At first, this high-profile official debt crisis was thought to be a fairly narrow and temporary financial emergency. Once it had been averted through the expedient of an IMF-mandated "rescue" package of new loans and stabilization measures, there could be a return to "normal" debt servicing as growth resumed in the world economy. That optimistic scenario never materialized. Instead things went from bad to worse. The total stock of outstanding debt continued to rise substantially in all developing-country regions as did the debt-to-GNP ratios (see Figure 3). While countries' obligations to pay increased, new private financial inflows dropped off sharply given the risky economic outlook. Some of the new money was so-called "involuntary lending" which simply went to keep up interest payments on old debt. Countries highly dependent on the export of a few primary commodities also had to cope with some of the worst price declines since the Great Depression. Canadians living in resource-dependent regions will certainly appreciate how devastating can be the effects of this economic conundrum. Not all developing countries, of course, faced an acute debt-revenue squeeze, and some undoubtedly coped better than others. But most of the recovery from the monetary-induced recession which was created in the North in the early 1980s also stayed there; very little "trickled down" to the poorer regions. By the middle of the decade nearly 70 developing countries were in serious debt difficulties. What had been treated as a short-term crisis in one country had become a chronic condition of many.

Several prominent U.S. initiatives, the first in October 1985 and the second in March 1989, have attempted, with at best partial and limited effect, to steer a course through these dangerous international currents. While there have been other important developments (for a chronology since 1982 see Figure 4), these U.S. approaches, named for the successive U.S. Secretaries of the Treasury who put them forward, have tended to mark the stages of evolution in creditors' responses to the protracted developing-country debt crisis. The 1985 "Baker plan" acknowledged that the problem was long-term and called for major new lending by both commercial banks and the international financial institutions (IFIs) to finance market-oriented "adjustment" with growth. Access to loans would be conditional on acceptance of IMF-approved programs. The focus of the Baker plan was on a group of 15 of the largest, mostly middle-income problem debtors.(8) However, Baker did not ignore the plight of smaller, low-income African nations whose foreign debts, owed mainly to donor governments and the IFIs rather than to banks, were in many cases more onerous. The IFIs were encouraged to establish new concessional lending facilities to support structural adjustments by these countries.

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(8) Argentina, Bolivia, Brazil, Chile, Colombia, Côte d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela, Yugoslavia. The World Bank added Jamaica and Costa Rica to its list of 17 "highly-indebted countries." In the Bank's *World Debt Tables 1989-90*, that category has been revised to "severely-indebted middle-income countries," and expanded to 19—dropping Colombia, Jamaica, Nigeria (now classed as a low-income country), and Yugoslavia, and adding Congo, Honduras, Hungary, Nicaragua, Poland, and Sénégal. Note the presence of at least one East European country on all three lists.