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## **Comment: Mexico Needs More Than "appetizers" From Foreign Creditors**

*by John Neagle*

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In a recent interview with Notimex in New York, Shafiq Islam, a research fellow for the Council on Foreign Relations, said that the Mexican government has fulfilled its financial commitments, and the time has come for foreign creditors to offer something more than "appetizers" to resolve Mexico City's debt crisis. Islam said, "If the banks do not understand that drastic measures are needed to improve Mexico's economic situation, then the game of hard ball will begin." According to Islam, a native of Bangladesh and Harvard economics graduate, if the Third World debt problem is not resolved now, "in 1990, debt payment moratoriums will begin." He continued by pointing out that the if gap between payment capacity and debt service requirements is not reduced very soon, a "real risk exists of political destabilization and negative repercussions in various sectors of the world economy." Islam suggested that an evaluation committee be established for debt restructuring, comprised of representatives of principal creditors, the International Monetary Fund, the World Bank, and non-governmental experts from Third World nations. He said, "The idea is for all parties involved to participate in a forum that precludes the 'politiquerias' and rivalries that multilateral institutions sometimes become lost in." The major functions of the committee, said Islam, would be to verify that certain necessary economic reforms are implemented in debtor nations, and to act as an organizer or mediator of negotiations with respective nations' bank creditor committees. For Islam, the amount of debt relief accorded to each debtor nation must be negotiated on the ground of a basic criterion: resumption of reasonable economic growth and investment. He then asserted that debtor nations must seek to avoid the trap of requesting new credit to pay for interest on old debt to foreign commercial banks. (Basic data from Notimex, 02/10/89)

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