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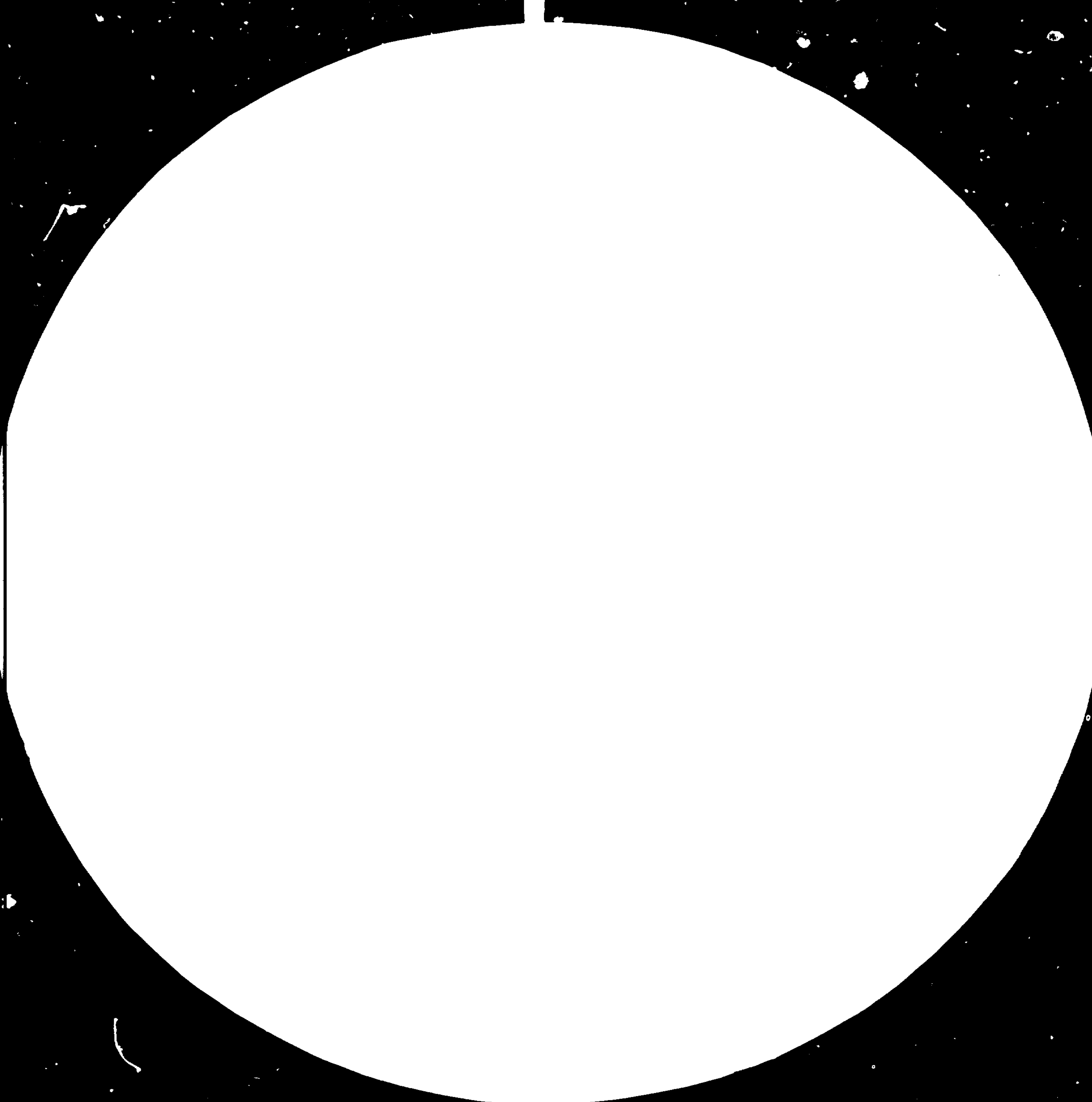

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ISSUE NO.1: IS THERE A QUANTITATIVE AND QUALITATIVE GAP IN EXTERNAL FINANCIAL FLOWS FOR INDUSTRIAL INVESTMENT IN DEVELOPING COUNTRIES?*

prepared by

the secretariat of UNIDO

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Issue no.1: Is there a quantitative and qualitative gap in external financial flows for industrial investment in developing countries? */

