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INTERIM MEASURES IN INTERNATIONAL FINANCE AND DEVELOPMENT

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After the Jamaica Agreement in January 1976 to formally recognize the breakdown of the old par value system and to ratify what had already come into existence, namely the freedom to let the exchange rates vary largely in response to the market forces, the IMF's 20-member Interim Committee's meeting towards the end of April 1977, is said to be the most important. Three important proposals are likely to come up for decision at this meeting. The most important proposal is to create a new fund or credit facility of 14 billion SDRs (equivalent to some \$ 16.6 billion) to assist nations, developed and developing, with acute balance of payments difficulties. The Committee is also expected to consider proposals (a) to create additional SDRs of the order of 3 billion and (b) to substantially expand the quotas further.

What do these proposals add up to for the developing countries? Even if these proposals do imply some gain for the developing countries, do they go far enough to meet the balance of payments difficulties these countries are likely to face in the foreseeable future? To be able to answer such questions, one must keep in mind the background in which the Interim Committee is meeting this time -- indeed a number of other forums are also going to meet in the coming few months for discussion of related matters.

So, I shall start with the background. Later, I hope to show in this paper that the balance of payments difficulties faced by the developing countries — the non-oil developing countries to be more precise — threaten to be quite large and serious in the foreseeable future and unless an earnest attempt is made to appreciate and solve these difficulties, the danger of the developing countries going along, as in the past, with the present proposals which promise some, but grossly inadequate, gains is that their major problems might well remain unattended. In this connection, it is necessary to draw, as I have done already, a distinction between the oil-exporting countries on the one hand and the non-oil developing countries on the other to get a measure of the balance of payments perspective which stares the latter group of countries in the face. The type of problems which the oil exporting developing countries face are of a different genre, and we shall speak of them too, but they are not in the nature of difficulties one usually associates with the balance of payments.

## I

The major reforms which the developing countries as a whole, including the oil-exporting countries, have sought in the international monetary system are: (1) to re-establish a system of stable exchange rates; (2) to 'internationalise' reserve creation and (3) to let the resource transfer involved in reserve creation be channeled or linked to development. Let us see what, if any, success have the developing countries achieved in each of these areas.

## Exchange Rate System

The principal achievement of the Jamaica meeting of the Interim Committee in January 1976, in this regard, was that it gave formal approval to the system of floating exchange rates which had already come into existence, and had been operating for almost two years after the complete breakdown of the par value system in early 1973. A variety of exchange regimes had already come to be adopted by different countries or groups of countries. On the one hand, some 30 developed countries, accounting for some 70 or 75 per cent of the world trade, allowed their currencies to float (independently or jointly) ~~however~~ subject to varying degrees of management through official intervention. On the other hand, the vast majority of the IMF member countries comprising of developing countries overwhelmingly tried to keep some sort of a fixed link for their respective currencies. Being largely exporters of primary commodities which have traditionally experienced wide fluctuations in prices, export earnings of the developing countries have been subject to considerable uncertainties. The fact that now the 'major' currencies chose to float, immediately exposed them to an additional uncertainty linked to the exchange rate. This last uncertainty, the developing countries sought to reduce by keeping, all the same, a fixed link for their own currencies.

The important point to note, in the present context, is that in spite of the fact that the developing countries (and some developed countries such as France) were all against a system of floating exchange rates, the Jamaica Agreement not only ratified that system but also gave the U.S.A., the most ardent advocate now of floating, the veto right over

any decision at any future date to revert to a system of fixed exchange rate system.

### International Reserve Creation

The developing countries' espousal of a system of fixed exchange rates should not be construed to mean that the old par value system set up at the end of the World War II operated in any significant measure to the advantage of this group of countries. The principal beneficiaries of the old system were really the developed countries. But as the major benefit of the old system accrued through reserve creation, it was distributed unevenly, indeed, rather regressively, even among the developed countries. Let me elaborate on it a little. Though gold was then the ultimate reserve asset, the day to day liquidity requirements of the international monetary system were supposed to be met by what Machlup chooses to refer to as, the cloakroom type of operations of the IMF.<sup>1/</sup> In actual practice, however, these cloakroom operations were found to be extremely inadequate. The result was that the international monetary system had to meet its liquidity requirements out of the foreign liabilities of a few (indeed one) reserve currency countries. In fact, the system was largely provided with its reserves by the United States through the creation of dollar liabilities abroad. (See Table I). The dollar liabilities were created by the U.S. by either running current account deficits in balance of payments or investments abroad, or some combination of the two types of transactions, one involving claim to current real transfers and the second involving claim to real transfers in the future.<sup>2/</sup>

