency, accounting, and dispute resolution. Today the World Bank Group's statement on PPPs is to re-evaluate guidelines and "not put undue constraints on governments and other stakeholders in their endeavors to pursue and promote national policies and interventions in support of the 2030 Agenda for Sustainability and Development Goals."[38]

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[34] *Supra note* 27.
[35] Jomo KS, Anis Chowdhry, Krishnan Sharma, Daniel Platz, *Public Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for purpose?,* DEPARTMENT OF ECONOMIC & SOCIAL AFFAIRS, (February 2016), at 2, https://sustainabledevelopment.un.org/content/documents/2288desaworkingpaper148.pdf.
[36] *Supra note* 23, at 211 - 234.
[37] Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism,* (2007).
[38] *Supra note* 35.

IV. Case Examples on How HIPC and Non-HIPC Countries Differ in Debt Recovery

Argentina and Zambia have both experienced economic devastation due to vulture fund activity and severe debt. Argentina resisted pressures from the IMF to default and sign on to the IMFs SAP program for structural adjustment. Zambia, on the other hand, was unable to deliver basic public functions and ultimately became a recipient of IMF support, adding to the country's already long path toward recovery and development.

a. Argentina

In 2001, Argentina suffered the worst economic and social crisis in its modern history. Unprecedented poverty and double-digit unemployment rates made the provision of both basic government services and the servicing of foreign debt impossible.[39] The $138 billion dollars in loans were defaulted by the State and in 2005, Argentina and its creditors began the process of debt negotiation. Negotiations arrived at a repayment of 76% to bondholders, equaling $82 Billion dollars. The debt was restructured again in 2010 and, although 93% of bondholders agreed to the new terms, the 7% holdouts led by vulture fund, NML Capital ltd., refused the terms. Argentina defaulted.[40]

[39] *Supra note* 18.
[40] *Supra note* 18.

For reasons surmised by Stiglitz, Argentina had the confidence and experience in the capital market to understand that past default would not preclude it from receiving future investment. The country fought hard and for a long time delayed paying the holdouts. Eventually, pursuant to the fiscal agreement the country had signed in its initial loan, Argentina had waived its right to sovereign immunity and the holdouts, led by the vulture firm NML Capital ltd., took the country to the Federal Court of the Southern District of New York.[41] The district court judge ruled in favor of the vulture funds in 2012 and ordered Argentina to pay back the full value of $4.65 billion, including penalties and attorney fees.[42] This decision was affirmed in by the 2nd Circuit.[43] The judge added an injunctive order which prevented Argentina from paying any creditors who had accepted the initial deal until the 7% interest bondholding vulture funds were paid in full.[44] In the words of Stiglitz, the judgment "gave vulture funds a new weapon," which was the ability to hold a country ransom.[45]

In 2013, the IMF filed an amicus brief to the United States Supreme Court on behalf of Argentina, warning that such an injunction threatened the international financial system, and without an international bankruptcy regime, future creditors were now incentivized to refrain from voluntary debt restructuring, instead hoping for windfall profits.[46]

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[41] Martin Guzman and Joseph E. Stiglitz, *How Hedge Funds Held Argentina for Random,* THE NEW YORK TIMES, (1 April 2016), https://www.nytimes.com/2016/04/01/opinion/how-hedge-funds-held-argentina-for-ransom.html.
[42] NML, Ltd. v. Republic of Argentina, 144 F.Supp. 513, (S.D.N.Y. 2015).
[43] NML, Capital, Ltd. v. Republic of Argentina, 699 F.3d 246 (2nd Cir. 2012).
[44] *Supra note* 42.
[45] *Supra note* 41.
[46] *Supra note* 18.

Today, Argentina's President boasts of leading the "rising star in the whole [South American] region."[47] President Macri reached a benchmark stock index rise of 77% by reversing capital controls and eliminating popular price controls on food and gas, which he did to help Argentina access much needed foreign capital.[48]

The President's policies, though appealing to global investors, are harmful to most residents.[49] With food and gas price controls deregulated Argentinean refineries, including Royal Dutch Shell Plc and Pampa Energia SA, are obvious winners at the expense of the common citizen.[50] In Argentina's favor, however, the country's economy and delivery of basic public services has rapidly improved, thanks in part to the lack of economic restrictions placed on it by the IMF. [51] Zambia, however, was not as fortunate.

b. Zambia

The Independent Expert reported on Zambia in 2010.[52] The country's experience with vulture funds presents an example of the problems which can arise from these predatory private entities. In 1979, Zambia entered into a $15 million dollar credit agreement with Romania, where a portion of the borrowed funds would be used to purchase Romanian agricultural equipment. Allegations of damaged and unusable machinery, compounded by changing subsidies from Europe, resulted in Zambia's inability to service its loan. Soon after entering the BIT, Zambia defaulted.[53]

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[47] Tim Mullaney, *Argentina's President Macri powers biggest stick market boom in the world,* CNBC, https://www.cnbc.com/2018/01/24/argentinas-president-macri-powers-biggest-stock-market-boom-in-world.html.
[48] *Id.*
[49] Reuters Staff, *Argentina hikes gas, electricity rates as government cuts subsidies,* REUTERS, (1 December 2017), found at https://www.reuters.com/article/argentina-energy/argentina-hikes-gas-electricity-rates-as-government-cuts-subsidies-idUSL1N1O10TT.
[50] Reuters Staff, *Argentina to suspend price controls on domestic fuel next month-minister,* REUTERS, (25 September 2017), https://www.reuters.com/article/argentina-fuel-prices/argentina-to-suspend-price-controls-on-domestic-fuel-next-month-minister-idUSL2N1M700D.
[51] International Monetary Fund, *Argentina Economic Development,* (February 2016), https://www.imf.org/external/pubs/ft/scr/2016/cr1669.pdf.
[52] *Supra note* 20.
[53] *Supra note* 20.