## I. PERSPECTIVE

1. This issue paper provides a review of recent developments in the trends of international financial flows and an assessment of the longer-term capacity of the international capital market to accommodate the financial requirements of developing countries, with particular reference to prospects for their industrialization. The international capital market is, in this paper, defined as encompassing concessional capital flows from bilateral donors and multilateral institutions, as well as non-concessional capital flows through traditional channels, i.e. banking institutions and bond markets. This broad definition has been adopted on consideration of the changing pattern of financial flows during the 1970s and the uncertain outlook beyond 1980. The role of the international capital market is to provide channels for financial flows by intermediation between surplus and deficit countries. Not all industrialized countries are in surplus and not all developing countries are in deficit. Indeed, the competition for capital funds by both groups of countries has had a significant effect on the prospects for international economic stability and growth. This paper raises questions pertaining to the persistence of an external gap for the financing of industrialization programmes at desirable levels for both the industrialized and developing countries. However, emphasis is placed on the fact that the growth prospects confronting the developing countries are somewhat unique and more adverse when compared to those of the industrialized countries.

2. The points for discussion identified in this paper relate to the capacity of the global economy to generate and channel the required funds to enable the development process to continue in both developing and industrialized countries. These points emanate from a number of questions which the world community, represented by the participants in this

*/ In order to give greater clarity, the wording of this issue has slightly been amended from that adopted in the aide-mémoire dated June 1982.

Consultation, need to consider and to seek the direction of potentially viable solutions. The points have one overriding theme - global solutions by consensus have to contain the element of maximizing benefits to all, in a realistic form, and the benefits of one group should not be cancelled by the loss of another. The possibilities are not viewed as a zero-sum game. The challenge of development beyond 1980 lies more in the complexity of a more interdependent world which has emerged as a result of the events of the 1970s. The most important questions arise from the nature of interdependence in growth, trade, industrialization and capital flows.

## II. TRENDS IN INTERNATIONAL CAPITAL FLOWS

### The supply of external finance to developing countries

3. In the 1960s and early 1970s foreign capital financed 10 to 20 per cent of total investment in developing countries. Most of these flows came from official or semi-official sources in the form of grants, concessional and market-term loans. On the whole, the main thrust of the flow of capital was directed towards financing development projects in line with national priorities, under the overall constraint of donor preferences which were not necessarily sympathetic to industrialization programmes. Nevertheless, capital flows were essentially growth-oriented. Since 1975, net capital receipts through ODA did not increase in real terms.

4. On the side of private sources of international finance, direct foreign investment constituted a minor portion of net capital flows to developing countries in 1970. Subsequently, it has grown less rapidly than other forms of international capital flows. In fact, foreign equity investment in industry in developing countries did not even keep up with inflation. In real terms, it feel far short of providing a constant share in their growth requirements.

5. Private commercial bank lending grew rapidly in the 1970s and became the leading mechanism of international capital flows. However, because of its relatively short-term nature, bank lending has proven to be a non-optimal form of growth-oriented external financing.

6. The first aspect for discussion, therefore, relates to the nature and quantum of funds channelled to both developing and industrialized countries through the international capital markets. Over the past five years the quantum of funds in the capital markets increased from some $159 billion in 1977 to an estimated $340 billion in 1981. While funds originating from the budgetary source of donor countries in the form of ODA increased slightly (from $22 billion to $37 billion), the dramatic increase has been in private capital through the banking system and bond markets (see Table 1).

<u>Table 1:</u> <u>Resources of the international capital market</u>

(billions of current US dollars)

| | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|---|
| Budgetary sources through ODA | | | | | |
| OECD | 16 | 20 | 22 | 27 | 30 |
| OPEC | 6 | 4 | 6 | 7 | 7 |
| Short-term bank lending | 68 | 90 | 130 | 165 | 180 |
| Medium-term loan commitments (net) | 34 | 74 | 69 | 69 | 89 |
| Long-term bond market lending (net) | 31 | 30 | 30 | 28 | 37 |
| Total | 155 | 218 | 257 | 286 | 343 |
| <u>Memo item:</u> | | | | | |
| Estimates of private direct investment to developing countries | 9 | 11 | 13 | 9 | ... |

Sources: <u>World Bank</u> "Borrowing in International Capital Markets", Washington, 1981
<u>World Bank</u> "World Development Report 1981", Washington, 1981
<u>IMF</u> "International Capital Markets 1981", occasional paper no.7, Washington, 1981
<u>OECD:</u> "Development and Co-operation", Paris 1981

... Implies not available

7. The second aspect refers to the claimants (users) of funds channelled through the international capital markets. The major share of the total funds channelled through the international markets (about 50 per cent of total flows) goes to industrialized countries, whereas the share of non-oil developing countries is about 40 per cent (see Table 2).