What developing countries have been arguing for is that whatever the regime of exchange rate (though their own preference, as is explained above, has been for stable exchange rates), its liquidity requirements should be met through such a system of multilateral reserve creation whereunder countries can draw upon international reserves on the basis of their needs and not on the basis of the economic strength they happen to enjoy. Indeed, the 1943 Keynes Plan envisaged the creation of deposit liabilities by an international agency, to be called International Clearing Union (ICU for short), with the purpose of extending credit to countries in balance of payments deficits. These internationally created deposits, according to this plan, were to be accepted by the countries in balance of payments surplus as international reserves. It took the world (i.e. comprising of IMF members) quite some years, however, to appreciate the need for internationally created reserves. Initial attempts at expanding world liquidity concentrated on quota increase. Then when it was agreed in 1969 that instead of letting the U.S. create international reserves through the expansion of its deposit liabilities abroad, the IMF should be authorised to create deposits of its own, agreement could be reached on the condition that such deposits would be created in specified amounts only and that the IMF will allocate these deposits among its member countries in the same proportions as their quotas with the Fund.<sup>3/</sup> These deposits to be denominated in gold, like the dollar as it then was, were to be called Special Drawing Rights (SDRs, for short). They were to be created to the tune of \$9.5 billion for a 3-year period extending from 1970 to 1972. <sup>Thus</sup> the principle of allocation according to balance of payments needs was still not accepted. However, one must always

remember in viewing these international agreements that decision-making in the IMF has been; and still is, heavily weighted in favour of a small minority of developed countries.

But the decision to create SDRs was taken in less troubled times. The world was still struggling to stay on the par value system, with gold as its ultimate anchor. It was hoped that with the creation of the SDRs, the role of the dollar as the international reserve currency will be reduced. The question of the overhang of dollar liabilities held abroad, even as it then stood, raised issues which were hard to face, harder still to tackle.

By the time, however, that the sanctioned figure of \$9.5 billion for the SDRs was reached towards the end of 1972, international monetary events had taken a turn quite different than could have been anticipated in 1969. Between end-1969 and end-1972, the actual increase in foreign exchange or currency reserves turned out to be seven times larger than the SDRs created during the same period. So, in quantitative terms at least, the creation of SDRs proved to be a virtual non-event.

Between 1973 and 1975, the following three years, the increase in world foreign exchange reserves was quite substantial; in terms of <sup>the</sup> dollars which underwent two devaluations before going completely off gold, the increase in foreign exchange reserves during this latter triennium was even greater than between 1970 and 1972. Of course, during this triennium, ~~occurred also~~ the sharp rise in the price of oil. The important point to note is that before the quadrupling of oil prices in October 1973, the principal force that led to the expansion of dollar liabilities abroad was the speculative pressure on dollar which threatened

to force the exchange rate of dollar below that which the surplus countries were prepared to accept (A drastic dollar devaluation vis-a-vis the surplus country currencies would make the latter's exports less competitive). So the greater the pressure on the dollar in the exchange market, the larger the quantity of dollar securities these surplus countries had to come forward to hold. On the other hand, after the oil-price-rise, the increase in dollar holdings abroad was a reflection of the dollar's newly acquired strength, the strength it acquired from the fact that the world's new principal creditors, viz., the oil exporting countries, particularly Saudi Arabia, Kuwait and U.A.E., were wanting to keep their surplus earnings in the form of dollar holdings.<sup>4</sup>

Still, at its Jamaica meeting in January 1976, when the Interim Committee decided to put its stamp of approval to the system of managed floating and it decided to designate the SDR, instead of gold, as the principal reserve asset of the international monetary system, it failed to make any provision whatsoever for the creation of reserves under international auspices. Indeed, it even refused to allow any expansion of the SDRs, with all the restrictive as well as regressive system of allocation among IMF member countries. This refusal to expand the SDRs was made knowing fully well that since 1969, when the SDR creation was first agreed upon, the currency reserves, indeed dollar reserves, had expanded phenomenally from \$33 billion at the end of 1969 to \$165 billion at the end of 1975 as against \$9.5 billion of SDRs created during the same period. (Revalued in terms of the 16 currency basket adopted in 1974, the dollar value of these SDRs at the end of 1975



would work out to \$11.00 billion). As for the far more massive problem of the dollar overhang in 1976, more massive than it was in 1969, it remained swept under the carpet.

