The IMF and the DEBT CRISIS

A GUIDE TO THE THIRD WORLD'S DILEMMAS

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List of Abbreviations

AC	Africa Confidential
ARB	African Research Bulletin
bfai-Mitteilungen	Mitteilungen der Bundesstelle für Aussenhandelsinformationen
BW	Business Week
DU	Der Überblick
FAZ	Frankfurter Allgemeine Zeitung
FAZ, BdW	Frankfurter Allgemeine Zeitung, Blick durch die Wirtschaft
F&D	Finance & Development
FEER	Far Eastern Economic Review
FR	Frankfurter Rundschau
FT	Financial Times
HB	Handelsblatt
ICR	International Currency Review
IHT	International Herald Tribune
LARR	Latin America Regional Report
LAWR	Latin America Weekly Report
MTM	Marchés Tropicaux et Méditerranéens
NfA	Nachrichten für den Aussenhandel
NYT	New York Times
NZZ	Neue Zürcher Zeitung
SZ	Süddeutsche Zeitung
WA	West Africa
WSJ	Wall Street Journal
Ww	Wirtschaftswoche

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Introduction: The Developing Countries in the Debt-Trap or the Limits of IMF Crisis Management

August 1982: the supposedly rich oil-producing state of Mexico, pumped full of loans by major international banks seeking short-term profits, faced bankruptcy. It suddenly became clear that not only borrowers — developing countries and socialist states — but also creditors were caught in a debt trap. As long as 'only' countries such as Ghana, Zaire, Bolivia, Peru, Bangladesh or Sri Lanka had been threatened with insolvency, public opinion in industrial countries had scarcely noticed debt crises in the Third World. But now debt crises no longer affected merely the people of the developing countries; the financial collapse of a number of major borrowers posed a serious threat to the world monetary and financial system. Calm indifference suddenly gave way to alarmed solicitude as the possibility of an international bank crash reared its head. Many major international banks had loaned amounts totalling several times their original capital to major creditors who had now suddenly become insolvent.

A coordinated rescue operation by private banks, governments, the International Monetary Fund (IMF) and the Bank for International Settlements (BIS) managed to restore the major debtors' ability to pay in the short term and for the time being a collapse was averted. This did not, however, constitute a solution to the debt crisis. It was merely 'a cobbling operation on a world scale' (Schubert, 1983a) which seems unlikely to prevent debtor countries collapsing under the weight of their debts in the future. (These debts totalled at least US $900 thousand millionat the end of 1984.) Even though only major debtors and banks make the headlines, the dynamics of debt have affected almost all the developing countries. The world economic recession has meant that most Third World countries face difficulties in servicing their debts on time.

It is hardly surprising, therefore, that the Second Report of the Brandt Commission published at the beginning of 1983 considered Third World indebtedness to be a focal point in the North-South conflict. The report stressed that it affected the living conditions of most of humanity. Rising debt-servicing commitments are in many countries reducing what is available to satisfy basic needs. The debt crises of most developing countries do not endanger the world monetary and financial system, but they do have wide-ranging consequences which indirectly affect industrial countries: insolvent countries cannot be considered as possible trade partners and the political consequences of indebtedness can destabilise entire regions. In extreme cases they may even lead governments to risk foreign policy and military adventures to distract the population from the internal consequences of debt — as in the case of Argentina and the Falklands-Malvinas War of 1982.

Indebtedness and debt crises are certainly not a new historical phenomenon. While countries such as England, the USA, Canada and Australia were able to initiate self-sustaining development with foreign loans, the new Latin American states and the countries of the Near East were already caught in the debt trap in the 19th Century. In those days, the repayment discipline of debtor countries was maintained if necessary by gunboat diplomacy. Today, it is the IMF, with its stabilisation programmes, which acts in the interests of the creditors. In the acute debt crises of major debtors, the IMF has become the major international organisation, centrally important as a crisis manager for the Third World — important both to creditors and debtors. Since the mid-1970s, an increasing number of developing countries has had to turn to the IMF and negotiate economic stabilisation programmes in order to receive the Fund's standby credits. These credits in turn are an indispensable precondition for regaining creditworthiness with international creditors. The IMF's seal of approval indicates to the financial world that a government is prepared to carry out austerity policies to ensure its solvency. Only then do financial markets open and rescheduling and refinancing arrangements become possible.

