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Article

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Intereconomics

For the mainly passenger-carrying airlines that are the principal focus of this article another posssibility is to restructure and invest in information technology and automated loading equipment. Following its takeover of UTA and Air Inter, Air France merged their cargo interests into a separate division. As a result, the company has become the second largest air freight carrier and must extend "Pelican", its freight handling information system.

Lufthansa is seeking to establish and extend joint ventures. In June 1992 it increased its share in the internationally-owned specialist freight operator, DHL, from 5 per cent to 25 per cent in an effort to secure market share. JAL increased its stake by the same amount. Lufthansa, Air France, Cathay Pacific and JAL have combined to develop TRAXON, a global communications network for the air cargo market, that went on-line in 1991. The system will expedite computerised international cargo booking and offers all those concerned in the air freight business a rapid exchange of data worldwide. As in many other sectors of the globalised market, in the airline business joint ventures are increasingly important. As a Japan Air lines manager put it in 1992, "going it alone is too expensive". Expense here does not refer only to the capital costs of installation. Airlines have conventionally made their forecasts and defined their strategies as individual companies. In such a cyclical and turbulent sector as air freight, they are coming to appreciate the potential advantages of collaborating and sharing information to produce a combined or global forecast of expected demand. The rationale of deregulation for policymakers in deregulating and opening markets to contestability runs up against the profit motive of international airlines who have no interest in investing in capacity that has to be run at a loss or wasting assets parked in the desert.

Jochen Böhmer*

Can the International Debt Strategy Use the Concept of Corporate Compositions?

So far, it has been possible to stave off really serious consequences for the world economy and the international financial system since the developing-country debt crisis started in 1982. Yet for many developing countries, external debt problems and the underlying economic crisis are as pressing as ever. The following article identifies five central elements of a general orientation framework for dealing with the debt crisis which has been inspired by the basic idea of the concept of corporate compositions found in commercial law.

In 1982, the total external debt of developing countries reached US$ 770 billion, but by 1993 that figure had more than doubled, to $1,560 billion. Approximately 70 countries have been unable in recent years to meet their external debt service obligations; taken together, these countries are responsible for half of the total external debt outstanding from developing countries. Most of them face the question of how they will ever be able to meet their debt obligations in the medium term in view of their present stock of debt.

In this respect, it is interesting to consider the London debt agreement entered into by West Germany 40 years ago and Indonesia's debt rescheduling which took place in 1970. These two arrangements belong to a small minority of creditor/debtor agreements which have taken a long-term view, re-opening prospects of economic development for the debtor country. In an approach similar to the composition procedures found in civil law (known as "Vergleich" in Germany and somewhat similar to "Chapter 11" proceedings in the USA), both of these agreements include a partial cancellation of debts, thus helping on the one hand to avert further economic decline in the debtor country, which would have been detrimental

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to both sides, while on the other hand presenting an opportunity for the debtor countries for a sustained economic recovery and hence for the fulfilment of their remaining debt-service obligations.[1]

Composition Proceedings as an Orientation

If the principles and terms of these two earlier debt rescheduling arrangements are modified and brought up to date to take account of the circumstances of the 1980s and '90s, five central elements may be identified for a generally applicable orientation framework for dealing with today's external debt problems of developing countries, and these elements are in turn inspired by the underlying thinking behind composition proceedings as a means of settling private and commercial bankruptcies:

☐ guiding principles for determining the economic capacity of each debtor country, from which the debt relief requirement can be assessed as the basis for further actions or decisions;

☐ a list of criteria for the burden-sharing between public-sector and private-sector creditors;

☐ integration of all existing debt relief measures, including the formulation of guiding principles for the treatment of all types of debt and for the roles played by different types of measures to provide relief in the context of comprehensive debt reduction packages;

☐ harmonization of the accounting rules which vary considerably from country to country, and standardization of the tax relief granted for loan-loss provisions against developing country claims;

☐ increased funds available from the IMF and the World Bank to support debt or debt-service reduction programmes.[2]

In essence, the idea of using composition proceedings to deal with the debt problem consists in granting a partial debt cancellation covering all categories of debt (both public and private-sector) and tied to the implementation of comprehensive economic reforms, the purpose being to achieve a balance between the debtor countries' remaining debt service obligations and the economic capacity of the countries concerned. A number of the proposals made for dealing with the debt crisis do indeed point in this direction.

