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Statement by the Managing Director of the International Monetary Fund and the President of the World Bank on the Debt Strategy

On the occasion of the Annual Meetings of the International Monetary Fund and the World Bank in Seoul, Korea, in October, the Governor of the Fund and the Bank for the United States, Secretary of the Treasury James A. Baker, III, outlined "a program for sustained growth", an initiative to strengthen the international debt strategy. The essential elements of that initiative could be summarized as: first, the adoption by "debtor countries of comprehensive macroeconomic and structural policies, supported by the international financial institutions, to promote growth and balance of payments adjustment, and to reduce inflation"; secondly, a continued central role for the IMF, in conjunction with an enhanced role for the World Bank and other multilateral development banks reflected in increased and more effective structural adjustment lending; thirdly, "increased lending by the private banks in support of comprehensive economic adjustment programs".

In recent discussions by the Executive Boards of the two institutions broad support was expressed for this debt initiative, which is geared to dealing with the problem in the context of growth and adjustment.

The President of the World Bank and the Managing Director of the IMF wish to express their strong support for the initiative which, given the urgency of the problems, should be translated into positive and concrete actions as soon as possible.

The IMF and the World Bank, in close collaboration, are ready and willing to play their parts in the implementation of the initiative and to that end will cooperate fully and constructively with their membership and with all parties in these concerted efforts to deal with debt problems and establish the basis for sustained economic growth.