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I.m.f. Chief Calls On Banks To Support Third World Debt Reduction Strategies

by John Neagle

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In a May 31 speech to the Association of French Bankers in Paris, International Monetary Fund director Michel Camdessus appealed to major banks to support strategies for reducing Third World nations' debt principal and interest. IMF sources in Washington said that private banks faced greater risks by continuing the policies of the past than by supporting a strategy of writing off some of the debts and accepting lower interest rates. Unless debt burdens are reduced, they said, some countries will be forced to halt debt service payments. Camdessus warned bankers of the "illusion" of adopting a wait-and-see policy in granting new loans in order to force multilateral organizations such as the IMF and the World Bank to offer more financial incentives. He said it was now up to the banks to take an active part in decision-making. (Basic data from DPA, 05/31/89)

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