

collectively have a total external debt (long and short-term debt) of US \$527 billion in 1987, growth rates and investment levels are well below those reached during the 1970s. Net resource transfers on long-term debt from these countries to their creditors during 1985-87 amounted to US \$74 billion, or the equivalent of 3 percent of their combined GDP. The World Bank notes that, while per capita income and consumption have declined in these countries, the adjustment burden has fallen mainly on investment. In fact, investment in 1988 among the HICs is estimated to be only two-thirds of the average level in the 1970s.¹³

A major challenge facing most developing countries is to regain their creditworthiness. External financing for adjustment programs has remained scarce. For instance, in 1988 new money commitments from commercial banks to all developing countries were a modest US \$7.5 billion. The task of demonstrating improvement in the debt ratios of many countries, however, will continue to be difficult. For example, in 1988 the HICs had an average debt service ratio - based on long-term debt - of 36 percent. There has been little improvement since 1982 when the ratio stood at 37 percent.

13. Op. Cit. World Bank tables.