The crises of major debtors have, however, revealed the limits of IMF crisis management. Loans worth thousands of millions of dollars to India, Brazil, Mexico, Yugoslavia, Argentina and Rumania almost depleted the IMF's funds. The industrial countries were then forced to increase IMF quotas and expand its credit framework; but they did not provide the Fund with the necessary finance to live up to its role as a crisis manager. The industrial countries, themselves struggling with severe economic difficulties, decided at the IMF annual meeting in 1983 to limit the Fund to being a financer of short-term bridging loans in cases of payments difficulties. Somewhat hesitant attempts at a redefinition of the Fund's role had been going on since the mid-1970s. Stabilisation programmes over longer periods had been introduced to take account of the growing difficulties of the developing countries. In the crisis, however, the terms of lending were made harsher, so that now more than ever the burdens of adjustment were placed on the shoulders of the debtor countries.

The experiences of the 1960s and 1970s had already shown that it was above all the poorer sections of the population which suffered from the effects of IMF stabilisation programmes. Austerity programmes *à la* IMF in many cases brought unemployment, rising prices for basic items and a deterioration in health, education and social services. Radical austerity measures often fuelled social conflicts and led to violent confrontations. The IMF drove developing countries into recession, usually without achieving its targets of reducing inflation and restoring a sound balance of payments. IMF stabilisation programmes proved at best to be effective only in the short term. The number of the IMF's permanent customers itself shows that the Fund is not helping to solve the structural problems revealed by the debt crises. Instead of seeing debt crises as evidence of development problems requiring long-term solutions, the IMF regards them as short- to medium-term economic imbalances, the causes of which are primarily home-made. It argues that erroneous economic and financial policies lead to balance-of-payments deficits and that the developing countries have failed to 'adjust' to changing world economic conditions.

The diagnosis of the crisis, and the therapy derived from it, are based on a monetarist economic philosophy whose implementation has had dubious results even in industrial countries. This therapy is even less successful in developing countries without the economic cycles, entrepreneurial initiative, efficient banks, productive capacity and social security systems which are necessary if a system of market-economy stimuli such as the IMF prescribes is to function. Although the IMF, in introducing three-year stabilisation programmes in 1974 and in cooperating with the World Bank in the framework of Structural Adjustment Programmes (since 1980), has implicitly recognised that debt crises can only be solved in the long term, it continues to insist on its own inadequate diagnosis and therapy model.

In fact, debt crises are virtually pre-programmed in the economic, financial and development policies of governments which use foreign capital unproductively. Yet the IMF fails to realise that legacies from colonial history such as monocultural exports and rigid social structures severely limit developing countries' room for manoeuvre. (But to put all the blame on global economic factors such as the oil-price and interest-rates shocks, protectionism or recession in industrial countries and to absolve Third World governments from all responsibility is no more realistic.)

An analysis of specific cases shows that although there are various routes into debt the social and economic structures inherited from colonialism impede the productive use of capital and make it more difficult to earn the foreign exchange needed to service debts. The ruling classes and governments of developing countries must also take part of the blame because they do not use the available room for manoeuvre but thoughtlessly pursue economic and financial policies which are viable only in favourable economic conditions. If external factors (drops in raw materials prices, oil-prices and interest-rate rises) supervene, debt crisis is inevitable.

In contrast with the IMF, but equally incorrectly, developing countries argue that debt crises result primarily from such external shocks and they regard IMF terms as injustified interference in their national sovereignty. For years developing countries at international conferences, particularly at the UN Conference on Trade and Development (UNCTAD), have called for a softening of IMF terms and a substantial rise in the money available for loans. An automatic transfer of resources — which is in effect what the developing countries are demanding — would not necessarily bring about development but might instead lead many governments to squander even more money on measures which are futile in developmental terms. The unsuccessful IMF interventions in Zaire and Haiti, where loans were pocketed by 'cleptocratic' state-classes and stabilisation programmes were thwarted at every possible turn, demonstrate graphically where the automatic transfer of resources can lead. These examples also show that the IMF will treat a government more leniently if the USA, for political, economic or strategic motives, is interested in its survival. But the IMF is also capable of drastically changing the economic and political balance of power in a country. This has been particularly true for reform-oriented governments which looked likely to swerve from a pro-US line — as in the cases of Jamaica under Manley and Portugal after the revolution in 1974/5.