Table 2: Users of international capital market resource*/

| | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|---|
| Industrialized countries | 72 | 82 | 113 | 154 | 187 |
| Oil exporting countries | 16 | 25 | 15 | 11 | 11 |
| Non-oil developing countries | | | | | |
| ODA | 22 | 24 | 28 | 34 | 37 |
| Non ODA | 30 | 55 | 78 | 82 | 99 |
| Others | 15 | 22 | 23 | 15 | 9 |
| Total | 155 | 218 | 257 | 296 | 343 |

*/ The amounts for non-oil developing countries may be understated, since a (small) part of the bond placements and borrowings under the "others" category may be on-lent to the non-oil developing countries.

Sources: World Bank "Borrowing in International Capital Markets", Washington, 1981
World Bank "World Development Report 1981", Washington, 1981
IMF "International Capital Markets 1981", occasional paper no.7, Washington, 1981

8. The contrast in allocation is even more apparent when considering non-official flows of capital. For this category of flow, which accounts for some 85 per cent of total capital flows, the industrialized countries accounted for between 50 and 60 per cent of total borrowings, whereas the non-oil developing countries accounted for between 23 and 34 per cent.

9. The third aspect for discussion relates to the changing loci of surpluses and deficits in the global economy. Until 1973-1974, the bulk of external finance destined for the developing countries came from savings of the industrial market economies. The first group ran a current account deficit and the second a current account surplus. Since the 1973-1974 oil price increase, however, the oil exporters have provided

savings that have been recycled to both developing and industrialized countries. The readjustment process chosen by each group of countries, and by each individual country, affected the level of their resource gap. For developed countries as a whole, the 1970s witnessed fluctuations between surpluses and deficits reflecting their adjustment policies which were generally aimed at restraining demand and economic growth. Deficits, however, persisted in the developing countries in general; they did not display a clear choice nor did they possess a sufficient cushion for adjusting through restraint and restrictions on the growth of their GNP by lowering their imports. This was hardly surprising, since the per capita GDP of the developing countries was less than one tenth than that of the developed countries.

10. The surpluses of one group of countries are reflected in the deficits of others. But while the trade and financial flows which underlie them are synchronized as a whole, for individual countries export earning plus borrowing may not match their desired level of imports. No mechanism exists to ensure that capital flows are distributed among deficit countries according to their growth requirements or balance of payments financing needs. There is nothing inherently undesirable about external deficits, since deficits could imply real resource transfers and a consequent acceleration of economic growth. However, in a very real sense, the current deficits of the non-oil developing countries in the 1970s were not, by and large, linked to their development effort, i.e. reflected in a higher import bill of capital goods. Increasingly, this group of countries faced:

(a) increasing prices for food, manufactured products (including capital goods) and energy products;

(b) a fall in the demand for their own exports induced by the world-wide recession coupled with deteriorating terms of trade due to depressed primary commodity prices; and

(c) a rising burden of the servicing of external debts, particularly as ODA helped to finance only 28 per cent of current deficits in 1980, against 90 per cent in 1973.

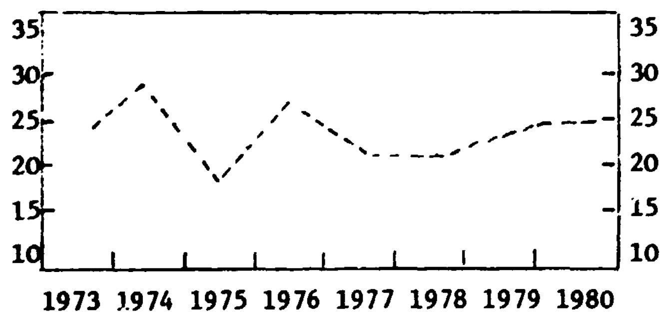
11. Additional capital flows to the non-oil developing countries will, therefore, be required in order to finance accelerated growth. As noted above, their present share of the funds in the international capital markets amounts to some 40 per cent. Given the persistent demand by industrialized countries for capital accommodations, it is doubtful that the non-oil developing countries' share would increase significantly in the future. The reasons for this can be found in an examination of trends in non-public flows of capital which, as noted above, constitute the major component of international capital transfers. To enumerate these reasons:

(a) Net lending by banks through the international capital market has been rising at an average annual rate of close to 25 per cent during the period 1973-1981 (Chart 1). While such an increase has been made possible by recycling fresh deposits by surplus countries, the riskiness of international lending appears to have risen at a time when banks have reached limits of prudential standards. Already the share of international claims represents some 20 per cent of total claims of banks (Chart 2). The problem is not that borrowing countries are necessarily becoming less creditworthy. Rather, it is that they loom so large in the balance sheets of banks (Chart 3).

(b) Of the non-oil developing countries, two countries are the beneficiaries of close to 40 per cent of all loans to this category of countries, eight countries share an additional 30 per cent, and the remaining 30 per cent are spread unevenly among the rest of them (Chart 4). It is difficult to foresee further concentration of bank lending to the present major beneficiaries.

Chart 1

Growth rate of net international bank claims
(in per cent)




Source: Bank for International Settlements, Basle, July 1981

Chart 2

Share of international claims in total claims of banks

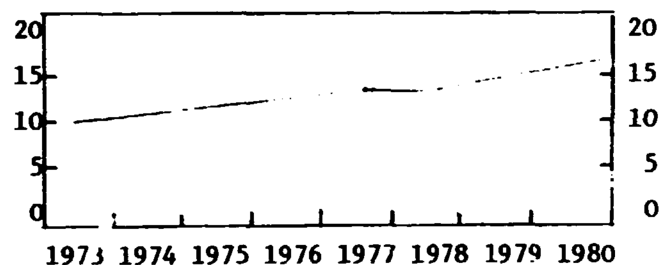



Chart 3

Share of claims on developing countries and centrally-planned economies in banks' international claims

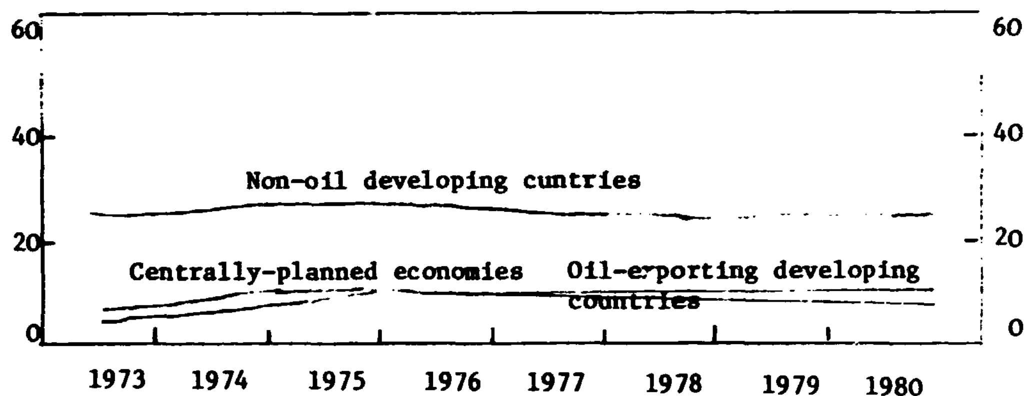
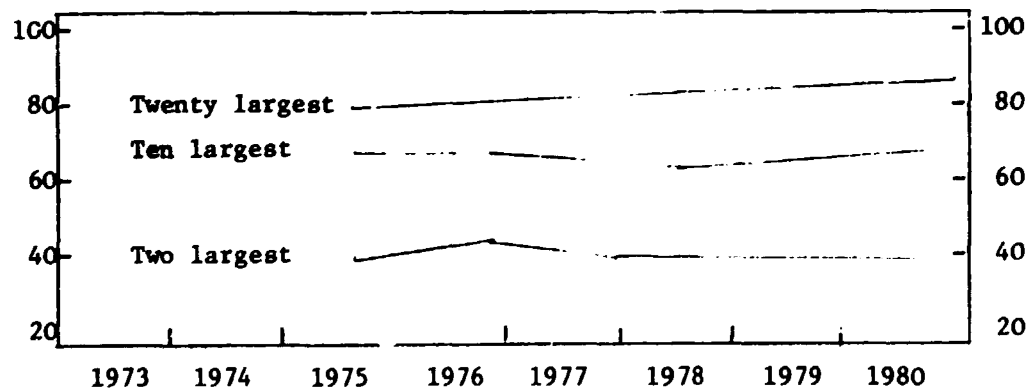



