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## **Study By World Institute For Development Economics Research: Third World Debt Should Be Reduced By At Least \$125 Billion**

*by John Neagle*

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In a study released June 9, the World Institute for Development Economics Research recommended that banks write off \$125 billion in Third World debts. Next, the International Monetary Fund is called on to immediately establish a \$50 billion trust fund to support a "new start" for debt management. The Institute is a part of the United Nations University. According to the study, the trust fund could be financed by countries with trade surpluses such as West Germany, Japan, Taiwan and South Korea. Japan, said the study, would become the IMF's second largest contributor. The authors said, "A strategy providing for debt reduction of \$125 billion, supported by further policy reform efforts, is required to make a new start in the management of the debt problem." One of the authors, Johannes Witteveen IMF director between 1973 and 1978, said: "Looking beyond the narrow interests of creditors and debtors, debt reduction on a large scale is essential for the health of the world economy and for broad moral and political reasons." Other authors of the study included former French prime minister Raymond Barre; Robert Solow, recipient of the 1987 Nobel Prize in economics; and, Masaru Yoshitomi, research unit chief for the Japanese government's economic planning agency. [Basic data from DPA, 06/09/89; Kyodo (Japan), 06/12/89]

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