Over the years, a debt strategy derived from the causes of the debt crises has taken shape, based on three main pillars:

☐ economic reforms by the debtor countries;

☐ securing a favourable world economic environment, including low interest rates and the dismantling of trade barriers by industrial countries;

☐ and the provision of new funds and debt relief by creditors, on a case-by-case basis.

It has become clear in recent years that creditors are increasingly prepared as part of this strategy to partially cancel debts if this will allow highly indebted, poorer countries to have their debt service obligations better adjusted to their economic capacity. As such, the international debt strategy is now increasingly geared to the underlying ideas of composition proceedings.

Criteria for Debt Relief

Two fundamental preconditions for a country qualifying for debt relief are firstly that the country has a balance-of-payments deficit, and secondly that it is carrying out a structural adjustment programme in cooperation with the IMF and World Bank. Criteria have been developed to aid decision-making on the degree of debt relief which should be granted, and the most detailed such criteria available are those worked out by the Paris Club, applying to loans from official creditors, which are mainly based on the indicators of per capita income and degree of indebtedness.

The income categories applied distinguish between

☐ the poorest ("IDA only") countries, known as such because their low per capita incomes and limited economic capacity mean they qualify only for concessional loans from the World Bank's subsidiary, the International Development Association (IDA);

☐ countries in the lower middle-income group (in the $676-2,695 per capita range in 1992);

☐ and middle-income countries.

Loans Outstanding

The Paris Club provides relief of debts owed to official creditors (i.e., publicly guaranteed export credits and

[1] T. Kampffmeyer: Towards a Solution of the Debt Crisis – Applying the Concept of Corporate Compositions with Creditors, Occasional Papers of the German Development Institute (GDI), No. 89, Berlin 1987, pp. I ff.

[2] Cf. T. Kampffmeyer: Der Brady-Plan. Ein Ausweg aus der Schuldenkrise?, German Development Institute (GDI), Berlin 1989, pp. 36 ff.

[3] The essence of the swap option is that creditors should, on a voluntary, bilateral basis, agree to convert up to 10%, or a maximum of US$20 million, of government-guaranteed export credits and 100% of ODA loans into local currency, and to allow these sums to be used for investment projects or for environmental or resource protection measures, or other contributions to development. The German government is making use of the environmental and resources protection option with regard to its ODA claims, to the tune of DM 50 million in 1993 and of DM 80 million in 1994.

official development aid (ODA) loans) on a case-by-case basis in the following ways:

□ The poorest countries with IDA-only status have, if severely indebted, had Trinidad terms and a swap option available to them since December 1991.[3] The Trinidad terms allow a 50% reduction of outstanding debt service obligations coupled with rescheduling of the remainder over 23 years at market rates of interest, with a 6-year grace period. Under certain circumstances, the Paris Club creditors also intend to enter into fresh negotiations three years after signing the first "Trinidad" agreement with any particular country, with a view to considering a 50% reduction in its stock of debt and thus concluding final debt restructuring arrangements.[4]

□ Countries in the lower middle-income category which are severely indebted and which owe at least 1½ times more to official creditors than to private-sector banks (or countries to which just one of these applies if their per capita income is $1,305 or less) have been eligible for longer repayment periods and a swap option since autumn 1990.

□ The standard terms available to middle-income countries consist of rescheduling over 10 years with a 5-year grace period, at market rates of interest.

In addition to these arrangements, most western industrial nations have followed recommendations made in 1978 by the UN Conference on Trade and Development (UNCTAD) to forgive ODA claims against the poor, least developed countries, and in certain individual cases have done the same for countries in the lower middle-income category.[5] There are no binding procedures governing the cancellation of ODA loans, and creditors tend to pursue different approaches geared to their own foreign-policy interests.

Relief of debt obligations to private commercial banks is granted along the following lines:

□ Middle-income and lower middle-income countries have been able since 1989 to obtain some relief on their debt obligations to commercial banks (the reductions so far granted ranging from 35% to 84%), and may also obtain funds from the IMF and World Bank for debt buy-backs and for securing discount exchanges for debt stock reduction and par exchanges at reduced interest rates for debt service reduction.

□ The poorest countries with IDA-only status have also been able since 1989 to obtain funds, normally $10 million, from the IDA Debt Reduction Facility (the total amount of the facility is $200 million – after a $100 million replenishment in 1993 – plus cofinancing contributions from bilateral donors); depending on the secondary market prices prevailing at the time, the commercial banks have accepted discount rates of 75% to 92% in buy-back operations financed by the facility.