Chart 4

Share of claims on largest non-oil developing country borrowers in total claims on non-oil developing countries



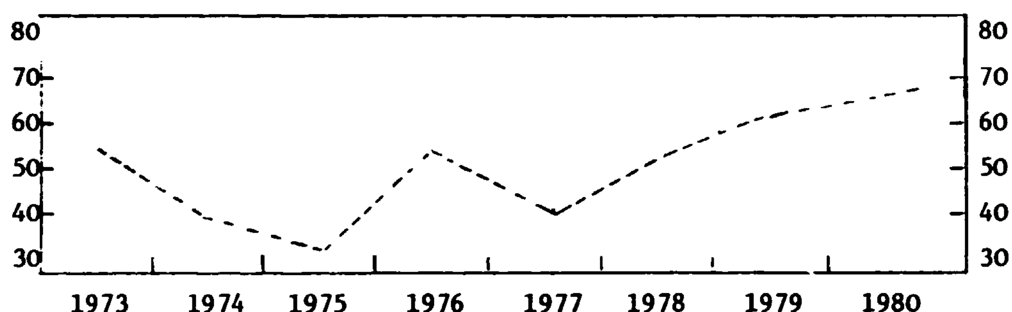

Source: Bank for International Settlements, Basle, July 1981

(c) It is equally difficult to foresee a significant rise in the share of those countries who have not hitherto had significant access to the private capital market for reasons of creditworthiness or because they have deemed it prudent not to borrow.

(d) Finally, the market has already provided a high percentage of the finance needed to cover the current account deficits of some of the non-oil developing countries. By 1980, bank and bond borrowing financed close to 70 per cent of their current deficits at highly unfavourable conditions (Chart 5).

Chart 5

Ratio of bank and bond borrowing to sum of current account deficits and reserve increases
(in per cent)




Source: Bank for International Settlements, Basle, July 1981

The need for international action to strengthen capital flows

12. Whatever the significance of these trends in terms of availability of capital for development purposes in developing countries, the international banking system is already showing signs of extreme caution. The Bank for International Settlements, considered the central bank of the central banks, expressed fear in its annual report (June 1982) that the international financial system is moving towards a global credit squeeze which will severely affect developing countries. No specific solution is presented by BIS except the need for "active international co-operation". The highly conservative Bank's report concludes that "the contrast between a world that is integrated on the economic and financial level yet fragmented in political terms is striking and disturbing".

13. Similarly, an important conclusion of the World Bank's analysis of these trends is the need for "durable changes" in the pattern of financing real economic growth of developing countries. During the 1970s many developing countries have paid for their higher-priced imports by a combination of short-term borrowing and drawing reserves. By definition these are temporary expedients. The World Bank concludes: "Certainly developing countries will need to borrow more in the future, from both private and official sources. But many will have to take new steps - or intensify efforts - to increase exports or replace imports so as to achieve future sustainable deficits".[1/] The principle objective is to embark on a development effort directed towards structural changes in the economies of developing countries. International co-operation needs to be increasingly oriented towards tipping the balance in favour of long-term global development against the short-term adjustment through stagnation, unemployment and excess capacities in developed countries.

Points for discussion on the supply of finance

14. Participants are requested to consider the following:

- What are the implications of increasing the share of commercial financing on the industrialization prospects of developing countries, considering its volatility, allocational concentration, and the relatively adverse trends of flows in terms of conditions and maturity trends?
- Is it likely that commercial financing will be available at sufficiently low costs and of a sufficiently "good" quality to finance growth in the non-oil developing countries?