The plea of the developing countries in general, and the non-oil IDCs in particular, that the failure to internationalise reserve creation continued to effect transfer of real resources in a highly regressive and inefficient manner fell flat on the few developed countries in whom continue to be concentrated the vast bulk of the IMF quotas and, therefore, its voting rights.

#### The Link

The developing countries have been arguing not only for internationalising reserve creation but also for linking such reserve creation with development assistance. This made sense in the light of the fact that the developed countries, as a group, had been running a sizeable current account surplus in balance of payments for years on end till the quadrupling of oil prices in October 1973. So, given the payments arrangements between the developed countries, as e.g., the General Agreement to Borrow (GAB) of the Group of Ten, the countries in need of balance of payments assistance would be the developing countries.

This plea for the link had been strongly resisted (and, unfortunately, the Western academic community, barring a few exceptions, provided strong support to such opposition)<sup>5/</sup> on two major grounds. One is that national reserve creation does not cause a large transfer of resources to such countries; they only perform a normal banking role for which they ~~got paid in the form of normal~~ interest charges. It ignores that even a normal banking operation within an economy involves

transfer of resources from savers (some of whom may not be saving voluntarily) to spenders. At the international level, the bankers-countries are also the spender-countries. Indeed, not only do real resources get transferred to a reserve creating country but at concessional rates of interest, to the extent that it is, in effect, able to borrow on long term, indeed permanently if the experience of post-World War II phenomenon of a continuing build up of dollar liabilities abroad is taken as an example, at rates of interest which are quite low.

The second argument is that it is wrong and improper to mix up development assistance with balance of payments assistance because the considerations going into the determination of the two are entirely different. But this second argument is grossly misplaced. Once it is conceded that there takes place transfer of resources in the process of reserve creation then it cannot be denied that this transfer has been so far benefitting a few rich countries, indeed only one, and that too the richest of these countries. It is this aspect of international reserve creation that the link seeks drastically to correct.

Sometimes, An additional argument/advanced against the link is that it will amount to an exercise in deficit financing on a global scale. It is not clear, however, how the link as such is more inflationary than reserve creation by a reserve currency country (e.g. USA), which enables the latter to run balance of payments deficits. As an UNCTAD document points out, "more generally, the problem of matching total claims on resources with total supplies arises not merely in the context of the link but also in connection with any building up of reserves that affects real economic activity." 6/

Interestingly, the two countries which have been most unbending in their opposition to the link are the United States and West Germany. The reasons for their opposition are quite obvious. The United States has been the principal, indeed only, beneficiary of the system of reserve creation that has prevailed so far and West Germany, probably the largest single holder of dollar liabilities abroad, has been accessory thereby to the most regressive transfer of real resources between countries. The West German support of the prevalent system of international reserve creation derives possibly from the belief that the entire edifice of post-World War II economic growth in West Germany rests on the U.S. demand for its exports.

The upshot of all this has been that not only the demand for the link but even the creation of reserves under an international auspices has so far been virtually ignored. The Jamaica Agreement too can be said to ignore these questions altogether, unless one considers the decision at that very meeting with regard to quota increase from SDR 29 billion to SDR 39 billion as an attempt to increase world liquidity under international auspices. It was agreed also at that very meeting that the next review of quotas should be taken up after three, instead of five years. While one is on this subject of the positive aspects of the Jamaica Agreement, positive from the point of the developing countries, one should note also that pursuant to the decision to replace gold by SDRs as the denominator of world currencies, it was agreed that one-sixth of the IMF's gold holding will be auctioned in the free market and that the profits thereon will be used for balance of payments assistance, at <sup>a</sup> nominal rate of interest, to developing countries with per capita income of

SDR 300 or less. The Trust Fund to be built up for the purpose was expected to collect thereby something like \$500 million, which, however, is small beer if one remembers that the balance of payments deficit of the non-oil developing countries has been of the order of over \$30 billion a year recently. (See Table II).