Apart from these measures, commercial banks have increasingly been making loan-loss provisions against their non-performing developing country loans since the mid-1980s, and as time has gone on market-based instruments for reducing debt outstanding and debt-service obligations have increasingly developed. Trading among the banks, and debt conversion programmes encouraging conversions of claims into equity investments, led to the development of a secondary market in developing countries' commercial bank debt. The annual volume traded on this secondary market increased from $4 billion in 1985 to $120 billion in 1992. Debt reductions associated with such trading increased from $0.7 billion in 1985 to almost $29 billion in 1990; the total amount of debt reduction during this period was something approaching $70 billion, 80% of which involved the four countries of Argentina, Brazil, Chile and Mexico.[6]

In this class of debt, the relief provided is as follows:

□ the poorest countries are entitled to concessional loans from the IMF and the World Bank (the latter lends on IDA terms – 40-year term with a 10-year grace period, 0.75% interest – while the IMF lends on SAF/ESAF terms – 10-year term with a 5½-year grace period, 0.5% interest);

[4] In particular, this will put an end to the almost annual recurrence of time-consuming debt rescheduling processes; in order to implement the Paris Club agreements, each debtor country must conclude bilateral rescheduling agreements with all creditor countries (which may be as many as 12). This imposes a considerable burden on administrative staff and resources which are in very short supply, and are urgently needed for macroeconomic management.

[5] By the end of 1990, the industrial countries had forgiven $11.6 billion of ODA debts of poor developing countries. Germany's share of the forgiveness was 35% (calculated using exchange rates for the year of cancellation).

[6] World Bank: World Debt Tables, Volume I, Analysis and Summary Tables, Washington, D.C. 1992.

[7] The World Bank and the regional development banks need an adequate stock of capital in order to maintain their operations; they also need unimpeded access to the capital markets which are their largest source of funds; finally, they rely on the repayment of principal and interest on the loans made in the past in order to continue to serve as many of today's potential borrowers as possible. They can only uphold that free access to the capital markets if they retain their "triple A" credit rating. Any downgrading of their credit rating makes obtaining capital more difficult, and certainly more expensive due to the risk premium. Hence it is in the interests both of the members and clients of the development banks to maintain their reputation, which would soon be lost by any arrears and rescheduling operations, resulting in a substantial loss of financial flexibility. This is why arrears and rescheduling need to be ruled out as a matter of principle; that at least was the fundamental agreement when these institutions were established. Similar principles apply to the IMF, with the distinction that it is funded primarily by the central banks which constitute its most important member organizations. Cf. J. Lewerenz: Überschuldung der Entwicklungsländer. Ursachen, Stand und Konsequenzen, in: Sparkassenheft, No. 93, 1988, pp. 83 ff.

☐ in addition, the World Bank provides funds to the poorest countries on IDA terms to enable them to meet the interest charges on loans it had provided to them in earlier years at market rates of interest.

It is not possible to provide any further debt relief beyond the above measures, because the multilateral organizations' loans may not be rescheduled for the sake of protecting their own creditworthiness.[7]

Burden-Sharing among Creditors

Burden-sharing arrangements between public-sector and private-sector creditors are written into the Paris Club "Agreed Minutes" on debt restructuring: each debtor country is required to pledge that whatever debt relief arrangements it enters into with commercial banks will be on terms at least as favourable as those of the Paris Club.

Furthermore, experience to date has shown that the banks are indeed prepared to provide debt reduction within the context of the Brady Plan. In doing so, they normally pass on tax relief associated with loan-loss provisions against Third World debt. Ultimately, therefore, the costs of such debt relief are in fact borne by the public sector.

Integrating debt relief measures to the extent that all creditors, both public and private-sector, jointly and simultaneously negotiate a comprehensive debt-relief package with a particular debtor country is impracticable in view of the sheer number of parties that would be involved.

Standardization of Accounting Rules

In the early years of the debt crisis, one major problem was that some commercial banks, especially from the USA, had lent very large sums to particular developing countries relative to their equity bases, subsequently running into serious difficulties as those loans turned non-performing, and posing a threat to the entire international financial system.

