

RECOVERY, SURVIVAL AND THE INTERNATIONAL  
MONETARY SYSTEM: NOTES TOWARDS INITIAL REFORMS

Reginald Herbold Green  
Institute of Development Studies  
University of Sussex

Credit is suspicion asleep.

- H. Wallich, 1982

The external deficits of the developing countries have reached record levels. Of those that are net importers of oil, half now face current account deficits of 12 per cent of gross domestic product or more - about three times their level of a decade ago. Deficits of this magnitude clearly cannot be sustained in terms of future debt service capacity.

- J. de Larosiere, 1982

The immediate financial problems of the banks should never be allowed to conceal the more fundamental political consequences in countries which face severe contraction and lower living standards as a result of their losses of foreign exchange and debt burdens.

- Brandt Commission, 1983

Successful adjustment to worsened terms of trade requires an expansion of investment rather than a contraction in demand; otherwise the underlying disequilibrium will be suppressed rather than corrected, resulting in damage to the development process without removing the prospect of renewed payments pressure in the future. Adjustment through growth implies a need for time to make the adjustment - and hence, bridging finance - as well as additional capacities - and hence, long-term resources from abroad.

- UNCTAD Group of  
Experts on Low-Income  
Countries and The  
International  
Monetary System, 1983

## The International Monetary System: Elements of Pathology?

The international monetary and financial system is not operating satisfactorily. For about a decade and a half it has lurched into crises, been patched up, had brief returns to apparent good working order and lurched again. The underlying structural trend has been negative. In these aspects it has paralleled the global economy in prolonged recession - over 1979/82 more plausibly titled depression. Arguably, therefore, the monetary/financial system's weaknesses are neither surprising nor a basic cause of 1969-1982 global economic evolution. However, as of 1983 the state of the international monetary and financial system is such as to give real cause for fear that it will by its weaknesses precipitate a further crisis - especially but not only for peripheral economies - and/or abort the nascent or tentative recovery apparently beginning in some OECD and NIC economies.

A quick catalogue of weaknesses must begin with the International Monetary Fund because - despite its limited resources and the record low level of its quotas relative to international liquidity - it has regained a central role in countries' external financial adjustment. This is not so much through its own resources - critical as these are to economies with very limited access to commercial finance. Rather it turns on an increased tendency for the World Bank, Paris and London Clubs (rescheduling), bilateral donors and commercial banks to perceive an IMF programme as a sine qua non for any major adjustment-supporting action on their part.

The Fund is not performing this role very well - at least not if being widely accepted as a counsellor, being able to meet a substantial portion of short- to medium-term bridging finance needs and contributing to adjustment predominantly through increased supply (e.g. of exports, food, energy) to reduce external imbalance are seen as criteria. First, its resources are too limited to meet more than a small proportion of the additional finance required - under a third even for least developed and other poor or structurally disadvantaged economies (e.g. Sierra Leone, India, Mauritius respectively). Secondly, and partly as a result, its programmes are still too short-term - with respect to drawing and to repayment - to permit adjustment through increasing supply to close structural imbalances. This is especially true on the repayment side since an IMF drawing programme is likely to prove unworkable in the year immediately after drawings cease and in the peak repayment years even if substantial structural change toward balance is being achieved. Thirdly, and again

partly related to both of the previous factors, the IMF's model programme assumes excessive growth of demand as the basic cause of crisis and reduction of that demand as the cure. In cases of economies in long-term structural crises (e.g. Ghana and, for different reasons, Uganda), suffering from sustained weakness in the purchasing power of their exports (e.g. Zambia, Mauritius) or savaged by the 1979-82 international economic depression following successful weathering of 1973-75 (e.g. Kenya, Tanzania, Malawi, Swaziland) the causal factor behind imbalance is not excessive expansion of demand. Rather contraction of the capacity to import, to maintain capital stock and to sustain agricultural production growth equal to that of population are central. Especially when real resources per capita are already very low, attempting to solve these supply-side problems by generalised demand cuts is humanly destructive, politically extremely destabilising and - except perhaps in the very short run - economically ineffective.

As a direct consequence of these three weaknesses, there is a fourth. Many countries do not consider the Fund to be a reliable partner in adjustment nor a credible source of political economic analysis and advice. As a result, approaches to the Fund with respect to high conditionality drawings are delayed, negotiations on programmes are interminably protracted and "agreed" programmes and targets conceal such divergent perceptions and goals as to raise the number and speed of breakdowns. Given the evident need of many economies for bridging finance during structural adjustment, the cost of delaying action while the objective position deteriorates and the increasing tendency of the World Bank, bilateral donors and commercial banks to wait for a Fund programme, the price of such delay is high as evidenced in cases as varied as Brazil and Tanzania.

Both the World Bank and bilateral aid agencies have increasingly tended to accept the Fund's analysis of developing economy crises. This may not be true at the intellectual level - their basic thrust is toward increasing supply and their time frame of reference much longer. It is true in terms of their unwillingness to consider providing substantial additional resource transfers prior to conclusion of an IMF programme even when the country puts forward a reasoned alternative set of proposals. Their effectiveness is further limited by two additional characteristics - relatively slow response (e.g. beginning serious negotiations only after a Fund programme is agreed rather than in parallel) and very high commitment to project (new capital stock), as opposed to programme (interim maintenance for and increased utilisation of existing capital stock), lending as exemplified by the Bank's 10 per cent limit on programme lending as a share of the total.

Commercial banks - whose 1970s recycling did much to sustain Third World growth over 1973-78 and to delay the post-1979 descent into stagnation (or negative growth) - have swung from excessive (at least ex post) optimism to self-validating pessimism. If imbalance is to be overcome largely by increased supply this requires additional finance in the interim (not reduced exposure by the banks) and attempts to reduce or reverse net lending will maximise losses to the banks as well as the costs of economic decline to the borrowers. (The positive scenario also requires expanding - not contracting as over 1981/82 - world trade and increasing - not decreasing as over the past decade - market access for both primary and processed commodity exporters and NICs. That, however, is a topic for another study.)

Rescheduling - like IMF programming - is too short-term and too little oriented towards supply enhancement. Relatively short breathing spaces and increased interest rates increase the likelihood of programmes' becoming unstuck (especially as they leave little or no margin for adverse future external events and, indeed, usually are over optimistic on attainable exports, requisite imports and terms of trade). They are not businesslike because their over-caution increases probable total future losses for borrowers and lenders alike.