With the decline of ODA, the flow of capital to developing countries will become less a function of their development needs and more a reflection of individual countries' capacity and willingness to borrow. This capacity seems to be falling as witnessed by the fact that debt servicing ratios have increased in the 1970-1980 period (from 12 to 14 per cent of export earnings in the period 1970-1975, to 17 to 20 per cent in 1975-1980).[2/] On

1/ World Bank: "World Development Report 1981", Washington, 1981

2/ Even this drastic change is an underestimate if short-term trade credits are included. This ratio stood at 50 per cent of export earnings in 1980. See Annex in Bank Review, April 1982.

the other hand, despite the limited share of international capital flows to developing countries, banks' gross claims on non-oil developing countries rose from about 50 per cent of total bank capital in 1975 to 61 per cent in 1978.

- What will be the prudential limits of private bank financing of the non-oil developing countries' external resource gap?
- What are the potentials for the least developed countries and the middle-income developing countries as entrants into the international capital markets?

Higher interest rates and shorter maturities mean that the growth in gross borrowing between 1970 and 1980 was not translated into comparable growth in net transfers. According to the World Bank, in 1970, after amortization and interest payments, some 43 per cent of borrowed funds were available for buying imports (or adding to reserves). In 1980 the ratio fell to 22 per cent. If the prevailing trend continues, developing countries will be borrowing only to finance the servicing of their accumulated debt.

- Is it likely that there will at all be a net resource transfer for development needs in the balance of the current decade and over the next one?
- Given the trends in international finance outlined above, what are the reasonable projections for the level of the different sources of finance?

## The demand for international capital flows: prospects for the developing countries

### Projections of developing country requirements

15. This section discusses authoritative scenarios and projections of the future development of the world economy in general and industrialization prospects in particular. These projections imply a certain aggregate investment requirement for developing countries and indicate the demands which the developing countries would place on the international capital market in order to sustain a given growth path. Traditionally, the projections discussed fall into "high growth" or "low growth" variants. The view is taken in this paper that the precise quantification of the different variables is of lesser importance. Rather, it is the intensity and direction of efforts which the international community would need to

undertake in order to bring about the maximum amelioration in the standard and quality of life of the four billion people who will inhabit the developing countries by the year 2000. A comprehensive survey of these models is given in the information papers for this Consultation.3/ For illustrative purposes only, two models - the OECD Interfutures and the UNIDO/LIDO models which are respectively the least and the most ambitious - are summarized in this issue paper. It should be noted that neither model includes China for which separate estimates have been presented in the case of the UNIDO/LIDO model.

16. A recent study by the OECD indicated that foreign demand accounted for two thirds of the OECD countries' economic growth in 1980 and four fifths of the growth in 1981. These conclusions support more vividly the OECD report4/ "Interfutures: Facing the Future" whose object was "to provide an assessment of alternative patterns of longer-term world economic development in order to clarify their implications for the strategic policy choices open to them and in their relationships with developing countries". The results may be summarized as follows:

(a) Growth in GDP of developing countries, 1981-2000, will have to reach 6.5 per cent annually for industrialized countries' growth rate to reach 4.5 per cent.

(b) Industry in developing countries will need to grow at 7.6 per cent annually to allow for a 4.3 per cent growth in the industry of developed countries.

(c) Developing countries' share of world manufacturing value added will reach 16 per cent by the year 2000.

(d) Gross annual investments in developing countries which amounted in 1980 to $280 billion will need to rise to $578 billion by 1990 and to $1,085 billion by the year 2000 (see Table 5).

(e) The developing countries' resource gap will therefore persist. If the real non-concessional net capital flows grow at a mere five per cent as the World Bank projects, then the external financing gap to the year 2000 would be substantially higher, exceeding the current ratio of 2.5 per cent of GDP for the non-oil developing countries.

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3/ R. Kitchen: "Financial requirements for manufacturing investment in developing countries to the year 2000", information paper.

4/ OECD "Interfutures: Facing the Future", 1979, p.272. The results summarized in this paper are for the so-called scenario A of the model which projects the highest growth rates in GDP for both developed and developing countries.

17. A global model constructed by UNIDO, the LIDO model (Lima Industrial Development Objectives), calculates the growth path of a number of economic variables consistent with achieving the Lima target.[5/] The main targets are not given as absolute figures, but instead as the achievement of manufacturing value added by developing countries equal to 25 per cent of global value added by the year 2000, the results are of great significance in the studies of interdependence.

