

Group of 77 developing countries calls for world conference on debt

The U.N. Group of 77 developing countries, whose foreign ministers met in New York Oct. 2-4, issued a statement calling for the urgent implementation of the late Indian Prime Minister Indira Gandhi's call for a "Conference on Money and Finance for Development," to initiate a political dialogue between debtors and creditors. The G-77 further condemned the International Monetary Fund's (IMF) austerity conditionalities, "which have resulted in enormously high social and economic costs, unemployment and recession, and the impairment of the capacity to grow and develop."

The statement was a clear victory for Peruvian President Alan García, who is leading the fight against the IMF. The ministers closed ranks behind his insistence that economic growth comes first, by establishing that developing nations should "limit debt-service payments to a percentage of export earnings compatible with their development needs."

The communiqué also reflects the year-long international mobilization of the Schiller Institute, whose founder Helga Zepp-LaRouche issued a call for the convening of an "Indira Gandhi Memorial Summit" on the debt, after the assassination of Mrs. Gandhi on Oct. 31, 1984.

The "Group of 77" now actually represents 127 nations, more than three-quarters of the United Nations.

We publish below the address to the meeting of the Peruvian ambassador to the United Nations and excerpts from the joint statement.

Documentation

Speech by Ambassador Carlos Alzamora, permanent representative of Peru to the United Nations, to the Ninth Meeting of the Ministers of Foreign Affairs of the Group of 77, New York, Oct. 3, 1985.

Mr. President:

My delegation is pleased to express to you its satisfaction with the constant and dynamic efforts that you are making to successfully lead the Group of 77, in an especially critical period. We take this opportunity to reiterate our solidarity

with the fraternal people of Tunisia, which we already expressed in the Security Council.

Once again we meet under the shadow of discouragement and failure. And it could not be otherwise, insofar as we witness a profound sharpening of the international economic crisis for the developing countries, upon which the burden and the cost of the policies of the industrialized countries fall, while we ourselves are incapable of organizing an effective, collective capacity for reaction and defense.

The stagnation in international economic negotiations, the absence of a North-South dialogue, the deterioration of multilateralism, and the erosion of its institutions are nothing more than a clear expression of this crisis.

The same is to be said of the failure of the exercise of examination and evaluation of the Charter of Economic Rights and Duties of the States, and the frustration of global negotiations, not to mention the shambles of the hopes and projects of the Development Decades, which only succeeded in setting back the standard of production and the standard of living of the developing countries by several decades.

My delegation welcomes with satisfaction, therefore, the substantial progress achieved in the political treatment of the problem of the foreign debt by the Consensus of Cartagena, the Declaration of the OAU summit and the Ministerial Meeting of the Non-Aligned Movement recently held in Luanda, and the collective efforts in order that this 40th General Assembly may formalize the treatment of this question in the context of the United Nations Organization.

Because, Mr. President, determination and action are irreplaceable values for the struggle of the developing peoples, as the present international situation is proving day by day.

We are seeing how, when the theme of the debt is treated with clarity and firmness, what appears to be an individual weakness turns into collective strength and begins to obtain effects and changes which only yesterday seemed unattainable. This action is today producing nothing less than the official disavowal of the recessionary and anti-Third World policies with which the International Monetary Fund treated the topic of debt, and its abandonment and replacement by other schemes, which also will not work if their effect is to

increase the debt instead of decreasing it, and to keep making only the developing countries foot the bill of adjustments and responsibility, under a different rubric.

The fact that the overwhelming majority of the speeches made up to now in the general debate—including those by the developed countries—have referred explicitly to the debt and have recognized its political nature, confirm that it is a great theme of this 40th Assembly, and the priority interest which it holds for the international community, which is thus revealing its determination to deal with this [political] nature within the interrelated reality of our Third World problems.

The coincident proposals contained in the OAU Declaration, that of Cartagena, and that of the Luanda Non-Aligned, are our framework of action and our political mandate, and therefore constitute our individual and collective commitment in this forum, giving us a firm, solid, and cohesive basis for joint action on the debt issue.

The delegation from Peru again pledges to this joint action its firmest determination to participate and its solidarity in the fraternal spirit which inspires the struggle of the 77.

We believe, therefore, that the celebration of the 40th anniversary of the United Nations Organization creates the right framework for the Group of 77 to initiate a process of reflection and analysis of the strategy used and the results obtained in international economic negotiations.

In that sense, we consider as a top-priority necessity that the Group of 77 hold a ministerial level conference which, with political good sense, leads to the restructuring and reorientation of its goals and mechanisms of action, with the goal of adapting them to present circumstances and demands. This conference should, moreover, evaluate with realism and frankness the state of South-South cooperation and incorporate the political ingredients which will give it the impulse and dynamics it needs to be converted into a central element of the Third World strategy and not into the secondary rhetorical alternative as in practice we have condemned it to be.

Both actions are required in the strategy of damage control that the process of deterioration of our position demands. Indeed, today the most powerful cluster of developed countries is imposing its iron-fisted domination over the world's economic life. The philosophy of cooperation has been abandoned, and the project of the new world economic order, formally repudiated. It is they who are now going on the offensive, taking back the few concessions they had made to the developing countries and demanding now the opening of their markets, "rationalized" concessions, and lopsided adjustments. While they assume all the roles of the division of labor without allocating to us any other role than that of the market, they gradually wipe out our competitive advantages by technological advances or arbitrary decisions of force.