In positive terms, intervention would be required to bring about a reformed, development-oriented conditionality — if necessary over the heads of the ruling classes. Unlike the so far ineffectual IMF resolution of 1979 to take into account the political and social compatibility of stabilisation programmes, it would be essential to combine 'adjustment' with socio-political reforms designed to bring about a more just distribution of income. The burdens of the crisis would not be loaded onto the shoulders of social groups (urban wage- and salary-earners, smallholders, tenant farmers and agricultural workers) who were not responsible for the crisis. Above all, adjustment measures should not affect the satisfaction of basic needs. The success or failure of IMF programmes should not, as has hitherto been the case, be measured solely by monetary criteria. Qualitative criteria such as progress in domestic food production, socio-political improvements and social reforms should also be introduced. Creditors — as co-authors of crises — should be held jointly responsible and obliged to provide rescheduling and refinancing terms which would allow Third World countries more room to manoeuvre in their development policies. If we regard not only balance-of-payments deficits but also balance-of-payments surpluses as crisis-provoking, then we can argue that Third World countries in deficit should be given an opportunity to draw on at least part of these surpluses — through expansion of the IMF's Compensatory Financing Facility, for example. In the long term, a conditionality oriented towards development should promote low-debt development strategies which help to mobilise internal resources and reduce developing countries' traditional dependence on world markets.

1. The Debt Crisis of the Third World — A Crisis of Development

The Vicious Circle of Indebtedness

The World Bank estimated the Third World's total debt at the end of 1984 at US $ 895 thousand million. The figure includes IMF loans totalling US $ 33 thousand million (see Table 1.5). In fact, the developing countries' liabilities are probably far greater than this, since international statistics do not take 'military aid' loans into consideration and do not adequately register loans which run for less than a year. If 'military aid', estimated at $80–100 thousand million (Madeley, 1982, p. 184) is also taken into account, then the Third World's overall debt at the end of 1984 was probably close to one billion (1,000,000,000,000) dollars.[1]

The extent of the debt problem is indicated by the fact that the four major Latin American debtor states — Brazil, Mexico, Argentina and Venezuela — earned far less foreign exchange from exports in 1982 and 1983 than they needed to meet interest and principal repayments on their debts. New loans constantly have to be raised to pay off liabilities. The debt crisis is not confined to 'a number of countries with temporary liquidity difficulties' as World Bank President Clausen has diplomatically claimed (HB, 18 March 1983) but affects large and small countries, the poor and the not so poor. In 1984 over $100 thousand million were rescheduled in twenty-four Third World countries. Reschedulings, however, provide only short-term relief for debtor countries. Another debt catastrophe seems possible in the second half of the 80s. Projections by the Morgan Guaranty Trust Company indicated a further sharp increase in developing countries' foreign debt. (*World Financial Markets*, June 1983). 'The specter of an international financial collapse has receded', wrote *Fortune* in early 1985 (18 February, p. 29) but 'the economic agony goes on.'

It all began harmlessly. In the mid-1950s foreign debts which had been held in abeyance during the Second World War began to accumulate again. The development aid granted by the industrial countries to colonies which were gradually becoming independent played an important part in this process (Abbott, 1979, pp.35 ff.). In 1960 Third World debt stood at $18 thousand million; within ten years it had rocketed to $75 thousand million and at the beginning of the 'oil crisis' it had reached $112 thousand million (See Table 1.5). But acute debt crises requiring rescheduling arrangements remained comparatively rare until the mid-1970s.

Up to 1973, the developing countries had managed to reduce their balance-of-payments deficits either with their own income (export earnings and remittances by emigrant workers) or with other forms of capital inflow. In the 1960s, favourably-termed development aid credits, the granting of special drawing rights and direct investments by transnational corporations financed two-thirds of the balance-of-payments deficits in the Third World. In 1973, the proportion had dropped to a half and by 1981 it was down to just over a quarter (Betz, 1983, p. 33). The gaps increasingly had to be plugged with expensive private loans.

In 1970, almost half of the foreign loans raised by developing countries came from public sources (excluding IMF loans). By 1984 this proportion had dropped to 32% (IMF, 1984). Public funds are allocated either bilaterally or through a multilateral institution, mainly the World Bank. For some years the 31 so-called 'Least Developed Countries' (LDCs) have received development aid in the form of non-repayable subsidies. The necessities of development rarely play an important part in determining the amount of aid. Allies or geo-strategically important countries receive more than others. Industrial countries use development aid as a means of securing their interests in the Third World. The USA, for example, concentrated its aid payments on Israel and Egypt — which in 1981 received 19 and 14% respectively of all aid — and on a number of other strategically important countries (Garcia-Thoumi, 1983, p. 30).