#### Crisis Containment, Recovery Reinforcement: International Financial Requisites

Crisis containment requires halting the decline of import capacity and real per capita national purchasing power which most poor, many NIC and middle- to upper-income peripheral and some high-income industrial economies have experienced over 1979-82. Unless this is achieved five sets of consequences are likely to ensue:

1. continued contraction of world trade because poor and intermediate economies cannot sustain present real import levels;
2. consequential renewed depressionary pressure on the world economy as a whole (reversing the 1970s positive contribution from surprisingly sustained rises in developing economy and NIC imports and, thus, in OECD exports to them);
3. increased social and political instability leading either to immobilisme or violent change in a significant number of developing countries;

4. major forced defaults to commercial banks, governments, the World Bank and the IMF by pauperised economies - especially among the least developed and among African and island economies more generally;
5. substantial consequences of default both in terms of the cost of Northern salvage operations (presumably the 1930s spiralling collapse pattern would be averted - at a price) and of further damage to normal global trade and trade-oriented production finance.

The dangers of such a scenario developing are greatest with respect to two groups of economies: the NICs and the least developed/structurally disadvantaged. In the case of the NICs the primary problems are the present levels of debt outstanding, its short average life, record real interest rates and sluggish export growth. The prime requirements for averting crises are avoidance of panic by banks, lengthening average debt maturity, sharply lower real (as well as nominal) interest rates and both a recovery of global trade and at least a gradual reversal of the new protectionism.

The case of the least developed/structurally disadvantaged is more serious. The post-1979 collapse of real import capacity related to radically worsened terms of trade and (partly consequential) export volume falls has created structural imbalances, human misery and a deterioration of productive capacity both worse and far less readily reversible than in the NICs. While debt service - often from desperate use of supplier credit and bank loans to lessen the pace of the 1979-1981 decline on the unwise, but hardly unique, view that global recovery would come in 1981-82 as it had in 1976-77 - is 20 to 40 per cent of export earnings, for many of these economies their basic problem is import strangulation. Maintenance of existing capital stock and utilisation of installed capacity (in agriculture and transport, health and education as well as in manufacturing) is impossible at present import levels even though these give rise to unmanageable current account deficits. Domestically the cumulative output declines create recurrent budget deficits (with erosion of import and export duty, sales tax and company tax bases); cost-push inflation (from reduced capacity utilisation), profiteering (whether on parallel markets or legally), and physical lack of incentive goods to make nominal increases in anyone's income (especially that of peasants whose basic purchases are simple domestic or imported manufactured goods) effective in real terms. In human terms

malnutrition and de facto unemployment are rising, the quality of education and health care eroding, and personal purchasing power declining to levels below those of the 1960s. This pattern is affecting previously middle-income economies (e.g. Mauritius, Jamaica) as well as least developed (e.g. Malawi, Bangladesh) and those which weathered their 1973-75 crises and regained apparently stable growth by 1977 (e.g., Kenya, Tanzania) as well as those with longer-term negative economic patterns (e.g. Ghana, Zambia). The pattern is most severe and uniform in Africa - where in normal economic terms only Botswana of all Commonwealth members has been able to retain manageable internal and external balance and a forward, albeit slowed, development dynamic. But it is not unique to that continent. A majority of Caribbean and several Pacific and Asian economies exhibit similar symptoms of descent into economic disintegration enforced by declining import capacity.

In many of these cases global trade revival alone will not be enough to restore manageable current account balance even if it brings some terms-of-trade improvement. For economies like those of Swaziland, Kenya, Malawi, Tanzania and Mauritius one would need to assume a doubling of the real price of coffee, sugar, tea, oilseeds and cotton relative to fuel and manufactures to project restoration of early 1970s (or 1977) current account ratios without radical export-increasing and import-substituting structural shifts. Similarly, in cases of prolonged non-maintenance of directly productive and infrastructural capital - e.g. Uganda and Ghana - no trade recovery or debt deferral scenario can lead to economic viability without sustained additional external resource injections to rehabilitate and replace run-down or destroyed capital stock.

Because this group of economies - unlike the NICs - requires substantially increased net resource transfers, in most cases has little access to commercial finance, will not respond rapidly or automatically to trade recovery and - even taken together - poses no comparable threat to the global banking system to that of a Mexico or even a South Korea, it is in danger of being overlooked or set aside. In human terms the cost would be appalling; even in terms of averting additional strains on the global financial system and on industrial economy (not least United Kingdom) exports they would be severe.

Overall, developing economies lost about \$85 billion in import purchasing power between 1980 and 1982: \$40 billion from export falls, \$37 billion from increased debt service and \$10 billion from falling medium-term borrowing. Short-term borrowing increases of \$25 billion merely rolled

forward part of the increase in debt service while worsening average maturity and future debt service patterns. Despite import cuts average external reserves fell to under two-and-a-half months' imports by the start of 1982 and almost certainly under two months' by its end, with the African position of reserves (under one month's imports) markedly worse in both cases. The symptoms of this deterioration as they buffet the international financial and monetary system are very apparent. About forty countries have serious payments arrears with respect to normal commercial credit for goods and services. For Nigeria the total is said to be \$5,000 million and for much small Zambia over \$500 million. Almost as many are falling into serious (in terms of volume and length of delay) arrears on government and government-guaranteed borrowing, e.g. \$75 million in the case of Tanzania. For some low-income countries - e.g. Zambia, Tanzania - commercial, export credit and government arrears exceed recent annual export totals.

In terms of national economies the costs can be traced in falling per capita GDP (for four successive years in the case of Kenya, which prior to 1978 had an average post-independence per capita real growth rate of about 2.5 per cent a year) and in soaring recurrent budget deficits related to falling real revenues despite rising tax rates (10 per cent of 1982 GDP for Tanzania in 1982/83, a fourth consecutive deficit following a sustained 1961/62-1977/78 record of small to moderate recurrent surpluses). In human terms they mean falling purchasing power of peasants, wage earners, civil servants and most managers and small businessmen; deteriorating transport and housing; increasingly inadequate health, education and water services; shortages, searches and queues to get even (or especially) basic goods; parallel markets and profiteers; erosion of hope that decline will be reversed and of effective incentives to produce more. This is assuredly not a stable base for even a part of global recovery and can all too easily become a serious threat to the whole of it.

With respect to recovery the same points apply. Sustaining and broadening the base of recovery - especially in Northern capital and basic intermediate goods industries - at the least would be much easier if Southern import capacity were once again rising and might well prove impossible were it to continue to fall.

