

assistance in the past. With bilateral concessional flows declining and multilateral concessional aid stagnating, these developing countries will need to use the aid they receive wisely. While the conditions for structural adjustment attached to IMF and World Bank loans may appear rigorous, the present pain may be unavoidable in order to achieve future economic stability and growth. In cases where commodity prices rise in the future, low-income debtor countries should attempt to make the best possible use of these increased revenues, turning them whenever possible into productive enterprises.

IDRC's computer program to assist the poorer debtor countries

During its hearings, the Committee heard from a number of witnesses of the difficulties experienced by the smaller, poorer debtor countries in marshalling the sort of technical capacity in terms of data and macro-economic understanding to conduct debt negotiations. Dr. Bishnu Persaud urged that more should be done "to help developing countries to develop the capacity to negotiate with the IMF". (12:12) He pointed out that in many cases these countries had to rely on the IMF prescriptions and it was unrealistic to expect that IMF officials knowing little of the political and social circumstances in particular developing countries would be able to develop policies which would be completely relevant to the needs of those countries.

The Committee was told by Mr. Ivan Head, president of the International Development Research Centre (IDRC), of the preliminary results of a computer program developed for use with small personal computers designed to help the poorer developing countries prepare for debt negotiations. The program is quite simple and offers smaller developing countries with limited financial expertise a capacity to put together and analyze basic information and statistics needed for effective debt negotiations with the World Bank, the IMF, the regional development banks and the lender governments. The Committee is impressed with this project, which represents an innovative application of the IDRC's mandate.

It would be unfortunate and undesirable if the continuing needs of the low-income debtor countries were lost sight of owing to the emphasis currently being given to the resolution of the commercial bank debt question. Regrettably there is little basis for optimism that the economies of most of these low-income countries will, in the near future, take off and become competitive and able to service their debts. While the advice given for economic restructuring by the IMF and the World Bank to middle-income countries can be of assistance to the low-income countries, the problems of the latter group are very long-term. Their most urgent requirements are for continuation of basic and traditional development assistance. The conversion of earlier government loans to grants by Canada and some other OECD countries is a most helpful action to support the internal efforts of these countries.

Uncertainties of Adjustment Policies

Although the Committee remains persuaded that debtor countries must persist in adjustment policies if their economies are to become more cost-effective and market-sensitive, it is important to recognize that progress may be uncertain and erratic. Unfortunately there is no way to guarantee economic stabilization and growth. No restructuring prescriptions are universally applicable and the process has proven to be much longer term than has been recognized by some. Too many variables exist in each country, including the size of the debt, domestic policies