Since the oil crisis of 1973/4, private banks have considerably increased their loan allocations to developing countries. In 1971, bank loans constituted 24% of total debt. By 1984, this had doubled to 49% (OECD, 1984; IMF, 1984). If we add to this the short-term loans given by private banks, their share comes to well over 60%. Apart from public and private loans, there is another category, private state-guaranteed export credits. They are used by developing countries to pay their import bills; from the viewpoint of the exporter or of the exporting country they are a well-tried means of improving competitiveness against other industrial countries and of opening up new markets. These suppliers' credits are granted either by the suppliers themselves or by a state export bank.[2]

Developing countries' growing indebtedness consists mainly of loans raised on the Eurocredit market. This market — sometimes also called the Eurodollar market because this is by far its largest sector — is a free international capital market largely independent of government and central bank controls (Schubert, 1982; June, 1976). Here dollar credits from dealings outside the USA deposited with transnational banks are passed on as loans to transnational corporations and to industrial, developing and East European countries. Private banks lend one another most of this money.

When the OPEC countries quadrupled crude oil prices in 1973, commercial moneylenders suddenly found themselves rolling in capital as many oil-producing countries transferred their surplus petrodollars to international bank accounts. Because of the recession, however, the banks could not profitably direct this money to the industrial countries, their traditional customers. The pressure to invest these vast sums led the banks to grant requests for loans from developing countries, although in previous years only a few Third World countries had been creditworthy on the Euromarket. Two years before the oil crisis, the number of developing countries which had taken up Euromarket loans was only 16. Two years after the crisis, this number had risen to 43 (Wagner, 1980, p. 144).

The banks, however, managed to shift some of their increased risk on to the developing countries by granting loans with variable interest rates, and they tried to reduce it by consortium loans. For an increasing number of Euro-loans the banks, instead of demanding a rate of interest fixed at the beginning of the loan term, periodically adjusted the rate of interest to the general interest trend, normally the LIBOR (London Inter-Bank Offered Rate), the rate at which international banks in London lend money to one another. On top of this basic interest rate the banks added a risk premium ('spread') and a one-off completion fee. The less creditworthy a country was, the higher the risk premiums and hence the loan costs which it had to pay. Consortium loans enabled the banks to raise huge sums and so to spread the credit risk. This practice also tempted medium-sized banks to take part in the lucrative Euro-loan business.

Private banks rapidly became the main financiers of the developing countries. It is impossible to ascertain exactly how high the medium- and long-term and above all short-term indebtedness of the Third World to private banks is because no international institution keeps a complete record of such data. Indeed none *can* keep a record, as the banks are not obliged to provide details of their credit operations on the Euromarket. The only information available is the estimates of the OECD, the World Bank, the Bank for International Settlements (BIS) and the IMF.[3] For 1984, the IMF estimated outstanding debts from private sources — finance and export loans — at US $559 thousand million, over two-thirds of overall debts (IMF, 1984, p. 68).

The governments of developing countries cannot provide complete information either. State institutions in these countries often do not know the precise level of indebtedness as they have no adequate records. This is especially true of loans raised by private borrowers from private banks. In many cases the right to take up foreign loans is not centrally regulated. State enterprises can take up loans without consulting the government or separate ministries may sign loan agreements without coordination with one another (F & D, 3/83, pp. 23 ff.). The real extent of the debacle generally becomes apparent only when a detailed report has to be presented to creditors. When in 1982 the debt crisis came to a head in Mexico and in Brazil, the governments of these countries started counting their cash and the data on foreign indebtedness had to be revised upwards several times in a short period. At this other debtor countries plucked up courage and corrected their debt statistics.

The foreign debts of developing countries are registered in the World Bank's debtor reporting system (for 105 states) on which IMF data also rely, and in the OECD's creditor reporting system (for 157 states). As the data of the debtors and of the creditors are generally incomplete, the OECD and World Bank data have considerable margins of error; the actual indebtedness of developing countries is far higher than the published figures suggest. Neither the OECD nor the World Bank in their individual country statistics take short-term loans into account (except for major debtors), yet both provide estimates of the overall total of the Third World's short-term liabilities. Taking into account all available data, the IMF and the World Bank estimated that developing countries' short-term debts at the end of 1977 totalled US $57 thousand million and had risen to $155 thousand million by 1982. More and more governments had financed balance of payments and budget deficits with expensive short-term loans (see Table 1.1).

