

## CARACAS DECLARATION II

**February 7-9, 1998**

The Ministers of the Intergovernmental Group of Twenty-Four (G-24) met in extraordinary session for their Fifty-Eighth Meeting in Caracas, Venezuela from February 7 to 9, 1998 and agreed to issue the following Declaration:

The prime responsibility for development and poverty reduction in the developing world continues to rest with the peoples, institutions and governments of the developing countries themselves. To this end, sound macroeconomic policies, transparency in the working of public institutions, and good governance are essential.

Recent events in international financial markets demonstrate the profound implications of the intensifying integration and participation of developing countries into the global economy, and emphasize the need for global cooperation to preserve the stability of the international economic and financial system. The Asian crisis threatens to generate deflationary influences throughout the world. At the same time, the imminent introduction of a new currency--the Euro into the global economy creates more challenges for macroeconomic policy formulation associated with the functioning of the international financial system so far based on national currencies. These developments have shown that, without strengthened international cooperation (I) to improve the functioning of the global economy and (II) to reduce the potential costs and risks of globalization for its more vulnerable participants, the potential benefits of globalization are at stake.

The Group of Twenty-Four agrees to:

- Promote an orderly and cautious approach to the liberalization of capital accounts under IMF auspices;
- Explore global arrangements for the purpose of securing an appropriate sharing of the cost of crisis resolution in post-crisis situations;
- Support efforts to strengthen and coordinate the work of agencies for financial market surveillance and supervision, and to pursue urgently discussions in respect of international arrangements for supervision and regulation of financial markets and institutions;
- Endorse the initiative of the debt problem expressed in the Mauritius Mandate, adopted by the Commonwealth Finance Ministers last September, within the context of an appropriate burden sharing arrangement, and to further the effort to seek permanent and creative solutions to the debt problems and development financing needs of the poorest countries;
- Support an expanded role for the SDR in the international monetary system;
- Welcome the principles expressed in the OECD Convention on Combating Bribery of Foreign Public Officials, recognizing that the fight against corruption must be carded on the basis of symmetry with regard to the responsibility of both developed and developing country governments; and to examine the Convention, along with other proposals, with a view to recommending them for consideration by governments; and,

- Support national and international efforts to further develop and disseminate comprehensive and timely economic and financial information.

The Group of Twenty-Four sees an urgent need for a wide-ranging review by a Task Force comprising industrial and developing countries of the following issues:

- The capacities and modalities of the international monetary and development finance institutions to respond in a timely and effective manner to crises induced by large-scale capital movements;
- The appropriateness of the conditions prescribed by these institutions to deal with such crises;
- The equitable sharing of the cost of post-crisis financial stabilization between private creditors, borrowers and governments;
- The more effective surveillance of the policies of major industrialized countries affecting key international monetary and financial variables, including capital flows;
- The modalities for building domestic social safety-nets as integral elements of stabilization and adjustment programs to protect the most vulnerable elements of the population of crisis affected countries; and,
- The increased representation and participation of developing countries in the decision making organs of the international community to properly reflect developing countries' growing influence in the world economy, including through the revision of the bases for determining the voting power in international financial institutions.