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John Neagle

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World Bank President On Debt Reduction Initiatives

by John Neagle

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On April 27 in London during an annual meeting of the Reuters news agency, World Bank president Barber Conable said that the collaboration of private banks in Third World debt reduction programs depends on support by multilateral finance organizations. Conable said that in the next three years, the Bank could channel more than \$10 billion into support programs for debt reduction. Conable asserted that the success of the US initiative, introduced in March by Treasury Secretary Nicholas Brady, depends not only on the economic reform efforts of debtor nations such as Mexico, creditor governments, or multilateral organizations such as the Bank or the International Monetary Fund. He added that "direct intervention and support" by the World Bank will be justified only if the financial situation of a debtor nation improves significantly via debt principal or debt service reduction engineered by commercial banks. According to Conable, debt reduction efforts will be wasted unless "debtor nations design and carry out serious economic reforms." Next, he stated that industrialized nations must adopt very soon changes in regulatory mechanisms for commercial banks to facilitate their participation in the Brady plan. (Basic data from Notimex, 04/27/89)

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