Thus, as far as the developing countries are concerned, the unresolved issues of international monetary reform remain to be more or less what they were before the Jamaica Accord. The exchange rate system is now quite volatile. At the same time, though monetary authorities all over hold on to their gold stocks, now largely re-valued at market price, the main source of international reserves is the dollar. The one important change, however is that dollar liabilities abroad are now issued not only by the U.S. official agencies but also by the U.S. commercial banks operating outside. The latter comprise most of what is commonly referred to as the Euro-dollar market. Under the so-called new international monetary arrangements agreed upon at Jamaica since currencies are no longer denominated in gold, it follows that for its deposit liabilities held abroad, no obligation on the part of the reserve currency country, to convert these deposits into gold, attaches to these deposits now. If the gold convertibility obligation under the old system possibly acted as some check on the reserve currency country when it created its deposit obligations abroad, the new system has removed that check altogether and replaced it by virtually none. Thus, not only has the attempt to internationalise the creation of reserves failed miserably, but the regressive and inefficient system of currency reserve creation stands now more strongly entrenched than ever before. As for the

link, which would have ensured an equitable distribution of the resource transfer involved in international reserve creation, it is almost forgotten. Not even the most severely affected developing countries speak of it, possibly out of sheer disgust with the manner in which the international parleys are dominated by a few most powerful nations blinded by sheer self-interest.

## II

It is in the above background that we ought to appraise the agenda of the April 1977 meeting of the Interim Committee, particularly if one views it from the point of view of development. The agenda, it can be noted straightaway, does not seek to raise any of the fundamental issues in international finance that concern the development of the poor countries. The most charitable interpretation one can put on the agenda, however, is that it seeks to deal with only interim measures, measures which can help during the interval that the international community will take to sort out the fundamental unresolved issues of international finance.

### 14 Billion SDR Fund

As was stated at the very outset, the most important item on the Interim Committee's agenda this time is the proposal to establish the 14 billion SDR Fund. The Fund is to be made up of contributions from the oil exporting and industrialised countries, each group contributing half. Loans out of the fund will be available to all countries, developed as well as developing, on commercial rate of interest, but for durations longer than the usual IMF assistance. While such loans

will be related to the countries' needs and not their IMF quotas, the conditions attaching to these loans could be even more severe than those which the higher credit tranches of the IMF carry. The idea however, is that these conditions will be set on a country to country basis, but it is not clear if the non-oil developing countries, as a group, will get concessional terms.

It is relevant to recall that this proposal has been mooted in the context of a growing concern, particularly over the past one year or so, over the scale at which the developing countries had resorted to borrowing in the Euro-dollar market with a view largely to financing their balance of payments deficit. (See line 5 (b) of Table II.) One type of concern relates to the soundness of such commercial banks' lending to developing countries. It is this sort of concern that seemed to weigh with Arthur Burns, Chairman of the U.S. Federal Reserve Bank. The other sort of concern relates to the higher servicing burden which such borrowing carries. The IMF 1976 Annual Report speaks of "the considerable reliance on commercial bank financing at higher cost and shorter average maturity than the type of credit -- chiefly from national and international development agencies -- that predominated in the financing of current account deficit of non-oil developing countries prior to 1974".<sup>7/</sup>

Arthur Burns made no secret of his desire to see the Euro-dollar market reducing its lending to the developing countries and suggested instead that the IMF should take over from the private banks the balance of payments financing of these countries. Evidently,

the present IMF proposal is U.S. inspired. More about the U.S. interest in, and advantage from, this proposal, we shall come to presently.

The point, however, to emphasise first is that given the realization that the non-oil developing countries have been driven more and more to the Euro-dollar market for borrowing for shorter maturity at higher cost to finance their balance of payments deficit, the solution that ought to have been worked out was to allow the IMF to increasingly create its own deposits which the non-oil deficit countries will borrow to pay up the countries in surplus. Instead, the IMF again is being asked to play the role of <sup>a</sup>cloakroom in securing contributions from the countries in surplus for lending to countries in deficit. The major departure that this proposal seems to make from the old quota related role of the IMF is that the contributions from surplus countries, other than the U.S.A., will also be made in the U.S. dollars so that the gain from reserve currency creation will still rest in the U.S.A. To the extent, that this suspicion is correct the proposal can only be described as an ingenious device whereby the U.S.A. will continue to corner the gains of reserve currency creation, but without the European branches of the U.S. banks having to carry the risks attaching to lending to the developing countries. In any case, the proposal is not meant to provide additional credit for balance of payment financing but to replace the credit that the developing countries are already drawing upon through the Euro-dollar market.

