

GLOBAL DEBT CRISIS





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INTRODUCTION

What is Global Debt Crisis?

The global debt crisis refers to a situation where countries have accumulated excessive amounts of debt.

- Financial instability
- Economic downturns
- Social unrest
- defaulting.



PROBLEM?

Definitely, yikes.

<https://www.weforum.org/agenda/2022/05/what-is-global-debt-why-high/>

<https://www.imf.org/en/Blogs/Articles/2021/12/15/blog-global-debt-reaches-a-record-226-trillion>

\$300 TRILLION

Data Statistic 2022

- 54 countries on the verge of default.
- According to the Institute of International Finance, the total global debt reached a record high of \$281 trillion in 2020, up from \$173 trillion in 2010.
- Developing countries have a higher debt burden in relation to their GDP and face greater difficulties.
- Global debt rose \$74 trillion; 4 years (2016-2022).
- Effects can be :
 - Financial instability.
 - Economic downturns.
 - Social unrest.

WHY IS THIS AN ETHICAL PROBLEM?



- Impact on people and their health.

- Corruption and Transparency.

- Global Justice.

- Code of ethics.



PAKISTAN'S STATE



<https://tribune.com.pk/story/2371402/pakistans-total-debt-jumps-to-rs60-trillion>

\$116 BILLION DEBT

Data Statistic 2022

- \$116 billion debt
- Equivalent to 38% of Pakistan's Gross Domestic Product (GDP).
- Economic challenges, such as inflation, large trade deficit, low foreign exchange reserves, and a weak currency.
- Effects of COVID-19

This is why we're in urgent need of a solution to all this debt.

SOLUTION

CANCELLATION OF DEBT.

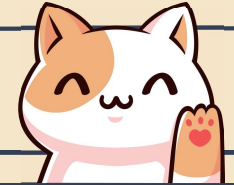


Cancellation of debt; is the cancellation of a portion or all of a debt owed by an individual, company, or country.



NEED?

SOLUTION



WHY DO WE NEED IT?

- One third of Pakistan's budget revenues are allocated to loan repayments. After the floods and global crises which affected Pakistan, debt burden can not be allowed to impede recovery.

<https://www.investopedia.com/terms/c/cancellation-of-debt.asp>

FEASIBILITY



Haiti had 1.9 Billion debt cancelled, and there was a pledge of \$9.9 Billion to go to its re-construction.

Press release: Historic quota and governance reforms become effective. IMF. (2016, January 27). Retrieved February 21, 2023, from <https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr1625a>



The Paris Club of creditor countries agreed to cancel \$4.8 billion of Peru's external debt.

International Monetary Fund. Western Hemisphere Dept. (2022, June 7); <https://www.elibrary.imf.org/view/journals/002/2022/163/article-A001-en.xml>

Iraq had \$130 billion debt. It received 80% cancellation from all creditors.

Iraq's debt relief: Procedure and potential implications. (n.d.). Retrieved February 21, 2023, from <https://sgp.fas.org/crs/mideast/RL33376.pdf>

Nigeria received debt relief of over \$18 billion under the HIPC Initiative in 2005.

Leo, B., & Moss, T. (n.d.). Nigerian debt relief. Center for Global Development | Ideas to Action. Retrieved February 21, 2023, from <https://www.cgdev.org/topics/nigerian-debt-relief>





IMPROVEMENT



Since 2005, 36 countries had some or most of their debts canceled

- Debt payments have fallen from 10% of government revenue to 4%.
- Children completing primary school has increased from 51% to 66%.
- Women dying in childbirth has fallen from 680 per 100,000 births to 500

THE BIG QUESTION

WHY WOULD OTHER COUNTRIES FORGIVE OUR DEBT WHEN OUR DEBT ONLY BENEFITS THEM?

"ECONOMIC HITMAN" AND ACCOUNTABILITY

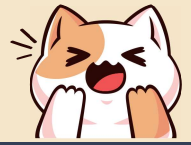
"Confessions of an Economic Hitman" is a memoir written by John Perkins. A former economic hitman who worked for a US consulting firm that helped to exploit developing countries.



BENEFITS FOR FORGIVERS

- Increased reputation and trust
- Enhanced relationships
- Political influence
- Economic benefits

WHY ETHICAL SOLUTION IS BETTER.



FEASIBLE AND EFFECTIVE

According to my previously mentioned statistics, this method has been proved effective and feasible for countries.

ACCOUNTIBILTY

It is important to hold countries which performed unethical practices leading to our crisis accountable.

LONG-TERM BENEFITS

Long term benefits such as improved economic stability, increased investment and improved governance.

SOLUTION

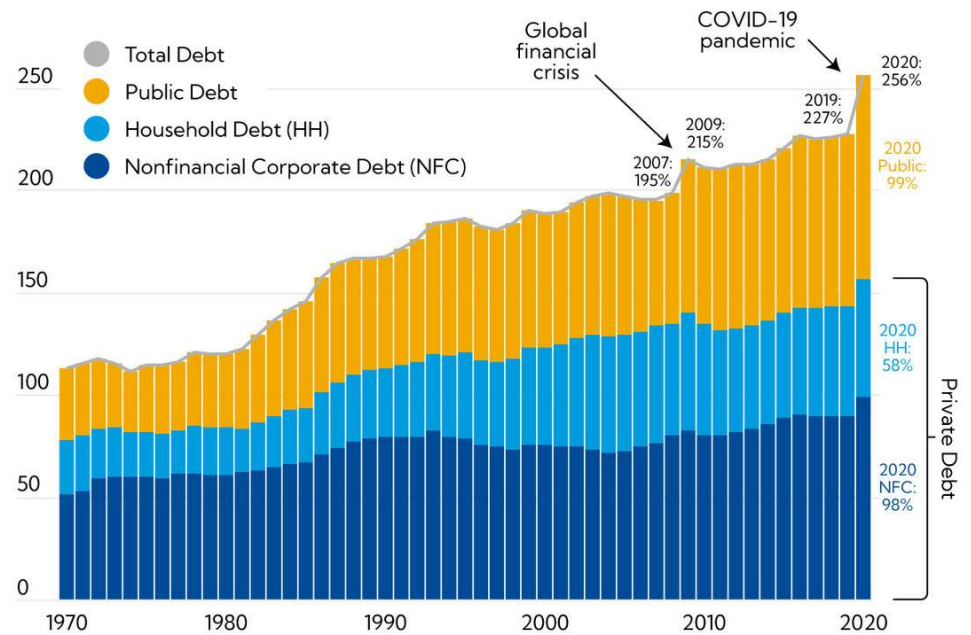
CONCLUSION

An expected result would be a decrease in prices so the poor can afford to buy basic supplies of survival. An increase in exports and development of the country.



Historic highs

In 2020, global debt experienced the largest surge in 50 years. (debt as a percent of GDP)



Sources: IMF Global Debt Database and IMF staff calculations.
Note: The estimated ratios of global debt to GDP are weighted by each country's GDP in US dollars.

IMF

GLOBAL DEBT CRISIS GRAPH 2020

THANK YOU