For the NICs (including Hong Kong and Singapore), plus high-income natural-resource-based economies like Australia, Canada and New Zealand, global recovery in trade in manufactured goods and a renewal of demand for natural-resource-based products may be sufficient as well as

necessary to restore growth of import capacity. To some degree this may also pertain to very large poor economies - e.g. India - and to several crisis-hit lower-middle-income ones - e.g. Malaysia, Nigeria, Trinidad and Tobago, Zimbabwe. However, even in these cases there are two caveats: it will be necessary to avoid crises resulting from current debt and to bridge cash flow lags on the trade upswing.

To assume that recovery in the North and in world trade will by itself overcome all major debt problems is mindlessly optimistic. The recent USA report, "Approach to the International Debt Situation: A Policy Overview", can be read to suggest such an outturn but only if four assumptions are made:

1. no short-term Third World debt crises before recovery takes hold;
2. no binding social and political limits to additional austerity;
3. inflation and interest rates held at (brought down to) relatively low levels;
4. sustained 4.2 per cent growth in OECD GDP.

Each of these assumptions seems rather optimistic taken by itself. As a joint set of necessary conditions for a satisfactory resolution of the stresses in the international monetary/financial system they appear most unlikely to be fulfilled (especially the second and fourth conditions) even if interim juggling avoids an intensified renewal of 1982 commercial bank loan crises which would abort both global trade and - probably - industrial economy recovery.

For the least developed and a number of other low-income economies global recovery by itself will not be enough even to sustain present import levels. Their exports are on average half of imports, Fund-Bank-bilateral resources at present far from fill the gap, access to commercial (including export) credit is low and decreasing, import levels are already too low to maintain existing productive capacity, and export mixes are unlikely to benefit massively in volume or price from trade recovery.

Clearly any long-term return to stability and growth in these countries does depend on their rehabilitating previous export capacity and expanding those traditional exports with plausible market prospects. Even that will require substantial programme support for inputs



into production, transport and processing and into incentive goods to validate nominal increases in grower prices or wages. Beyond that, however, they must identify and develop new exports with plausible prospects and markets (manufactured or primary products; Northern, Southern or regional markets depending on possibilities and contexts). That requires more capital goods imports and more consumer goods production while output is being built up - and more external finance to cover the import gap. In these cases neither three nor five years is likely to prove a standard period for external balance restructuring. Five might do for pure rehabilitation but, given the magnitude of the 1977-82 negative external economic parameter structural shifts, ten seems more normal as the requisite time-period for developing a structurally altered and at least doubled (in terms of import purchasing power) export mix.

More generally, as the Brandt Commission put it earlier this year:

There will in any case be changes in current accounts as growth is resumed. To smooth the way for joint economic expansion there should be general agreement to finance without hesitation such growth-induced deficits.

As to the argument that such credit to validate increases in real output would be inflationary, the recent comment of former IMF Managing Director, H.J. Witteveen, is apposite:

With present high unemployment rates and low capacity utilisation, surpluses in oil and other raw material markets and pervasive deflationary pressures in the world financial system, the risk that a somewhat higher increase in the money supply would rekindle inflation is practically nonexistent. This should be explained clearly and forcefully to overcome dogmatic and unrealistic monetarist fears.

These points would appear to apply even more forcefully with respect to global credit used to sustain/expand basic food, intermediate goods and capital equipment imports by developing countries. In the North each of these sectors is particularly plagued by overcapacity and unemployment and particularly unlikely to recover very fast purely on the basis of the present modest recovery of demand within certain major industrial economies.

## Wider Still and Wider: Interactions versus Portability

To discuss the international monetary system narrowly - excluding major financial flows outside the IMF ambit - or in the abstract - outside the 1971-1983 crises and the nascent partial recovery - would be unrealistic, especially with respect to formulating proposals. The international monetary system proper, the IMF, the World Bank group, international commercial bank lending and at least some aspects of bilateral assistance need to be seen together. Finance for survival, adjustment and recovery for the low-income and middle-income economies as a group and for many individually must be mobilised as a package from all of these sources, not limited to one or two.

Moreover, it can be argued that any discussion of recovery needs to extend to trade (including terms of trade and market access). The problems of those Commonwealth countries whose exports cover less than half of imports (including invisibles together with goods) cannot be solved without very significant increases in the volume, and at least stability in the unit purchasing power, of their present exports together with structural adjustment into new exports. The market access and terms-of-trade evolution (more accurately deterioration) of 1977-1982 (rather larger for several key metals including copper), if continued, make a mockery of any such effort. Similarly, sustained renewal of adequate growth in Canada, Australia and New Zealand as well as Hong Kong, Singapore and India requires a reversal of the rising tide of the new protectionism and a less gloomy set of volume/value prospects for natural-resource-based products whether in primary, processed or manufactured form. Otherwise balance-of-payments support will prove a bridge to nowhere and structural adjustment finance only extend the range of unutilisable capacity.

However, with respect to the monetary/financial and trade aspects it does seem practicable to make an analytical and operational separation for the purpose of sectoral discussion and programme exploration. So long as the basic need to use finance to sustain trade in the short run and to strengthen its foundations in the medium is kept in sight together with the parallel need to act on trade access and terms issues, it is practicable to discuss monetary and financial aspects of crisis containment, adjustment augmentation and recovery support separately without coupling a detailed analysis and programme of action for trade. This is a matter of division of labour with the caveat that, as in Adam Smith's pin factory, unless those responsible for the other parts of the production process carry out their tasks any individual task, however well done in and of itself, will prove meaningless.

Similarly it can be argued that examination of, and proposals for, the international monetary and financial system should go beyond short-term survival and recovery measures toward long-term reforms. Appealing as this argument is it suffers from three practical defects:

First, more immediate agreement and action on short-term measures is potentially attainable than on long-term restructuring;

Secondly, even with broader agreement than is now in sight, basic restructuring would take several years - and without interim steps now would run a very grave risk of being swept away in a tide of renewed crisis (like the 1974 Committee of Twenty Report to the IMF/IBRD);

Thirdly, as with finance/trade, a certain division of labour is both practicable and potentially efficient.

