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John Neagle

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Un Conference On Trade & Development Report: I.m.f. Conditions Imposed On Poor Nations Produce No Results

by John Neagle
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According to results of an annual report by the United Nations Conference on Trade and Development (UNCTAD), scheduled for release Sept. 6, austerity measures imposed on the world's poorest countries by the International Monetary Fund as a condition for new loans have been ineffective. In reference to reduced social welfare spending and living standards induced by the austerity programs, UNCTAD official Roger Lawrence said, "I guess you could say the sacrifices have been in vain." UNCTAD, based in Geneva, is the main UN agency promoting developing nations' interests. The report states that while growth has continued in some parts of the world industrialized nations and in several developing countries mainly in eastern Asia, the economies of African and Latin American nations have stagnated or deteriorated. According to UNCTAD, large foreign debts are major contributors to this situation. The report examined the results of the adjustment programs adopted by the least developed countries to qualify for IMF loans. The UN has labeled 42 nations, with a combined population of over 400 million, as least developed. UNCTAD found that of the 12 least developed nations that have applied such programs throughout most of the 1980s, growth rates of only three (Bangladesh, Gambia and Mali) were above the average of the 42 nations. The adjustment programs usually consist of public spending reduction, currency devaluation to stimulate exports, and import cutbacks. The report said the main result of such measures was reduced economic activity. According to UNCTAD, currency devaluation "had little effect in stimulating exports in the least developed countries, but certainly created hardship, particularly to vulnerable groups," by raising prices. Lawrence said that recent initiatives, particularly by the US and France, to forgive part of Third World nations' foreign debt are "extremely welcome and positive." In its report, UNCTAD stated that these measures would provide only about the minimum debt reduction necessary to fuel economic growth. UNCTAD argued that more debt relief, flexible economic adjustment programs and greater access to wealthy nations' import markets are necessary. (Basic data from New York Times, 09/06/89)