Nearly twenty years later, Debt Advisory International pursued Zambia's debt. In an attempt to persuade Romania to sell its asset, the company issued a memorandum deliberately misinforming Romania of its prospects of ever collecting the debt. The vulture fund, seeking Romania's bonds which had not been placed on the market, was able to obtain them at the low rate of $3.2 Million dollars with the false threat that when Zambia were accepted by the IMF as an HIPC, its bilateral creditors would be required to write off 90% of their claim. The vulture fund was successful in misleading Romania into selling its bonds at nearly 10% of their worth.[54]

Unlike the case of Argentina, Zambia signed a settlement agreement with the vulture fund, waiving its sovereign immunity and paid a total of $3.4 million to Debt Advisory International.[55] Having paid only a fraction of the $15 million settlement, Zambia, in 2006, applied for debt cancellation under the HIPC initiative. Months before Zambia was to receive the benefits of being an HIPC country, the vulture firm, Debt Advisory International, took legal action against the country for US $55 million. The case was filed in the British Virgin Islands, where the court found for the vulture fund and ordered Zambia to pay $15.4 million.[56]

The case of Zambia illustrates an example of debt cancellation from the IMF, which includes tying a country to severe austerity measures from the IMF, does not protect the country from paying its debtors. So often, by targeting HIPC defaulted bonds, vulture funds siphon debt relief capital and undermine the global efforts to address foreign debt.[57]

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[54] *Supra note* 20, at ¶ 22.
[55] *Supra note* 20, at ¶ 24.
[56] *Supra note* 20, at ¶21-26.
[57] *Supra note* 20, at ¶ 26; see also *supra note* 22.

In the words of Jubilee, an anti-debt NGO, Zambia captured the spirit of popular resentment of the radical privatization programs called for by the World Bank's structural reforms.[58] Though imposed structural adjustments meant a short-lived revival of Zambian copper mines, reforms failed to address economic and social impacts on the poor.[59] Massive job loss through retrenchments and the implementation of user fees for schools and hospitals, both hallmarks of the profit driven model of business, had no chance for success in a country with such a large percentage of vulnerable residents. The neoliberal plan for Zambia led to the imposition of the "Pay As You Earn" (PAYE) system of taxation where corporate tax burdens were shifted to some 400,000 citizens in formal wage sector employment.[60] In sum, Zambia's road to neoliberal privatization of services, while appearing to improve its GDP relative to other countries of the region, has been seen as a failure to its people.[61]

V. Conclusion

International lenders see profit to be made on a scale of opportunities, depending on the risk and urgency of need of the borrower nations. This has created a fertile market where, under the guise of assistance, profit-driven entities engage in predatory lending practices. This ever-expanding system of international creditors and debtors leads to an indirect violation of human rights.

[58] Jubilee Debt Campaign, *The Debt Crisis: Zambia, http://jubileedebt.org.uk/countries/zambia.*
[59] Garth Andrew Myers, *Disposable Cities: Garbage, Governance and Sustainability Development in Urban Africa,* ROUTLEDGE, (2005).
[60] The World Bank Operations Evaluation Department, *Zambia: Post-Privatization Study,* http://ieg.worldbankgroup.org/sites/default/files/Data/reports/zambia_wp_post_privatization.pdf.
[61] *Id*.

Control of this system is in the hands of the creditors as they hold the power of financing as well as the leverage of retaining superior legal counsel in support of their interests. This leaves the debtor nations vulnerable to predatory lending practices and aggressive litigation that ultimately leads to the debtor nation being unable to attract private funding, condemning it to a much longer and harder path toward development and meeting human rights obligations toward its citizens.

In the interest of protecting human rights within the context of international investment, it is appropriate for HRC to urge financial institutions to consider human rights implications when they embed radical privatization plans in their prescribed austerity measures. In the case of the World Bank Group, HRA asks the Council to urge the World Bank to conduct its structural adjustment programs with greater transparency. This information, such as the austerity measures being taken and to what extent, will inform HRCs continued understanding of foreign debt effects on human rights. It is recognized that the international investment community aims to assist developing countries to improve their standard of living, which is a noble endeavor. However, when profit motives drift into the arena of usury, regulatory actions must be applied to avoid negative effects on human rights.

HRA also asks the Council to request that the Independent Expert further investigate the issues presented and ultimately implement measures to attain a better balance of benefits between creditors and debtors in the global arena. It is not a matter of stifling the capitalist system that enables the leveraging of wealth to improve people's lives, rather, it is best to find a way to modulate the exchanges such as to improve the chances of debtor nation success in development as well as creditor successes in financing.