This paper posits six basic changes as desirable within the international financial system over the next decade: greater effective participation of all states (especially in the Fund and Bank or their successors), transformation of the IMF (quantitatively and qualitatively) into a body much more analogous to a global central bank, establishing the SDR as the basic international reserve asset (especially with respect to increases of international liquidity), lengthening the average period of bank and other international commercial lending, augmenting multinational and bilateral concessional resource transfers and concentrating them more fully on low-income countries, and building up more institutional symmetry especially with respect to expanding South-South official and commercial financial institutions and transactions. However, these are seen as goals which will only be attainable if increased monetary/financial disorder can be averted and recovery sustained rather than as immediate points for programmatic articulation. The proposals made are seen as consistent with, and potentially increasing the attainability of, such basic structural reformulations but not as sufficient for, nor constituting, them.

## Differentiation: Contextual Divisions within Inclusive Parameters

Differentiation and equal treatment have - somewhat ironically - both developed a bad name. The reason seems to be that differentiation is perceived to proceed by exclusion and equal treatment to overlook unequal causes, contexts and possibilities for change. There is a common crisis of the international monetary system. Its resolution requires paying attention to the needs and interests of major lending centres (e.g. the UK), middle- and high-income peripheral economies (e.g. Australia, Canada, Hong Kong, New Zealand, Singapore), large poor economies (e.g. India and in a less crisis- and recession-ridden context Nigeria and Zimbabwe) and least developed and/or structurally disadvantaged economies (e.g. Antigua, Fiji, Ghana, Jamaica, Kenya, Mauritius, Tanzania, Tuvalu and Zambia). Equally any resolution must relate directly to the specific nature and causes of each group's - and each individual economy's - problems, capacities for adjustment and required time frame for adjustment. Differentiation by inclusion, like uniformity of treatment in terms of different packages toward common recovery and structural adjustment goals, is necessary.

In the case of rich industrial economies which are also major financial centres (e.g. the United Kingdom) the two principal requirements are avoiding major debt crises affecting their financial institutions (as lenders) and ensuring adequate flows of credit to developing countries. to allow increased imports by them to help sustain recovery of global trade and production.

For partially industrialised medium- to high-income, but basically primary product/natural resource exporting, economies (e.g. Australia, Canada, New Zealand) somewhat different needs pertain. The first is that monetary and financial constraints should not choke off recovery in the central industrial economies and thus prevent revival of their export volumes and prices. The second is continued access to credit - preferably at lower real interest rates - to allow domestic and export production build-up and to increase investment in natural-resource-based production.

NICs (including Singapore and Hong Kong) have similar requirements - albeit their investment credit requirements centre on manufacturing and exportable services. In addition several (not including Hong Kong and Singapore) require restructuring of existing, and injection of new, external credit to avert debt crises before global trade recovery and falling real interest rates can strengthen their external balance positions.

Very large poor economies with limited - though critical - external trade dependence (e.g. India) probably need the same things from the international monetary and financial system as the NICs albeit their present exposure to debt crises is significantly lower. In addition, however, they need enhanced investment finance to restructure exports and to reduce fuel and food import dependence.

Relatively large and strong poor countries severely affected by the post-1978 phase of the global economic crisis (e.g. Nigeria, Malaysia, Trinidad and Tobago, Zimbabwe) again have partially overlapping and partially differentiable priorities. In the medium term global trade and industrial economy recovery should significantly strengthen their external current account position and, therefore, their access to long-term finance. However, in the interim some (e.g. Nigeria) require additional resources to avert an external debt and commercial payments crisis and most (notably Zimbabwe) bridging finance to sustain the import levels necessary to maintain and operate capital stock at levels consistent with ability to respond to export revival possibilities and to maintain levels of personal consumption and public service provision consistent with economic, social and political stability. A few relatively resource-rich least developed economies (e.g. Botswana, Papua New Guinea) are in similar positions.

The balance of the poor and least developed economies have significantly different and longer-term requirements. Despite significant diversities in other respects almost all need additional resource transfers both to maintain present real import levels and to restore them to the minimum levels consistent with maintaining existing production, infrastructure and public service capacity. In addition they require major support to restructure production toward new exports (their existing ones by and large have poor prospects even in the context of global recovery) and toward reduction of food and fuel import requirements. Because their present export to import ratio is low (below 50 per cent in many cases), their economies badly debilitated and their workers, peasants and entrepreneurs often fatalistic and passive after the past four or more years' battering, their requirements for monetary/financial system support, while initially smaller than those of other economies, need to be placed in a longer-term and more concessional perspective. Not only is commercial (bank or export) credit not readily available to them (except for specific, quick pay-off, balance-of-payments improving projects); but two years' grace plus eight years' repayment funds at 10 per cent interest (and even more so shorter-period, higher-cost credits) increase rather than decrease medium-term

external imbalance as evidenced by the present impact of 1978-1981 commercial bank and export credit use by several (e.g. Tanzania, Kenya). Within this category there is a special sub-group of economies which have suffered from structural malaise for eight years or more as opposed to since 1979. These include some specialised mineral exporters (e.g. Zambia), countries with a long pattern of vacillation and ineffective economic policies (e.g. Ghana over 1964-1982) and states seeking to recover from socio-political and political economic disasters (e.g. Uganda).

From these differentiated requirements it is possible to outline a set of goals for interim international monetary and financial system management:

1. Avert major international debt crises and especially significant defaults;
2. provide adequate finance to sustain recovery and expansion of global trade;
3. sustain or restore minimum necessary import levels for economies with particularly severe post-1978 (or longer-term in cases like Ghana, Guyana, Jamaica, Uganda, Zambia) declines in import capacity;
4. finance rehabilitation and restructuring to allow external balance to be regained primarily through export recovery/expansion and enhanced domestic production especially of energy and food;
5. provide financial resource injections on terms consistent with meeting the above objectives, avoiding massive erosion of basic needs and encouraging states to take positive domestic action toward regaining external and domestic balance within a framework of economic rehabilitation and restructuring.

#### Conditionality: Goals, Targets and Timing

Debate about conditionality is rarely about whether there should be conditions. The financial support for structural adjustment programmes represents a series of business transactions and all business transactions are conditioned by and conditional on actions by all parties concerned. The real debate is on the purposes to be served (which necessarily alter the conditions), the targets appropriate to achieving those purposes, the time required

for adjustment and the degree of flexibility appropriate in targets. One might reasonably presume that each of these varies from case to case. For example, an appropriate package for a rich manufactured goods exporting economy suffering from the impact of recent massive demand expansion would hardly suit a very poor primary exporter which had been unable to reduce demand sufficiently to counteract a fifty per cent fall in earned import capacity (and vice versa).