Table 3: Annual rates of growth required to achieve the Lima target

| | GDP | | Manufactured value added | |
|---|---|---|---|---|
| | Developed | Developing | Developed | Developing |
| High scenario | | | | |
| 1975-1980 | 2.9 | 4.7 | 3.3 | 5.3 |
| 1980-1990 | 3.7 | 7.4 | 4.2 | 8.7 |
| 1990-2000 | 3.9 | 8.4 | 4.3 | 10.3 |
| Low scenario | | | | |
| 1975-1980 | 2.9 | 4.7 | 3.3 | 5.3 |
| 1980-1990 | 2.5 | 7.4 | 2.8 | 8.9 |
| 1990-2000 | 3.5 | 7.2 | 4.0 | 8.5 |

Source: UNIDO

18. The projected growth of GDP, resulting from these "ambitious" projections (i.e. the LIDO model), allows per capita income of developing countries to increase as follows:

Table 4: GDP Projections under Lima "high" and "low" scenarios

| | 1980 | 1990 | 2000 |
|---|---|---|---|
| GDP in developing countries ($ billion) | 1,100 | High 2,397<br>Low 2,245 | High 5,223<br>Low 5,029 |
| Population in developing countries (million) | 2,290 | 2,944 | 3,668 |
| Per capita GDP in developing countries | 480 | High 814<br>Low 763 | High 1,424<br>Low 1,370 |
| Per capita GDP in developed countries | 5,030 | High 6,786<br>Low 6,041 | High 9,427<br>Low 8,074 |

5/ The dollar value calculations of the LIDO model are based on 1975 prices and the model excludes China in all its projections.

19. The modesty of the LIDO model (which is the most ambitious of all projections presented for the future of the world economy) can be seen in its projection of per capita GDP for developing countries to $1,370 by the year 2000. This is equivalent to 17 per cent of per capita GDP in the developed countries, at that date, as compared to 9.5 per cent of per capita GDP of the developed countries in 1980. Table 5 shows the calculated annual flows of investments required in the developing countries in the years 1990 and 2000 in order to achieve the Lima target and compares them to the OECD projections.

Table 5. Annual flows of investment in developing countries, projected for 1990 and 2000, under the OECD Interfutures and UNIDO/LIDO models */

(billions of 1975 dollars)

| Model / Year | OECD Interfutures Scenario A | | UNIDO/LIDO | | | |
|---|---|---|---|---|---|---|
| | Gross investment | Manufacturing investment**/ | Gross investment***/ High | Gross investment***/ Low | Manufacturing investment****/ High | Manufacturing investment****/ Low |
| 1990 | 578 | 103 | 1,661 | 625 | 131 | 130 |
| 2000 | 1,085 | 215 | 2,016 | 918 | 415 | 293 |

*/ 1980 gross investment estimated at $280 billion.

**/ See information paper by R. Kitchen for details of the calculation of manufacturing investment under the OECD model.

***/ UNIDO/LIDO investment calculation based on the assumption that investments are equal to 30 per cent of GNP (high case) or 25 per cent of GNP (low case) in the developing countries.

****/ See UNIDO secretariat information paper for details of calculation of the manufacturing investment under UNIDO/LIDO.

Special considerations related to the industrial sector

20. It is realized that a severe conceptual problem arises in attempting to estimate the extent of required flows of external finance to industry. Because of the problem of fungibility, i.e. external funds releasing resources elsewhere in the economy for other uses, it is difficult to estimate in any meaningful way the projection of investment to industry which is financed from external sources. Nevertheless, for purposes of discussion, an orders of magnitude calculation has been done for this flow in the information papers. This calculation is based on the assumption that the foreign exchange component of industrial investment is about 40 per cent. Applying this coefficient to the figures of Table 5, a notional idea of required external resources for manufacturing investment is obtained in Table 6.

Table 6: Estimated foreign exchange component of manufacturing investment under different scenarios */

(billions of 1975 dollars)

| Model / Year | OECD Interfutures Scenario A | UNIDO/LIDO High | UNIDO/LIDO Low |
|---|---|---|---|
| 1990 | 41 | 52 | 52 |
| 2000 | 86 | 166 | 117 |

*/ Calculated on the assumption that the foreign exchange component of manufacturing investment will be 40 per cent of the total manufactur- investment figures shown in Table 5.

