Jamaican Prime Minister: Foreign Debt Burden Continues To Limit Growth Potential

Barbara Khol

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Jamaican Prime Minister: Foreign Debt Burden Continues To Limit Growth Potential

by Barbara Khol
Category/Department: General
Published: Tuesday, May 21, 1991

On May 14 in Washington, Jamaican Prime Minister Michael Manley told a group of journalists that the foreign debt burden continues to hamper economic growth despite reforms in his country and other Caribbean nations. Manley was visiting Washington to meet with US President George Bush and World Bank officials about reducing his government's foreign debt, and increasing private foreign investment in Jamaica. The prime minister was expected to request between $100 and $150 million in US aid. Manley told the reporters that over the past two years, his government has "gone all out to make Jamaica a free market economy." He added, "We have developed strong private sectors, have for years attempted to implement International Monetary Fund stabilization programs and World Bank structural adjustment programs, but find our economy burdened by debt." The prime minister said the rules of lending agencies frustrate rather than stimulate economic growth. Without growth, said Manley, "the social progress that is both the implied promise of the democratic system and the expectation of its practitioners, is impossible to sustain." Citing the increasing levels of Third World debt, Manley said the overall amount owed to multilateral institutions, commercial banks, and western governments has tripled in nine years from $600 billion to nearly $2 trillion. In the English-speaking Caribbean nations, the largest proportion of foreign debt is owed to multilateral lending institutions, such as the IMF, the World Bank, and the Inter-American Development Bank. Manley pointed out that "no rescheduling whatsoever is permitted" on multilateral debt, and the US-sponsored foreign debt relief effort (Brady Plan) applies only to commercial bank debt. Since the plan was introduced two years ago, only five nations have concluded negotiations under its guidelines. Jamaica's commercial bank debt represents only 8% of the total, compared to 45% owed to multilateral agencies. Manley said, "Our total debt of $4.5 billion represents some 180% of the island's gross national product, and debt servicing requires 40% of our annual export receipts. Jamaica is one of the most indebted nations on a per capita basis."
Next, Manley indicated that under Bush's "Initiative for the Americas," Jamaica could realize debt reductions as large as 50%. (Basic data from Inter Press Service, 05/14/91)

-- End --