If maintenance of capital stock and revival of production are seen as critical goals, targets positing sharp cuts in imports or real levels either of credit to productive enterprises or of basic government spending are likely to be counterproductive - especially in a very poor country which has already experienced substantial declines in real household incomes. The same point applies even more strongly if maintaining minimum personal consumption standards, providing basic public services, avoiding increasing (already usually wider than would be tolerated in rich Commonwealth countries) income and wealth disparities and/or allowing political stability without repression are seen as among the goals of structural adjustment.

None of this implies that limits to expansion of monetary demand (especially when generated by persistent recurrent budget imbalance) or short-term external borrowing, or coherent price (including foreign currency price, i.e. exchange rate) policies are not among the targets needed. It may imply that minimum (as well as maximum) real wages and maximum (as well as minimum) basic consumer goods price increases and also real production of key basic consumer ("incentive") goods should also figure among the requirements, albeit that is arguable given the problems sure to arise from a multiplication of conditions. As an intermediate position these could be viewed as parameters with which a letter of intent had to be consistent and which were the starting point for defining practicable monetary and external debt criteria.

Because adjustment programmes tend to impose costs before they bring benefits and because very high initial costs have a shock impact more likely to shatter than to cure a fragile economy, a case exists for more front-end loading of external financial support and less front-end loading of costly domestic measures. This is particularly true with respect to economies with very limited potential for rapid export increases, low present ratios of exports to imports, substantial post-1978 falls in real income and significant deferred maintenance/deterioration of productive capacity, infrastructure

and public services. Whatever the potential of very sharp shocks for inducing external balance in economies whose earnings are substantially from manufactured goods and remittances - and the Portuguese and Turkish case records are not wholly reassuring even for such economies - they are most unlikely to produce either rapid increases in production and exports or domestic political and economic stability in most low-income economies, e.g. those of sub-Saharan Africa.

The exchange rate issue may illustrate this point. Highly overvalued currencies are inefficient from any economic system's point of view. Many developing country currencies are seriously overvalued and becoming more so. The initial costs of devaluation - especially massive devaluation unless the currency has virtually lost all value, e.g. by several successive years of near 100 per cent inflation with little or no exchange rate adjustment - are massive. The gains are much more lagged and will never be achieved if the devaluation shock is transmuted (e.g. via fuel and food imports and cost-plus business practice) into hyperinflation rapidly crosscancelling the intended results of exchange rate adjustment. The costs of standing still are serious and cumulative with no likely subsequent gains but are less and less open-ended at any one time. Pressure for massive front-loaded devaluation - especially with no guarantee of massive resource injection - tends to freeze the status quo, squeezing out advocates of more gradual, phased devaluation while the underlying position worsens.

A more practicable - in the sense of achieving prompt action toward adjustment, reducing costs of immobilism and reducing the risks of shock-induced collapse (including into hyperinflation) - approach might in many cases include:

1. phased devaluations of perhaps 10 per cent each, up to three times a year over two to three years;
2. a package of IMF-Bank-bilateral programme-oriented resources allowing enhanced capacity utilisation and rehabilitation of capital stock to have unit cost reducing and supply enhancing impact large enough and soon enough to offset the inflationary impact of devaluation;
3. phased reduction of consumer subsidies, increases in wages and producer prices, and restoration of basic public services (especially education, health and water) both to mitigate adjustment



costs for peasants and urban low-income groups and to recreate a context in which real increases in living standards are credible (a necessary incentive for increased effort and production).

Similar considerations apply to initial degree, phasing and mitigating resource transfers in support of other standard IMF criteria. Demanding too much too soon usually results in immobilisme while the situation worsens, botched compromise programmes hiding a non-meeting of minds when written but speedily collapsing in practice and/or massive social and political instability. None of these makes much sense from a financial institutional, economic production or human point of view.

How to set targets poses related but somewhat different problems. The projections of any adjustment package include assumptions as to external variables - from weather through the prices of particular commodities to the external resource inflows projected in the programme to the state of the world economy - quite beyond the control of the state entering into the programme. Further, in recent years most such projections - by the IMF, the Bank, the OECD and individual industrial economies as much as by developing and peripheral economies - have been significantly in error. Under these circumstances failure to achieve precisely set targets ("trigger clauses") on precise dates based on unstated assumptions tells very little about either the efforts of the state in question or the response of its economy to the programme package.

While programmes and their targets cannot be totally open-ended three modifications of standard target setting would seem both appropriate and practicable:

1. specify the basic assumptions (especially as to external determinants) underlying projections and targets;
2. set targets in terms of ranges (both as to quantity and as to timing) rather than in precise levels at specific dates;
3. when failure to meet targets can be analytically related to external variables worse than projection assumptions, revise the programme with a view to sustaining it rather than suspending it for target non-fulfillment.

## The IMF: Proposals For Improved Economic Effectiveness

Even on its own terms the IMF's present and recent past performance record is disconcerting. It has inadequate resources to meet its requirements; it seeks to devise short-term programmes to bridge what it admits are often medium-term structural gaps; it finds many clients needing its services so little persuaded of the validity of its prescriptions or the adequacy of its resource injections as to stay away; its proposals often seem to lend themselves to immobilism and resistance - while underlying conditions worsen - rather than dialogue and agreed packages; a very high proportion of its programmes break down very soon after initial adoption, often because projections in them were always markedly unrealistic. A merchant banker with that record would have no clients, a commercial banker would have been taken over following an emergency central bank lifeboat operation and a central bank would have had its management replaced. Since none of those options is practicable with respect to the IMF, attempts to achieve improved performance are critical, especially since a Fund programme is increasingly the necessary cornerstone for any financial reconstruction or structural adjustment programme. Eight significant areas for change can be identified.

The first is the adjustment of conditionality and of target setting and use along the lines suggested in the preceding section. A second is lengthening of the maximum time frame for programmes where necessary to achieve stable structural adjustment. The maximum drawing period might be extended to five years, the period between each drawing and initial repayment might be up to five years and repayments might be phased over up to seven years. These would be maximums; some programmes dealing with reversible cyclical imbalances or secondary shocks to fairly resilient economies could and should be substantially shorter.