Another, but quite related, aspect of the proposed fund is also worthwhile bringing out. Though the principal beneficiary group is identified as that of non-oil developing countries, the fund facilities will be open to all. The experience with the earlier Oil Facility suggests, however, that in the actual disposition of the fund, the ~~major~~ beneficiaries may turn out to be the deficit developed countries. While of the total contributions to the Oil Facility of SDR 6.9 billion only 27% came from the industrialised countries (with the U.S. being conspicuously absent) and the rest of 73% came from the oil exporting developing countries, the share of the developing countries in the borrowing out of this facility (referred to in the IMF Report, 1976 as purchases) worked out to only 37%.<sup>8/</sup>

#### SDR and Quota Expansion

Before the Interim Committee meeting, there are also the proposals to create additional SDRs to the tune of SDR 3 billion and to make what is referred to in some quarters as a hefty increase in quotas soon thereafter. Of the three proposals on the agenda of this meeting, these two proposals appear to me to be of far greater significance, in spite of their limitations that I shall go into presently, than the proposal for 14 billion SDR Fund. SDR expansion as well as quota increases are still moves in the direction of international reserve creation.

Certainly, the unfreezing of SDR creation should be welcome to the developing countries because at least its allocation pattern is much less regressive than the prevailing system of reserve currency (including Euro-dollar) creation. But the amount mentioned, SDR 3 billion, is so small, particularly after one makes allowance for the



portion thereof which will accrue to the countries in balance of payments surplus and get frozen in their hands, that the bulk of international liquidity will continue to be generated through reserve currency creation.

It is not quite clear what 'hefty' increase in quotas is actually envisaged but even a doubling of the quotas from SDR 39 billion to 80 billion will increase the quotas of the non-oil developing countries by only SDR 6.5 billion and even that will represent the total credit they can draw upon through all the credit tranches, with very stiff conditions applying to higher tranches. This again has to be set against the annual deficit in balance of payments that the non-oil developing countries have been running in recent years after the quadrupling of oil prices.

So, all in all the agenda of the April meeting of the Interim Committee does not seem to add up to much from the point of view of the non-oil developing countries. However, if one leaves it at that, the disparaging conclusion is unavoidable that the developing world has reached a dead end in matters of international finance. Have they?

### III

The world financial community, as it is now constituted, will take quite some time to accept the idea that Keynes mooted in 1943 of providing for the creation of international reserves under a multi-lateral auspices. It will take the world probably still longer, it appears, to link such international reserve creation to development

assistance. In the circumstances, one has to look around for what may otherwise be regarded as a 'second best' solution.

When one looks at the figures of recent years, the closeness of the surpluses placed by the oil exporting countries in the Euro-dollar market and the borrowings from that very market by the non-oil developing countries cannot be missed. During 1974 and 1975, while the official Euro-dollar holdings of the oil exporting countries went up by \$24 billion, the amounts borrowed by non-oil developing countries from foreign commercial banks added up to \$15 billion. Thus, nearly two-thirds of the oil countries' surpluses in the Euro-dollar market were re-cycled to the non-oil developing countries.

Now, there is reason to believe that both the oil exporting surplus and the non-oil deficit developing countries cannot be too happy with the Euro-dollar market. It is well documented that the developing countries have to pay between 50 to 75% higher margins on their borrowing from this market than the developed countries. But the oil exporting countries cannot be very happy either because they face a strongly monopsonistic credit market which virtually dictates the terms on which it will borrow from these countries.

In the circumstances, it is a moot question to ask: Couldn't this recycling of funds within the developing world be achieved under its own auspices, so that not only are the terms of finance realistically adapted to the needs and repaying abilities of the borrowing countries but also the oil exporting creditor countries have much greater say in the terms and disposition of their surpluses? The intermediation now by the Euro-dollar market, secures neither. At the same time, it

possibly it keeps out most of the poorer developing countries because of the terms on which this market now lends.

Could one not think of a payments arrangement within the developing world in the above context? It will, no doubt, have to be conceived of as an organization in which the surplus oil exporting countries will have to be assured effective voice so that they can confidently entrust it with a part, if not all, of their surpluses. There can be no doubt that in evolving the above type of payments arrangement the wholehearted participation of the oil exporting countries is as necessary as the willingness on the part of the non-oil developing countries to assure them that their surpluses will be as safely placed here as anywhere else in the world.

There is no reason, also, why a payments arrangement comprising of all the developing countries should be conceived of as a mere recycling agency. That would show a very narrow vision. The payments arrangement will have to be conceived of as an agency which, apart from recycling funds, would seek to promote mutual trade and ~~other~~ economic contacts as would foster their mutual development. May be such an agency will, in due course, be able to even create its own deposits which will be acceptable not only among its own membership but also outside. This could well mark the beginning of a genuinely international system of reserve creation that has eluded the world so far. Let the developing world rather concentrate on concerted moves of this nature than allow its attention to be diverted to interim measures of dubious value.