Table 1.1 Short-term liabilities expressed as a percentage of developing countries' overall debt (excluding OPEC)

1971–2	*1973–6*	*1977–8*	*1979*	*1980–2*	*1983*	*1984*
10	15	18	17	20	16	14

Source: 1971–2 and 1973–6: OECD, 1984, p. 35; 1977–82: calculations on the basis of IMF, 1984, p. 68; 1983–4: World Bank, *World Debt Tables 1985–85*, p. ix.

In 1983 and 84, because of the dramatic increase in credit risk, the banks drastically reduced their loans to the Third World. The short-term indebtedness of developing countries dropped again to $122 thousand million (IMF 1984, p. 68; World Bank, *World Debt Tables 1984–85*, p. ix). If short-term credits are left out of account the spread of debt is highly uneven, especially among major debtors. In Israel, according to estimates made by the Morgan Guaranty Trust Company for 1982, short-term indebtedness accounted for 48% of total borrowing. The corresponding figures for other countries were: Venezuela 45%, the Philippines 38%, Colombia 32%, Mexico 30%, Peru 29%, South Korea 28%, Nigeria 27% and Brazil, Argentina, Chile and Turkey all 19% (*World Financial Markets*, June 1983, p. 8). The increasing tendency among Third World governments to take up expensive short-term loans has changed the debt structure and intensified their payment problems.

The Third World's debt servicing requirements grew much faster than its foreign liabilities. Between 1977 and 1984, interest and principal payments (of 123 developing countries) rose from 40 to $121 thousand million (IMF, 1984, p. 72). This would not be problematic if developing countries' export earnings had also increased. But in fact their capacity to service their debt has dropped

Table 1.2 Debt servicing ratios for all developing countries (1977–84)

Countries	*1977*	*1980*	*1982*	*1984*
All developing countries	15.1	17.4	24.4	21.5
Asia	7.6	8.2	11.2	9.9
Africa	11.9	16.5	22.2	24.9
Middle East	14.1	16.9	22.9	23.1
Latin America	32.0	35.7	55.1	44.6
Europe	14.9	18.8	22.1	21.4

Source: IMF, 1984, pp. 172f.

off considerably. The average debt service ratio — the ratio of interest and principal payments to export income — rose in two years from 17.4% in 1980 to 24.4% in 1982 (see Table 1.2).

The debt-service ratio is not in itself a reliable indicator of the point at which foreign debt becomes critical. All attempts to fix threshold values (or other indicators of indebtedness) which, when exceeded, lead to a debt crisis, have proved empirically untenable; the usefulness of a single indicator taken out of context is limited.[4] Mexico and Brazil, for example, continued to be granted new loans despite their high debt-service ratios until the middle of 1982, whereas other debtor countries with far lower debt-service ratios were forced to negotiate rescheduling agreements. What determines whether debt becomes critical is the point at which banks decide that a debtor is no longer creditworthy. This means that current refinancing of liabilities is no longer guaranteed — a decision that is not purely economic but is frequently also politically motivated.

The 'interest shock' (Schubert, 1983, pp. 233 ff.) hit the Third World countries even harder than their declining capacity to service their debts. From 1974–78 interest on bank loans was sometimes below the rate of inflation in industrial countries and the debtor countries benefited from a negative real interest-rate. But from 1977–81 the USA's high-interest policies forced interest on Euroloans up from 7.8 to 17.5%.[5] The newly industrialising countries, as well as a number of heavily indebted OPEC and raw-materials exporting countries, were severely hit by this development because their oil debts largely consisted of private loans with a variable rate of interest. According to the World Bank, medium-and long-term private debts with variable rates of interest totalled $190.3 thousand million at the end of 1982 (World Bank, 1984, p. xxiii). If LIBOR rises or falls by 1%, the debt burden for the developing countries changes by $1.9 thousand million. Including the cost of interest on short-term loans, the interest service ratio — the ratio of interest payments to export income — amounted in 1982 to 45% in Brazil, 44% in Argentina, 40% in Chile and 37% in Mexico (*World Financial Markets*, October 1982, p. 5).