The Compensatory Finance Facility should be made more effective in terms of its original aim of providing resources to cover the initial shock and time to adjust to (or reverse) declines in real import capacity. At present it meets under half of export shortfalls as measured, perhaps a fifth for Africa and still less if the shortfall is measured in terms of real import capacity not nominal export proceeds. The simplest way to achieve this would include totally untying CFF from quotas (or raising its limit to 250 to 300 per cent of quota), calculating shortfalls from an arithmetic not a geometric mean, measuring shortfalls in terms of earned import capacity not nominal export earnings alone and phasing

repayment to relate to recovery of import capacity with a maximum of five years from drawing to initial repayment and seven years for repayment. The positive impact on least developed and sub-Saharan African economies of such changes - which are entirely consistent with the CFF's initial purposes (adopted at a time of much lower average inflation and terms-of-trade fluctuations) - would be very considerable.

Fourth, low conditionality drawing facilities (including a CFF expanded as proposed above) should be expanded absolutely and relative to maximum drawing limits. High conditionality often deters prompt use of Fund resources; the low conditionality facilities (especially the Oil Facility) available in 1974-76 were critical in many developing countries' successful 1974-76 adjustment programmes and 1976-78 return to external balance and domestic growth. Higher average conditionality over 1979-82 has not resulted in better average programme quality, greater borrower commitment to programme goals or a lower programme failure rate - on the face of it quite the reverse.

To achieve these four goals requires a fifth - substantially expanded Fund resources beyond the quota increases now in the process of approval. Either another 50 per cent quota increase within two years (which would still leave Fund quotas a low proportion of global liquidity by 1945-70 standards) or substantial Fund borrowings from members or commercial markets is critical if Fund finance is to be adequate in size and adequately flexible in repayment period.

For low-income countries - especially those with massive structural current account deficits likely to require at least a decade to close - interest rate subsidies remain critical. Present Fund resources in this respect are fully committed and need to be replenished (and made applicable to low-income country EFF and CFF drawings). Possible means include profits from further sales of IMF gold, Trust Fund loan repayments and/or donations by richer IMF members.

Given the reduction of international liquidity of a majority of IMF members since 1979, a substantial new issue of SDRs over 1984-87 would seem appropriate. If the ratio of SDRs to total reserves which existed after the initial allocation period ended in 1972 were to be restored this would require annual allocations of SDR 10 to 12 billion for three years. To maximise the contribution to avoiding debt crises and sustaining global trade recovery it would be

helpful if industrial economy IMF members were to waive at least half of their allocations in favour of poorer IMF members and of IDA and Regional Development Banks.

Finally the IMF should reflect on a message which has been stressed by the Bank but is also implicit in much of its own analysis. Policy changes without adequate resource backing are unlikely to achieve rapid or large economic results. Indeed in the poorest or most severely damaged economies additional external resource injections are often a precondition to instituting and carrying through structural policy adjustments at all. The IMF should therefore seek more often and more energetically to secure Bank and bilateral funding in support of IMF country programmes to increase the pay-off from, and reduce the short-term costs of, sticking to agreed policy changes. It has recently done so on several major middle-income country programmes with major related commercial credit restructuring and expansion. It may be even more critical to play a similar role with respect to low-income country structural adjustment programmes for which substantial, prompt, complementary Bank and bilateral concessional finance are usually critical.

#### World Bank Group Lending: Desirable Structural Adjustments

World Bank group finance is critical to a significant number of developing countries. For the less poor the regular Bank window is appropriate and to date has been able to sustain increases in real disbursements and interest rates which - while historically high - are lower than those of purely commercial financial institutions. For the deeply poor economies - particularly those of India, sub-Saharan Africa and China - it is the International Development Association (IDA) which is crucial because they require a significant proportion of resource inflows on highly concessional terms. This is the case because of both limited domestic short-term capacity to generate debt service finance and external balance constraints on ability to remit it. The latter constraint is often the more binding. As the Bank's independent review of IDA has shown, on average projects supported by IDA credits have had a 21 per cent rate of return. IDA faces more severe resource constraints than the main window of the Bank and is in real danger of substantial reductions in future real resource transfers.

While the Bank has taken initiatives in programme lending and on two-way policy dialogue with recipients based on analysis of their problems, serious shortcomings - apparently substantially reducible in the short run -

exist with respect to both. Bank/IDA programme (including Structural Adjustment and Balance-of-Payments Support) lending is limited to 10 per cent of total group lending. Especially with respect to the least developed countries this limit is open to the Brandt Commission's 1983 warning: "Programmes of agricultural development, education and other poverty-oriented investment on the required scale cannot succeed if international assistance is confined largely to the capital cost of projects." Bank policy dialogues - especially at public level and when expressed generally (as in Accelerated Development in Sub-Saharan Africa) - have at times had a tendency to become monologues (at least if the Bank member actually wanted substantial augmentation of Bank resource flows), overemphasise the speed and efficiency of responses to price signals in the very imperfect markets of poor economies and seriously overgeneralise the causes and consequences of, and possible routes to emerge from, present economic crises. Indeed in at least a few cases the Bank has made its lending more conditional than the Fund, rejecting structural adjustment programme proposals whose acceptance had been integral to projections in agreed Fund programmes.

Several steps - both by and for the Bank - are needed to strengthen its performance over 1983-1987. The first is a rapid agreement on the VIIth IDA replenishment at a level allowing significant increases in real per capita credits over 1984/85 - 1986-87. Allowing for about 5 per cent annual inflation, 3 per cent annual population growth and a 20 per cent increase in real per capita terms over 1983/84 (target \$3.7 billion) would require average annual disbursements of \$5.5 to 5.75 billion.

Additional borrowing authority for the Bank proper is also needed, if a little less urgently. The most practicable route would seem to be to raise the borrowing limit from its present 1 to 1 ratio with guaranteed capital to 2 to 1, a ratio far below those of commercial banks, whose ratios are usually between 15 to 1 and 20 to 1 and which have higher proportions of "non-performing" loans than the Bank.

Programme finance's maximum share in total lending should be raised from a tenth to a third (or to 30 per cent as recommended by the Brandt Commission). Especially for IDA clients a 9 to 1 ratio of project to structural adjustment and balance-of-payments support finance is quite inappropriate at present. For several 1 to 1 would seem much more apposite.

The Bank should reconsider its relationship to IMF programmes in several respects:

- a. in terms of its own longer time horizon and therefore ability to push support packages up to - say - five years' duration from the three covered by the Fund;
- b. as well as in terms of its own mere supply side, developmental and poverty elimination focus and, therefore, the provision of resources designed to minimise costs of initial IMF package measures on these goals;
- c. and in timing, e.g. conducting Structural Adjustment Programme negotiations in parallel with (rather than largely subsequent to) Fund negotiations to allow rapid real resource transfers following programme adoption to minimise its real cost and maximise its chances of success. (These points apply to bilateral donors as well.)

