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gLAWcal COMMENT #243

SHOULD NATIONS BE ABLE TO RE-STRUCTURE THEIR DEBTS?

Based on

Vassili Paliouras "State of necessity and sovereign insolvency"



gLAWcal
Global Law Initiatives for Sustainable Development

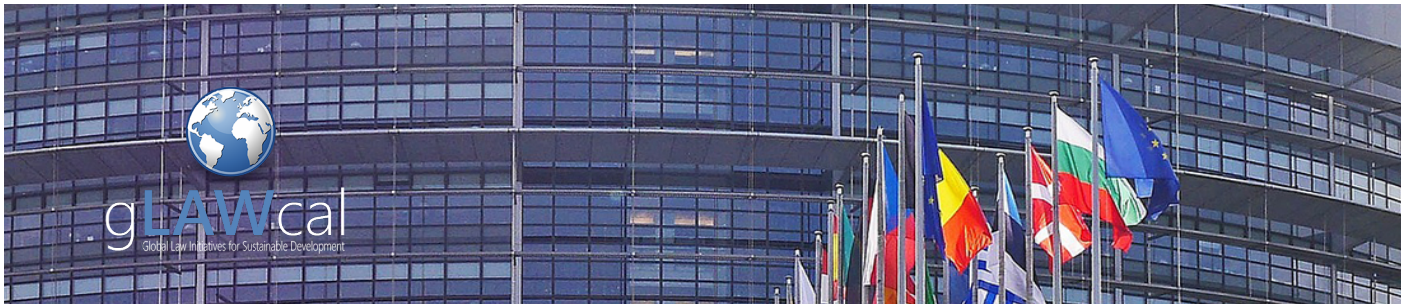


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A gLAWcal comment on Vassili Paliouras "State of necessity and sovereign insolvency" in Antonio Segura Serrano (Ed.) "The Reform of International Economic Governance".

Law Commission. The scope of Argentina's debts owed included many to individual private creditors. While it is laudable that a government cannot forgo all debts, it seems incredibly debilitating for a government to have an increased difficulty negotiating the restructuring of state-owned obligations compared to that of an individual who is restructuring their own debts. It is likely to extend the overall process and prevent the nation from improving their own economic position when they have such lofty standards to meet. An improvement on the laws governing state-owned obligations are in order.

It is often a necessity that one nation borrow capital from another. More often, the borrowing nation will pay back their debts over time. If they are unable to make good on their obligations to the crediting nation(s) they will be at the mercy of those that they owe. On occasion the nation will diminish the debts or outright forgive the debt for other concessions by the borrowing nation. However, when the creditors wish to get their debts paid in full it is often complicated when you would attempt to compare it to the complications experienced by an individual debtor in a bankruptcy case. As the chapter outlines, there is an incredibly high threshold of satisfaction that must be reached in order to reach the point of insolvency of an entire nation; bankruptcy. A modern occurrence of a default by a nation was experienced in 2001 by Argentina. Complicating the defaulting of debts by a nation is the Articles on State Responsibility for Internationally Wrong Acts of the International



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To collaborate with Government, Civil society and business community to balance the excess of globalization with Non Trade Concerns.

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To influence policymakers, to raise awareness over Non Trade Concerns, to encourage stakeholder participation, and to disseminate gLAWcal's publication results.



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