Higher debt-service burdens and shorter loan terms meant that more and more developing countries had to use more and more loans to settle old debts, with the result that the net inflow decreased. According to World

Bank estimates, the net capital transfer to developing countries on medium-term and long-term debts in 1984 was an outflow of $7 thousand million, the first-ever negative balance. According to the same estimates, the 12 major debtor countries as early as 1982 were repaying some $300 million more than they were receiving. In 1984, this difference rose to $15 thousand million (World Bank, *World Debt Tables* 1984–85, p. xi).

The scope for financing future-oriented investments with foreign loans was consequently reduced; foreign money no longer supplemented national investment capital and foreign debt lost its developmental legitimation. The greater the proportion of the debt which would only be repaid by raising new loans, the more dependent the debtor countries became on their creditors' assessment of their creditworthiness. Economic and political 'misbehaviour' was immediately punished: new loans were not granted and even in the most favourable cases the creditworthiness of the countries concerned suffered considerably. This in turn had repercussions on the fixing of the risk supplement when interest was being calculated. The banks imposed further burdens on countries in severe financial difficulties and plunged them into further debt.

Although almost all developing countries are caught in the vicious circle of indebtedness, its dynamics affect different countries in very different ways. A mere 20 major debtors, mainly newly industrialising countries and creditworthy oil states, owed almost three-quarters of all the Third World's foreign debts in 1984 (see Table 1.3).

Table 1.3 Foreign debt of the 20 major Third World debtors (1984) (In thousands of millions of dollars)*

Brazil	103	Yugoslavia	24
Mexico	98	Chile	21
Argentina	48	Nigeria	21
South Korea	43	Algeria	18
Venezuela	35	India	18
Indonesia	32	Malaysia	17
Israel	29	Portugal	15
Philippines	27	Peru	14
Turkey	25	Thailand	14
Egypt	22	Pakistan	13

* Very little information is available on the debts of Iraq, which were estimated at $32–40 thousand million in 1985. (*NZZ*, 18 April 1985 and *FT*, 7 May 1985).

Sources: World Financial Markets, October/November 1984, p. 5; daily newspaper reports.

In contrast, low income developing countries (most black African countries, Haiti and some Asian countries) have foreign debts which are low in absolute terms or when measured against GNP. This cannot however, be described as development at a low level of debt. The economic growth of these countries is dependent on the inflow of favourable development aid loans. Many countries could not survive without such payments from abroad.[6] They have not been spared by the intensification of the debt crisis — from 1981 to 1984 15 of the 50 or so black African countries had to reschedule their debts (see Appendix).

The following example illustrates that even the payment of small sums in debt-service often means that the poorest developing countries have to make greater sacrifices than countries with high income. The ratio of debt to GNP is often used as an indicator to measure a country's capacity to produce real resources which in turn can be used to finance debt-servicing. In 1980, per capita debt in South Korea was US $461 and in Bangladesh US $41. The ratio of debt to GNP in South Korea (a newly industrialising country) was 30% and in Bangladesh, the fourth poorest country in the world, it was 33%. The burden of debt thus seems at first sight to be roughly equal for both countries.

Calculations of this kind disregard the fact that only a certain proportion of the gross national product — a proportion which differs from country to country depending on the level of development — is actually available for new investment. The proportion of the GNP which is needed for the satisfaction of basic requirements has to be subtracted from the whole. If this necessary consumption — marked by the poverty limit — is subtracted, then the remainder is disposable income or hypothetical economic surplus.[7] If the debt is now in each case measured against the surplus, it becomes apparent that the burden is greater for the poorest developing countries. In South Korea, where income and therefore disposable income is high, the ratio rises to only 34% whereas in Bangladesh — despite a comparatively low overall level of debt — it rockets to 111%. This calculation is merely illustrative, as disposable income is a purely statistical quantity, but it does draw attention to the limitations and the often misleading nature of the commonly used statistical indicators.

Table 1.4 The burden of indebtedness in countries with different levels of development

	South Korea	*Bangla desh*	
Per capita gross national product	1528	126	$
Per capita debt	461	41	$
Debt as percentage of GNP	30	33	%
Poverty limit	155	89	$
Disposable income (statistical)	1373	37	$
Debt expresed as a percentage of disposable income	34	111	%

The above amounts are all in US dollars (1980 prices)

Sources: Authors' calculations based on FAO, *The State of Food and Agriculture 1981*, Rome, 1982; World Bank, *World Development Report*, 1982; OECD, *External Debt of Developing Countries*, 1982 Survey, Paris, 1982.