The Bank should conduct its policy dialogue with members rather more flexibly, with more attention to varying contexts, doing rather more careful listening and with a greater willingness to admit that it can be, and has been, wrong on occasion. The last point is critical in the not insignificant number of cases in which a not insubstantial portion of present problems flows from following Bank and Bank-related technical assistance personnel's advice (quite possibly advice the Bank would not now repeat); only a frank admission of error on both sides lays a basis for mutual confidence, absence of recrimination, serious exploration of what went wrong and why or faith in new Bank prescriptions and proposals as better than their predecessors.

#### Bilateral and EEC Concessional Transfer Improvement

For most poor countries bilateral aid is critical not simply to long-term capital stock development but to mobilising the minimum volume of resources necessary to halt and reverse their current economic decline. The implications for aid apply to volume, allocation among countries, flexibility in use, speed of disbursement and coordination. Most apply at least as strongly to European Economic Community as to bilateral concessional financial transfers.

More concessional transfers are needed. With the apparent beginning of economic recovery from very high levels of unutilised capacity and unemployment such increases on a coordinated basis by DAC members should be possible. Many industrial economies (albeit not all) are about to

enter periods of reduced budgetary imbalance, most are willing to use resources to sustain export expansion, and few can reasonably fear that modest stimulus to demand concentrated on food, basic intermediate goods (including fertiliser, chemicals and steel) and capital goods (including transport equipment) could be basically inflationary as opposed to output enhancing and capacity utilising in some of their hardest hit sectors and regions.

Whatever the quantity a higher proportion of concessional transfers should go to low-income and especially least developed countries. (At present about half still goes to middle-income countries.) These countries neither have access to, nor can they afford to use, substantial commercial finance but are precisely the economies most likely to continue to deteriorate despite global recovery unless they can secure more external finance.

The uses of aid should be made more flexible and more relevant to the recipients' context. At present a high proportion of all project aid to the least developed (and sub-Saharan African more generally) countries is counterproductive. It creates productive units requiring imported inputs and spares when there is inadequate foreign exchange to cover these items for existing units, puts new infrastructure in place while foreign exchange constraints cause existing infrastructure to deteriorate for lack of maintenance, builds up health and education capital stock when lack of books, drugs, paper and equipment prevents proper use or maintenance of what already exists and eats up nationally earned foreign exchange by failing to cover indirect foreign exchange costs or the external components of cost over-runs which - not surprisingly given recent rates of inflation - have been as endemic in the South as in the North. To be useful such aid should either be complemented by, or partially switched to, programmes supporting maintenance and capacity utilisation in key production (e.g. exports; food, basic incentive goods), infrastructure (e.g. power, transport) and public services (e.g. health, education, water) sectors. In many of the least developed countries only key export restructuring, absolute import reducing and bottleneck breaking projects should be begun or continued; the basic focus should be on sustaining and rehabilitating what already exists.

This is not to decry all projects now, much less once recovery and structural adjustment begin to take hold. It is to argue that under present circumstances the continued dominance of this element in aid programmes is often economically counterproductive. Neither is it to call for

open-ended grants of foreign exchange. Rehabilitation, output maintenance, bridging finance or local cost programmes (or projects if that terminology is preferred) can be just as target-related and conditional as project aid. For example a road transport rehabilitation programme/project can be defined quite precisely in terms of maintenance equipment and spares, construction materials, vehicle spares, workshop equipment, training and skilled personnel. Similarly import support can be related directly to sub-sectors (e.g. health, basic consumer goods, inputs into export production and processing) and categories of goods (e.g. WHO basic drug list pharmaceuticals; textile mill spares, dyes, chemicals; fertilisers and pesticides).

Given the rapidly deteriorating situation of many poor economies speed of disbursement needs to be enhanced. This is especially true with respect to programme support as discussed above, which can and should be - but is not always in practice - quick disbursing.

Better coordination of concessional financial flows is needed - especially if a major proportion is rehabilitation and payments support finance tied by sector and product. Because coordination by donors (especially the World Bank) arouses recipient fears of external manipulation both recipients and "innocent bystander" international bodies should be encouraged to take more initiatives toward coordination. Zimbabwe's convening of Zimcord exemplifies the first approach and some of UNCTAD's sub-regional least developed country/potential resource transferrer meetings the second.

EEC resource transfers have historically been particularly project tied, inflexible in use and slow disbursing. Two immediate opportunities for improvement exist. The first is to expand the proportion of rehabilitation and maintenance projects as such and similar components in other projects (e.g. the road motor vehicle and coffee development projects in Tanzania respectively). Secondly, because each EDF is funded on a commitment not a disbursement basis, the EEC had built up a very substantial backlog of unused appropriations. This balance should - on the basis of consultations between the EEC and the ACP - be allocated to eighteen to twenty-four month rehabilitation and sectoral import support programmes with the ongoing project commitments to be met out of EDF VII ("Lomé III") funds. Such an initiative - preferably negotiated in 1983/84 but if necessary as part of "Lomé III" - could have a very substantial output and export sustaining impact for many of the ACP economies over the next two years,



precisely when strains on them are greatest before global trade recovery gives them any significant relief.

### Commercial Credit Flows and Structures

Commercial credit - including government-guaranteed export credits - is in fact much larger as to stocks and, especially, flows than IMF-Bank-aid finance combined. Therefore its role, especially its potential negative role, in overcoming the immediate threats to the stability of the international monetary/financial system and to the strength and sustainability of the nascent recovery in global trade and production, will be critical. With the exception of state-guaranteed export credit, commercial credit is less directly and detailedly subject to government and intergovernmental control than other sources. However, the leverage over it possessed by treasuries and central banks of major industrial economies and by the IMF should not be underestimated. Four general recommendations would appear both desirable and practicable.

First, that banks avoid trying to reduce overall exposure (except as part of an agreed adjustment package) since the net result is likely to be increased risk of severe losses and of blocking trade recovery. This requires coordinated action by governments, central banks and the IMF to deter individual cut-and-run tactics (such as those which have greatly increased the cash flow strain on the Brazilian programme) and, when necessary, to find additional finance from other banks to replace that withdrawn.

Second, to provide selective additional credit to gain time for recovery of exports and debt service capacity when serious restructuring is proceeding (e.g. Mexico) and/or global trade recovery and real interest rate declines should have a substantial positive impact (e.g. Brazil, Nigeria).

