

9-29-1987

I.m.f. Takes Lead In Effort To Provide 60 Poor Nations With Easy Credit

John Neagle

Follow this and additional works at: <https://digitalrepository.unm.edu/notisur>

Recommended Citation

Neagle, John. "I.m.f. Takes Lead In Effort To Provide 60 Poor Nations With Easy Credit." (1987). <https://digitalrepository.unm.edu/notisur/975>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

I.m.f. Takes Lead In Effort To Provide 60 Poor Nations With Easy Credit

by John Neagle

Category/Department: General

Published: Tuesday, September 29, 1987

The International Monetary Fund (IMF) has reportedly taken the lead in an initiative to provide easy credit to 60 of the world's poorest countries, many of them in Africa. Michel Camdessus of France, who became the IMF's seventh managing director in January, is seeking \$6 billion to help these countries rebuild their economies under programs designed by both the IMF and the World Bank. In addition, Camdessus is pressing for easier terms, such as much lower interest rates and longer maturities, on loans that come before the Paris Club, the group responsible for rescheduling government-to-government debts. A former governor of the French central bank, Camdessus was also chairman of the Paris Club from 1978 through 1984. A \$3 billion fund called the Structural Adjustment Facility already exists to help the poorest countries. Shortly after he assumed his IMF post, Camdessus won general agreement by the world's industrial powers to increase this fund's resources by \$6 billion. But no one has yet written any checks. As ministers from 151 rich and poor countries began gathering in Washington for the IMF's annual meeting, held jointly with the World Bank, Camdessus is pressing to get the financing settled. There are still major differences between the US and other countries over who will pay into the fund. Washington wants countries with large trade surpluses, such as West Germany and Japan, to pay the lion's share. Those countries want the US to participate as well. Some want the IMF to provide the money from more than \$40 billion of gold that sits in its vaults. A House banking subcommittee has approved a proposal by Rep. John J. LaFalce (D-NY), that calls on the IMF to use this gold to support the fund. The gold "is not presently used for any purposes other than as a reserve against a rainy day," LaFalce said. "Well, that day has arrived." The formal annual meeting sessions are to begin Sept. 30, but there were both multilateral and bilateral discussions on the issue during a series of preliminary meetings throughout the weekend. A further endorsement of the Structural Adjustment Facility plan was expected to emerge from a meeting of the IMF's policy-making Interim Committee on Sept. 27. The money in the Structural Adjustment Facility would be lent over 10 years at an interest rate of 0.5%. After a grace period of 5.5 years, repayments would be made over the subsequent 4.5 years. IMF loans are normally repaid over 3 to 5 years, with an interest rate between 6 and 7%. The IMF has been criticized in the past for providing too little assistance, on too difficult terms, to the poorest countries and for failing to take into account such factors as income distribution and effects on low-income groups. (Basic data from NEW YORK TIMES, 09/25/87)

-- End --