In the meantime, since the Cook Committee[8] issued its capital resource requirements in July 1988, comparable limitations on lending risk exposure derived from a bank's equity base have been established in all countries, or alternatively minimum capital requirements geared to levels of risk. As far as Germany's banks were concerned, the introduction of these regulations did not pose any problems as they already conformed to the minimum requirements at the time they were passed in 1988, due to the regulations contained in section 10 of the Banking Industry Law *(Kreditwirtschaftsgesetz)*.[9]

No equivalent international harmonization or standardization has occurred with regard to the extent to which provisions against developing-country debt are deductible for tax purposes. Even so, that has not stood in the way of the commercial banks' debt reduction measures, thanks to the "menu approach" taken under the Brady Plan which sets out different debt reduction instruments. The menu allowed banks to select the most practicable instrument in the light of the rules on loan-loss provisioning applying in their own particular countries.

IMF/World Bank Support

Under the Brady Plan, agreements supported by the IMF and World Bank have now been concluded with Mexico, Venezuela, the Philippines, Costa Rica, Uruguay, Nigeria and Argentina to deal with their bank debts; the debt stock reduction involved in the agreements is approximately $ 22 billion. Agreements in principle have also been made with Brazil, the Dominican Republic and Jordan on their debts outstanding to commercial banks. According to the World Bank, that means that slightly more than half of the total commercial bank debt of developing countries, totalling approximately $ 380 billion at the end of 1989, has been restructured within the seven Brady agreements concluded.[10]

The most important quantitative means of assessing the burden faced by developing countries – and hence of judging the amount of relief required as part of the debt management strategy – are the interest charges on US-dollar-denominated debt. Since the Brady Plan was announced, dollar interest rates have fallen sharply from 8.9% in 1989 to approximately 3% in late 1992 and early 1993 (6-months $ LIBOR); the yield on ten-year US government bonds has also dropped during the same period. The net effect has been to relieve debtor countries of more than $25 billion-worth of annual interest payments since 1989. Consequently, the demand that IMF/World Bank funds for debt repurchase purposes should be increased is currently less urgent than it was.

Building upon Existing Instruments

Some of the newly industrializing countries in Latin America, which are mainly indebted to commercial banks, have made economic progress in recent years as reform policies have brought some success, and this has enabled them to alleviate their debt problems. On the other hand, there has been hardly any improvement in the situations of

[8] The Bank of International Settlements (BIS) Committee on Banking Regulation and Supervision.

[9] Cf. B. Rudolph: Die Eigenkapitaldefinition in Europa, in: Zeitschrift für das gesamte Kreditwesen, No. 9, 1989, p. 406.

[10] World Bank: World Debt Tables, op. cit.; World Debt Tables, Volume I, Analysis and Summary Tables, Washington, D.C. 1993, pp. 34 ff.

the low-income countries, of sub-Saharan Africa in particular, in which debt to official creditors predominates, even in spite of the increasing inflows of funds which ought in principle to have improved the countries' economic performance. In reality, there are many countries in which whatever new funds arrive are increasingly needed for urgent imports of food and spare parts, and also to service existing debts, which leaves little scope for any new investment. Many voices have therefore called for further debt relief. As described above, the instruments needed to bring about such relief have been created, and it is now a matter of developing those instruments further.[11]

According to calculations made for 31 countries in sub-Saharan Africa by the World Bank,[12] taking explicit account of the burden of future debt service, there are eight severely indebted countries for which the application of the Trinidad terms would bring about a reduction in their debt to levels considered bearable by the World Bank, but there are 21 countries which would still be classified as severely indebted even after the terms have been applied. If the write-off component of the Trinidad terms were increased to $^2/_3$, and if any remaining ODA loans were forgiven, that would allow more than half of the countries investigated to alleviate their external debt problems. However, even these more generous measures would still not suffice for Côte d'Ivoire, Kenya, Mozambique, Tanzania, Uganda and Zambia.[13]

A proposal under discussion as regards private-sector loans is for a further considerable increase to be made in the World Bank's $200 million IDA Debt Reduction Facility, and for eligibility to be extended to countries in the lower middle-income category. NGOs have repeatedly called for tax relief granted on commercial banks' loan-loss provisions against developing country debt to be altered in such a way that the tax benefits are passed on to the debtor countries within a certain time.[14] If such a mechanism were to be confined to claims on the poorest countries and on heavily indebted countries of the lower middle-income category, the cost incurred by the commercial banks would be barely perceptible, whereas it would be much easier for the countries concerned to achieve debt reductions, including those they might arrange via the IDA's special facility. Of the German commercial banks' Third World claims totalling DM 73 billion at the end of 1990, only DM 1.5 billion applied to the poorest severely-indebted countries, whereas roughly half was accounted for by the five largest debtor countries, namely Brazil, Argentina, Mexico, Indonesia and Venezuela.[15]