Third, to avoid providing short-term finance, including export credit, for purposes not leading to rapid, positive balance-of-payments impact. Loans and credits for such items as international airports and new capitals (e.g. Tanzania) and for real civil service wage increases in the face of falling export earnings (e.g. Mauritius) have increased, not lessened, the present problems of both lenders and borrowers whatever the long-term economic or short-term political virtues of the expenditures.

Fourth, restructure the debt profile to lengthen average maturity and reduce early redemption (or rollover)

requirements. Such restructuring should be made both less traumatic and less burdened with higher interest rates and fees which - whatever their virtues for bank accounts in the short-term - increase borrower burdens to a degree raising the likelihood of repetitive debt crises and potential write-offs.

### South-South Possibilities

Because asymmetry is one of the basic problems of the present international monetary and financial system it would be short-sighted to ignore the necessity for South-South action - whether regionally or more generally. However, given the severity of the post-1978 crises' impact on almost all developing economies (not excluding oil-exporters) it would be unrealistic to view the short-term possibilities for such action as central even to the economies directly concerned much less to Commonwealth economies in general or the global monetary/financial system.

Better payments arrangements - including direct banking, insurance and related financial service links as well as more narrowly defined clearing and credit agreements - can provide some of the lubrication for enhanced South-South trade especially on a regional basis. Even in a very poor region such as that of the Southern African Development Coordination Conference (including Botswana, Lesotho, Malawi, Swaziland, Tanzania, Zambia and Zimbabwe together with Angola and Mozambique) significant surplus capacity exists or is about to exist in one or more states for over 75 basic types of manufactured goods or basic inputs of which one or more member states is a significant importer from third countries. Among the obstacles to bringing that capacity into use by regional trade is the lack of intraregional financial institution linkages and payments arrangements.

Despite - or in some cases partly because of - the present trade and payments crises there is scope for expanded South-South export credit arrangements. Those of Nigeria, Trinidad and Tobago, Venezuela and Mexico with respect to oil and of India with respect to capital goods are relevant. Where such credit both enhances present exports of the lender (and has a cash-flow element enough to cover immediate foreign exchange costs) and allows the borrower to maintain or restore import levels for critical commodities it can contribute significantly to mutual economic recovery.

Financing of bilateral aid programmes and of regional development institutions by financially stronger

South economies is clearly desirable but - given the reduced number and liquidity of such economies - unlikely to expand in real terms until global recovery improves the potential resource transferrer's external balance position.

Export finance rediscounting facilities to allow national export credit agencies (which guarantee the exporter payment in local currency) to secure foreign exchange would be highly desirable. While perhaps most logically organised on a regional basis, institutions to guarantee and market such paper will need members with substantial external financial resources among their members both as "in house" purchasers and credible guarantors. Ideally this membership would come from other South economies. In the interim such export credit rediscount schemes, like regional clearing arrangements and export credit schemes, deserve consideration because they could act as effective channels for transferring resources from the North and thereby encourage recovery.

#### Résumé: Toward a Beginning

The measures suggested above are not adequate to achieve long-term reform of the international monetary and financial system. Their goals are substantially more modest:

- a. to reduce the risk of debt crises debilitating already weak national economies and aborting global economic recovery;
- b. to allow the halting and reversal of the economic deterioration triggered by rapid falls in real import capacity which afflict a large number of low-income economies;
- c. to strengthen the international financial flows basis for sustained recovery in global trade and production.

To achieve those goals requires measures which are consistent with broadly agreed economic goals and purposes, do not require major amendments to the basic articles of international institutions and do not propose huge net increases in concessional and international agency (including non-concessional Fund and semi-concessional Bank programme) resources which would need to be financed by national budgets. The foregoing proposals do in large measure meet these tests. All could be included within the present broad framework of Fund, Bank, bilateral, EEC and commercial bank programmes. While most require some

government resources or guarantees the totals involved are not massive relative either to the total GDP of industrial economies or to the gains they would derive from sustained recovery and growth of international trade. Though some of the specific proposals are controversial none is particularly radical, unique to the author, bereft of a broad range of analytical and business/political support or even very novel. Their possible merit is as a package of mutually reinforcing measures appropriate to the present context of avoiding crises and declines which would rekindle 1969-82 recession (and 1979-82 depression) and of strengthening, generalising and sustaining nascent recoveries now apparently beginning in several key economies (e.g. USA and UK).

In addition to advocating selective increases in financial resource availability, the proposals also stress the importance of greater flexibility in relating transfer use to immediate and structural priorities which vary widely among countries; of revising conditionality not to make it "easier" but more relevant to a wider range of genuine economic goals (including socio-political stability and absolute poverty reduction); and of being more realistic in relating target setting and achievement as well as programme disbursement, grace and repayment periods to what is objectively possible, to costs involved and to external influences (negative or positive) outside initial projections and borrower control. These changes are potentially as important as real resource enhancement - to which they are complementary - because viewed objectively present monetary and financial transfers (loan or grant, concessional or commercial) are constrained in ways which greatly reduce their effectiveness at halting economic decline, averting external balance (more accurately imbalance) crises and facilitating global recovery in trade and production.

Selected Related Studies and Proposals

Commonwealth Secretariat, The North-South Dialogue: Making It Work, Expert Group Report, 1982.

R.H. Green, "'Things Fall Apart': The World Economy in the 1980's", Third World Quarterly, January 1983.

Independent Commission on International Development Issues (Brandt Commission), North-South: A Programme For Survival, 1980.

----- Common Crisis: North-South Co-operation For World Recovery, 1983.

Institute of Development Studies (Sussex), Accelerated Development in Sub-Saharan Africa: What Agendas for Action (C. Allison and R.H. Green, editors) Bulletin, January 1983.

R.S. McNamara, Address to the Society for International Development, September 1982.

UNCTAD, Low-Income Countries And The International Monetary System, Expert Group Report, 1983.

J. Williamson, 'The Why and How of Funding LDC Debt', Pontificia Universidade Catolica de Rio de Janeiro, June 1980.

----- The Lending Policies of the International Monetary Fund, Institute for International Economics, Washington DC, 1982.

H.J. Witteveen, "Growing Financial Interdependence and Monetary Cooperation", Statement, New York, October 1982.

World Bank, Accelerated Development in Sub-Saharan Africa: An Agenda for Action, 1981.

----- IDA in Retrospect, 1982.