NOTES AND REFERENCES

- 1/ According to Machlup, "the sale of currencies of countries in surplus, out of the Fund's holding against currencies of countries in deficit, with the obligation of the countries to 'repurchase' their own currencies with convertible currencies is only a lending operation described in fancy terminology."
- See F. Machlup, The Clockwork Rule of International Reserves: Reserve Creation and Resource Transfer, in R.N. Cooper, International Finance, Penguin Modern Classics (1969).
- 2/ Very interestingly, referring to the large U.S. balance of payments deficits in the late sixties and early seventies, the London Times had aptly observed: "In sum, Americans have gone on spending, investing and soldiering abroad as if the nation were still the overwhelming economic power that it was immediately after World War II". In terms of our distinction between two ways of generating liabilities abroad, 'soldiering abroad' will fall under the category of claim to current real transfers and get reflected in the balance of payments on current account.
- 3/ The result of this system of SDR allocation had naturally to be that "a large part of these unearned reserves (i.e. those accruing to the countries in balance of payments surplus) will never be used in even a first round of spending". (Parenthesis ours), See F. Machlup, op.cit.
- 4/ It is worthwhile explaining the process by which the rise in the reserves of the oil exporting countries led to a net increase in world currency reserves. The process involved (1) placement of their surpluses by the oil exporting countries in the Euro-currency market or the United States, and (2) borrowing from those markets by the oil importing deficit countries so that it became possible for the reserves paid out by the latter to be fully replenished through borrowing. Thus, virtually, the entire growth of reserves of the surplus oil exporting countries came from the creation of new dollar reserves. See IMF Annual Report, 1975, p.14.
- 5/ See, e.g. H.G. Johnson, Theoretical Problems of the International System, Pakistan Development Review, (1967), Vol.7, pp.1-23, reproduced in R.N. Cooper, op.cit. pp.304-334.
- 6/ See UNCTAD, SDR Creation and Development Assistance, reproduced in United Nations, Money, Finance and Development: Papers on International Monetary Reform, 1974.
- 7/ See IMF Annual Report, 1976. p.22.
- 8/ These figures have been worked out from Table 1.12 and 1.16 in the IMF Annual Report, 1976. What are referred to in these tables as "borrowings for oil facilities" are really the contributions by the various countries in surplus and what are referred to as "purchases" represent the IMF lending out of the Oil Facility.

Table I: International Reserves, 1955 to 1976

(In billions of SDRs = US \$ until 1971)

	1955	1960	1969	1972	1975	1976
(1) Gold	35.0	37.7	38.9	35.6	35.5	35.4
(2) Foreign Exchange	18.1	19.9	33.0	95.9	137.8	151.6
(3) SDRs	-	-	-	8.7	8.8	8.8
(4) Reserve positions in IMF	1.9	3.6	6.7	6.3	12.6	17.2
(5\$ Total	55.0	61.2	78.7	146.5	194.7	212.9

Notes: 1. The figures are for year end, except for 1976 where the figures are for September end.

2. Against the increase in foreign exchange reserves, say between end 1969 and end 1975, has to be set the fact that during the same period official claims on the U.S.A. increased by SDR 52.5 billion and Euro-dollar holdings increased by SDR 36.3 billion. These two dollar liabilities together, it can be seen, accounted for 85% of the increase in foreign exchange reserves during this period.

Source: IMF, Annual Report, 1976 and International Financial Statistics.

Table II: Balance of Payments on Current Account,  
1973 to 1976, of Major Country Groups  
and its Financing

(In billions of U.S.\$)

	1973	1974	1975	1976	1977
				(Projections)	
(1) Major Oil exporters	6	67	35	40	42
(2) Industrial Countries	12	10	19	3	2
(3) Non-oil primary producing countries					
a. developed	1	-14	-14	-10	-10
b. developing	-10	-29	-37	-32	-29
(4) Total	9	14	3	-	5
(5) Finance of non-oil developing countries deficit from borrowing of which:					
a. Official sources	5	8	13	N.A.	N.A.
b. Private banks (i.e. Euro-dollar)	4	7	9	N.A.	N.A.

Source: IMF Annual Report, 1976 and IMF Survey, April 18, 1977.