And this same intent, of sharing neither power nor wealth, leads also to the shift from the multilateral scheme of international relations, in which we medium-sized and small

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countries find a certain protection, toward bilateral negotiations in which the weight of political, economic, or military might can be imposed without the annoying interference of international tribunals.

In these circumstances, the problem of the debt, in itself so important and overriding, takes on an especially grave meaning, because, on top of the devastating consequences to the economies of a great majority of developing countries, there is added a grave impact on the sovereignty and consequently on the independence of our nations, and this threatens to become the new form of colonialism.

Documentation

Excerpts from the draft declaration of the ministers of foreign affairs of the Group of 77:

... 3. The Ministers agreed with the assessment of the world economic situation made by the Ministerial Meeting of the Non-Aligned countries held at Luanda in September 1985, and welcomed the recommendations and initiatives adopted at that meeting.

4. Taking into account the increasingly interdependent character of global economic relations, the Ministers expressed their deep concern at the continuing decline in multilateralism and urged all governments to recommit themselves to the strengthening of the multilateral framework for negotiations and international economic co-operation for development. . . .

11. The Ministers reiterated the importance of convening an international conference on money and finance for development with universal participation, as proposed by the Seventh Conference of Heads of State or Government of Non-

Aligned Countries and endorsed by the Group of 77 at its fifth ministerial meeting at Buenos Aires. . . .

13. a) The Ministers examined the issue of external debt of the developing countries and recognized that the problem was a direct consequence of the prevailing world economic environment reflective of the existing inequalities and unjust economic order. They expressed their profound concern over the debt crisis and the crushing debt-servicing burden of the developing countries, which had to be viewed in a global context and in terms of its negative impact on the development of the developing countries.

b) They emphasized that the problem of the external debt of developing countries could no longer be viewed in relation to its narrow technical aspects or its economic characteristics alone; it had assumed serious political and social dimensions, aggravated by the drastic impact of the imbalances in the international monetary, financial, and trading systems, and thus required political treatment and a global approach involving debtor developing countries and creditor developed countries, as well as international financial and banking institutions which all had a shared responsibility in the solution of the debt problem of developing countries. . . .

d) They stressed that developing countries had undertaken strenuous adjustment efforts demanded by the international financial and banking institutions, *inter alia*, through IMF conditionalities which had resulted in enormously high social and economic costs, unemployment and recession, and to the impairment of their capacity to grow and develop. . . .

25. The Ministers urged the Governments of creditor developed countries and international financial and banking institutions, in a spirit of shared responsibility, to engage with debtor developing countries in a political dialogue to jointly find a mutually agreed, equitable, and durable solution to the debt problem of developing countries. Such a solution should address, *inter alia*, the following:

a) Co-responsibility among the Governments of creditor developed countries and debtor developing countries, as well as among international financial and banking institutions;

b) Equity and equality among developed and developing countries in the distribution of the costs and the economic adjustment process, reinitiation of financing for development and lower interest rates, significantly improved access to markets, standstill and roll-back of protectionism, and stabilization of commodity markets, and fair and remunerative prices;

c) Limiting debt-servicing payments to a percentage of export earnings compatible with the development needs and the economic and social requirements of each country;

d) Stretching out of payment, grace, and consolidation periods;

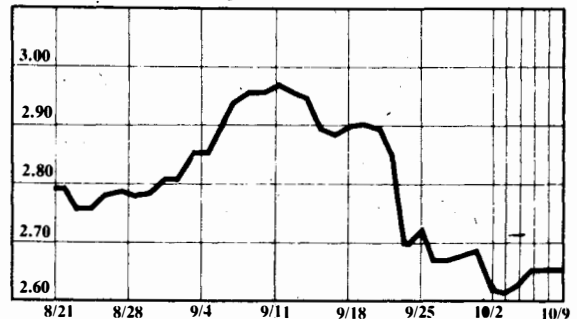
e) Easing of the conditionality applied, *inter alia*, by the IMF;

f) In particular, special treatment for the poorer and least-developed countries in the solution of their serious external debt problems. . . .

Currency Rates

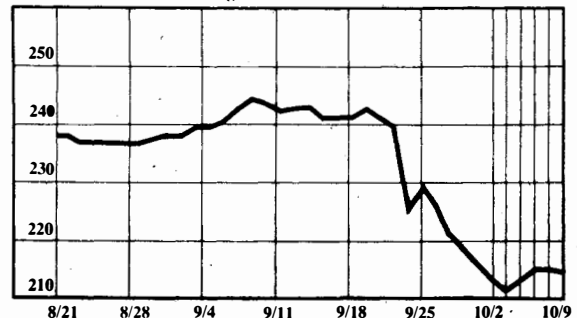
The dollar in deutschemarks

New York late afternoon fixing



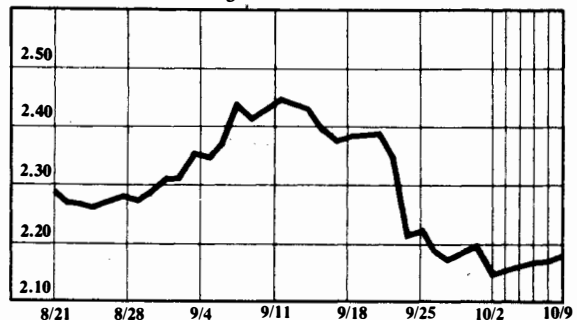
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

