economic policies. For some of the larger Latin American countries, 40 to 50 per cent of their export revenues is going to debt servicing. The Committee heard details of the situation from the former Finance Minister of Mexico, Mr. David Ibarra, who explained that:

> By and large, the governments and countries in Latin America are, in 1986, in a weaker position to deal with the debt service than they were in 1982. The reasons for this are very many. Income per capita decreased 10 per cent between 1980 and 1985. Its level today is similar to that attained eight or nine years ago. National income must have been further depressed, to judge from the deterioration of the terms of trade and the increased external debt servicing. Most of all, there are social groups within the countries that have lost, perhaps, between 25 per cent and 40 per cent of their former income. Therefore, in terms of internal discipline, the adjustment to a harsh external environment has been enormous. In order to service the debt growth, private consumption, government spending and imports have been drastically cut. (8:6)

Mr. Horace Barber of Jamaica said that just servicing the interest on his country's external debt represented 30 per cent of total government revenues, an amount which put an inordinate constraint on Jamaica's economic growth. Mr. Sidney Dell of the United Nations Institute for Training and Research (UNITAR) told the Committee that in 1985 Argentina owed 136 per cent of its exports in debt service on interest and principal repayments, an amount which was clearly unpayable. He explained:

> Part of this problem is due to a bunching of maturities from now to approximately 1988 or 1989, and that bunching of maturities is, in turn, due to the fact that the crisis management process, so far, has only postponed a little bit of debt at a time, and it has done it in such a way as to bunch up further obligations ahead. Therefore . . . there has been a tendency to adopt what is called a short-leash approach to force the borrower to come back again and again, and the result is that countries see themselves faced with increasing obligations, year by year, which must be negotiated again and again with the creditors. (4:7)

Table 5 also makes clear the very severe problems of the sub-Saharan African countries and shows that the accumulated debts of the small low-income countries in some instances amount to four times their annual exports. While much of the debt of these latter countries has been on concessional fixed interest terms, the level of this debt in relation to the GDP and annual exports of these countries is now alarmingly high. Africa's debt-service ratio has increased at a faster rate of growth than any other area. Eleven African countries have debts equal to 85 per cent of their GDP. Had Sudan's debt not been rescheduled, it would have needed more than 100 per cent of its export earnings to deal with its debt obligations, including both interest and principal repayments.

Mr. Dell, noting that the smaller-income countries of sub-Saharan Africa owed most of their debt to governments rather than to commercial banks, observed that:

> ...the problem, essentially is very similar. It does not really matter very much to Sudan that its debt is owed to a government rather than to a commercial bank. It is faced with the same impossible burden of debt as are the others. (4:8)

The Committee does not share Mr. Dell's perception. While it is true that to a country making interest payments it matters little whether it makes its payments to a bank or to a foreign government, past experience demonstrates that foreign