

INFLATION, LOWER REAL INTEREST RATES AND ELIMINATE ARTIFICIAL RESTRICTIONS TO TRADE CAN HAVE PROFOUND IMPACT ON THE ABILITY OF DEVELOPING COUNTRIES TO RESPOND TO THE DEBT AND DEVELOPMENT PROBLEMS WHICH MANY OF THEM ARE FACING.

NOTWITHSTANDING ITS IMPORTANCE, THE IMPLEMENTATION OF APPROPRIATE ECONOMIC POLICIES BY DEVELOPING COUNTRIES IS NOT IN ITSELF A PANACEA WHICH WILL ELIMINATE DEBT AND DEVELOPMENT PROBLEMS. HOWEVER, WITHOUT STRUCTURAL ADJUSTMENT, LONG TERM SOLUTIONS TO SUCH PROBLEMS ARE LIKELY TO REMAIN ELUSIVE. THE CRITICAL IMPORTANCE OF STRUCTURAL ADJUSTMENT HAS BEEN RECOGNIZED IN INTERNATIONAL EFFORTS TO PROVIDE DEBT RELIEF. PARIS CLUB RESCHEDULINGS OF OFFICIAL DEBTS ARE CONDITIONAL ON THE DEBTOR HAVING IN PLACE A SUITABLE ADJUSTMENT PROGRAM SUPPORTED BY THE IMF. ELIGIBILITY FOR "BRADY PLAN" DEBT RELIEF, AND ACCESS TO IFI FINANCING FOR THAT PURPOSE, IS DIRECTLY TIED TO STRUCTURAL ADJUSTMENT. CANADA'S DECISION IN 1986 TO INTRODUCE THE ODA DEBT MORATORIUM IN SUB-SAHARAN AFRICA, A MEASURE WHICH WAS THE PRECURSOR OF ODA DEBT FORGIVENESS FOR THE COUNTRIES CONCERNED, WAS DIRECTLY RELATED TO EFFORTS BY SUB-SAHARAN AFRICAN COUNTRIES TO PURSUE APPROPRIATE ECONOMIC POLICIES.

THE PROCESS OF STRUCTURAL ADJUSTMENT IS DIFFICULT AT THE BEST OF TIMES. IN THE CASE OF MANY DEVELOPING COUNTRIES, IT IS MADE MUCH MORE DIFFICULT BECAUSE OF THE LOW LEVEL OF DEVELOPMENT OF MANY OF THE ECONOMIES, THE EXTENT OF THE PROBLEMS THAT HAVE BEEN ALLOWED