The recent economic success of the middle-income countries does not alter the fact that 19 of those countries (including Argentina, Bolivia, Brazil, Mexico and others) were found by the latest World Bank estimates – which again take the future debt-service burden from the present stock of debt into account – still to be caught in the "severely indebted" category.[16] For this group of countries, with relatively diversified economies, the most effective means of dealing with the debt problem will often be the dismantling of trade barriers by industrial countries. It is impossible to quantify the advantages of trade liberalization for certain, but even the most conservative estimates assume that developing countries could achieve increased export earnings, if trade were comprehensively liberalized and tariffs reduced by at least 30%, of approximately $50 billion per annum with the lion's share of that increase going to the middle-income countries.[17] This is among the factors which have made a successful conclusion to the Uruguay Round so crucial.

As far as structural adjustment policies are concerned, the need for the future is to place greater emphasis on programmes geared more closely to development considerations and to the medium and long terms, which must also include restrictions on military expenditure, birth control measures, and sufficient consideration to the programmes' social dimension. IMF credit agreements

[11] Cf., e.g., P. S. Mistry: African Debt Revisited. Procrastination or Progress?, Den Haag 1991, pp. 70 ff.

[12] All sub-Saharan countries were considered, with the exception of the following countries facing debt problems: Angola, Ethiopia, Gabon, Liberia, Somalia, Sudan and Zaire.

[13] Cf. World Bank: World Debt Tables, op. cit., pp. 8 f., 58 ff., 127 f.; World Bank: The Impact of Alternative Rescheduling Terms of SPA and Selected Lower Middle Income Countries, Washington, D.C. 1992 (unpublished manuscript). The Trinidad terms were introduced after the Paris Club had made special arrangements with two middle-income countries, Poland and Egypt, in 1991 to provide a staged 50% reduction of their debts. During negotiations on the Trinidad terms, the German government advocated a write-off component of up to two-thirds. However, it was not possible to reach a consensus on that, particularly due to the stance adopted by the USA. The German government has already forgiven most countries in sub-Saharan Africa their ODA debts, in some instances the initial payments were in any case grants, so the case of cancellation does not arise. Germany is now putting forward the position that countries which are successfully applying structural adjustment programmes and meeting their repayment obligations should now be offered a final stock-of-debt or exit rescheduling deal. The current consensus in the Paris Club is that exit rescheduling deals should not be granted until a minimum period of three years has elapsed.

[14] The treatment of loan-loss provisions against developing country claims in Germany is such that the lending banks are granted a tax deferral, the financial benefit of which – at an assumed interest rate of 8% – is approximately DM 1.4 billion per annum [assuming claims of DM 72 billion, 50% balance sheet valuation adjustment (level of provisioning), and a 50% overall tax rate]; however, there are few other countries in which the tax deductibility of loan-loss provisions is as generous as this. Cf. R. C. Sura: Konzept zur Entspannung der internationalen Schuldenkrise, in: Jahrbuch für Sozialwissenschaften, No. 40, 1989, pp. 298-315.

[15] Calculated with reference to Deutsche Bundesbank: statistische Beihefte zu den Monatsberichten (statistical supplements to the monthly reports) der Deutschen Bundesbank, Series 3: Zahlungsbilanzstatistik (b.o.p. statistics), April 1991, pp. 52 ff.

[16] World Bank: World Debt Tables, op. cit., 1993, p. 165.

[17] World Bank: Annual Report 1992, Washington, D.C. 1992, p. 46.

with poor countries have already begun to integrate measures of these types when designing the prescribed three-year adjustment programmes, each of which must be laid down in a policy framework paper. It is important to attach greater priority to these measures and to extend the application of medium-term policy framework papers to the middle-income countries. Moreover, a rigorous, development-oriented adjustment policy is the most effective means of preventing illegal capital exports, or indeed of attracting capital back into the country from which it was exported.

Relatively Low Cost

If it is to facilitate dealing with the debt problems of those countries which are most seriously indebted (i.e. the poorest countries, and a number of others in the lower middle-income bracket) the continued development of existing instruments must primarily involve granting more far-reaching debt relief for countries willing to reform their economies, which should therefore be tied to the implementation of comprehensive, rigorous economic reforms. The main obstacle to this is a lack of consensus among the G-7 nations, partly because of a shift in the focus of perceived problems towards the countries of Eastern Europe and the former Soviet Union.

However, this attitude is difficult to comprehend, as the cost of effective debt relief would be relatively low:

☐ the 50% debt remission granted under the Paris Club's Trinidad terms currently in operation mainly has the effect that creditors remit the *additional* loans taken out by debtor countries as part of the rescheduling operations carried out during the past 10 years, by capitalizing unpaid interest and associated compound interest;[18]

☐ if they were able to have approximately 80% of the bilateral public-sector loan repayment claims against them remitted, the debt problems of most low-income countries would be reduced to manageable proportions; given that bilateral public-sector creditors are in any case hardly receiving more than 20% of the loan payments they are contractually owed,[19] a decision to that effect would, *de facto*, hardly lead to any more loss of income, whilst on the other hand it would considerably reduce the stock of debt borne by most countries, bringing their payment obligations better into line with their potential economic output; in the case of highly indebted countries in the lower middle-income category, a write-off component of between 50% and two-thirds would normally suffice;

☐ commercial banks have already obtained tax benefits due to the fiscal treatment of the loan-loss provisions they have made against their developing country claims, and they could pass these benefits on to poorer countries; moreover, the share of their claims accounted for by that group of countries is almost negligible from the banks' point of view.

Apart from all the above factors, one cannot avoid the impression that the debtor countries have in fact already paid back quite a portion of their outstanding debts by supplying drastically cheaper raw materials to the industrial countries since the 1970s.[20] In the 1980s alone, the collapse in raw materials prices meant a cut in income of more than $130 billion for the countries of sub-Saharan Africa, i.e. the creditor nations would have had to pay that amount of money if 1980 prices had remained in force throughout the succeeding decade.[21] At the same time, the creditor countries have also benefited from the outflow of human capital from the debtor countries.

In conclusion, the fundamental idea behind the "composition" approach to dealing with the external debt problem among the developing countries is, provided that the countries affected implement comprehensive, rigorous economic reforms, to grant them debt relief which takes account of their economic capacity and allows them once again to take a long-term view of their economic development. The instruments needed to put this idea into practice have been created and introduced in recent years; all that is now necessary is to develop them as appropriate. Accordingly, the industrial countries are now being called upon from a number of quarters to grant further substantial debt relief, particularly taking the limited economic capacity of the severely indebted low-income countries into account. The costs which the creditors would incur by granting such relief are relatively small.

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[18] Rescheduling agreements with the official creditors represented in the Paris Club make up the true heart of the traditional debt-relief strategy. The principle according to which this has operated is that repayments which would have been due during the period of an IMF structural adjustment programme (12-18 months) are rescheduled to a new term, normally between 8 and 14 years, with a 4-6-year grace period. This gives an initial cash flow relief to the debtor country, and the amount of foreign exchange swallowed up by repayments is reduced. However, the entire stock of debt remains in being, and its settlement is only postponed further into the future. Because interest will now be payable over a longer period, this form of rescheduling ultimately increases the debtor country's total liabilities. (See H. Gebauer: Neue Techniken zur Schuldendiensterleichterung, in: Nord-Süd aktuell, No. 3, 1988, pp. 319-321.) As more and more principal and interest is rescheduled, the increase in total debt outstanding is quite substantial, for not only is unpaid interest capitalized, but compound interest also accrues on top of that. Accordingly, it was estimated that 40% of the long-term, non-concessional debt owed to the Paris Club at the end of 1988 by low-income countries which were rescheduling was attributable to this accumulation effect (World Bank: World Debt Tables, Volume 1, Analysis and Summary Tables, Washington, D.C. 1990, p. 94). By the end of 1990, that proportion had risen to 45-50%, amounting to almost $20 billion (P. S. Mistry, op. cit., p. 27).

[19] World Bank: World Debt Tables, Volume 1, Analysis and Summary Tables, Washington, D.C. 1990, p. 89.

[20] For a thorough treatment, see H. Sabet: Die Schuld des Nordens. Der 50-Billionen-Coup, Bad König 1991.

[21] W. Michler: Weißbuch Afrika, Bonn 1991, pp. 149 ff., 456.