21. In the light of current trends in international money and capital markets, it seems unlikely that the above financial flows can be met through existing arrangements. This applies to both the total amounts needed by developing countries and the amount needed by the manufacturing sector. What the shortfall will be is not certain, and the figures in Tables 5 and 6 are only indicative, but it could be considerable. The consequence is that the shortage of finance is likely to be a constraint on developing countries' growth rates and unless steps are taken to remove this constraint,

developing countries are unlikely to be able to achieve the high rates of growth which are both desirable and necessary.

22. In connection with the problem of "conditionality" in the allocation of loan finance to industry, it should be recognized that some industrialized countries express concern with regard to higher growth rate for industry and for industrial exports by developing countries. It needs to be stated, however, that generalization on the basis of growth rates can be misleading. Looking at the past record, developing country manufactures' exports to industrialized countries increased at just over 10 per cent per annum in the 1970s. This translated into a market share of 2.9 per cent of the industrialized country markets in 1978 which increased from 1.7 per cent in 1970 (see Table 7). Even if the 10 per cent per annum growth rate were to be sustained over the next two decades, the developing countries' market share is projected to reach a maximum of 5.5 per cent by the year 2000.

Table 7: Developing country shares in the apparent consumption of manufactured goods in industrial countries, 1970-1978

| Country of trading group | Share of apparent consumption | | |
|---|---|---|---|
| | 1970 (percentage) | 1978 (percentage) | Percentage-point increase |
| Australia | 2.1 | 4.8 | 2.7 |
| Canada | 1.2 | 1.9 | 0.7 |
| EEC selected members | 2.7 | 4.1 | 1.4 |
| Belgium | 5.6 | 4.2 | -1.4 |
| France | 2.1 | 2.6 | 0.5 |
| Germany | 2.3 | 4.1 | 1.8 |
| Italy | 2.1 | 3.9 | 1.8 |
| Netherlands | 4.9 | 7.4 | 2.5 |
| Unite Kingdom | 3.3 | 4.8 | 1.5 |
| Japan | 1.3 | 1.5 | 0.2 |
| Sweden | 2.8 | 3.1 | 0.3 |
| United States | 1.2 | 2.9 | 1.7 |
| Eleven industrialized countries | 1.7 | 2.9 | 1.2 |

Source: World Bank: "World Development Report 1981", p.24.

Points for discussion on the demand for external finance

23. Participants are invited to consider:

(a) That external flows required should not be viewed as a quantum of funds transferred from developed to developing countries. Rather, they should be viewed as an order list of capital goods needed for investment projects in developing countries. These capital goods can be produced by utilizing the excess capacity currently prevailing in industrial countries. Unemployment in the developed countries is an indicator of excess capacity. The latest survey 6/ puts it potentially at 10 per cent in the industrial countries if current trends continue. The world community, therefore, stands at the threshold of a choice between:

(i) continued recession; or

(ii) a significant revival in production in the industrialized countries. Equally for developing countries as a whole the choice between borrowing to grow or cutting imports will in most cases be resolved in favour of slower growth (or for many no growth). Altering this choice is at once a true test of global interdependence, enhancing the mutuality of interests in a non-zero sum game and a challenge to all mankind.

- Would it be realistic to suggest that the uncovered foreign exchange requirement for manufacturing investment in developing countries amounting to about $50 billion in 1990 and over $100 billion in the year 2000 can realistically be met?

(b) That there is a need to examine the cost of borrowed funds for industrial (or other) development. The world economy today faces a situation where the real rate of interest, i.e. the gap between nominal rates and inflation, is the highest it has been, with the unfortunate exception of the early 1930s. 7/ The gap is now about 8 per cent for developed countries. For many developing countries it is much wider. They owe commercial banks about $300 billion in dollar denominated instruments. Taking into consideration that the dollar prices of their raw material exports have fallen by about 15 per cent over the past year (for developing countries as a group, commodity prices are at the lowest relative prices since the 1950s), the effective interest rates on their foreign debt are about 30 per cent on average. Be that as it may, with effective interest rates between 8 per cent and 30 per cent on average (for some commodity exporters these figures are far worse: copper, sugar etc.), growth is hardly a viable proposition. The feasibility

6/ See The Economist, 5 June 1982, p.67.

7/ J.M. Parly, J. Métais, M. Poix: "L'influence des nouvelles politiques macroéconomiques des pays industriels sur les perspectives du développement", information paper.

of any "good" industrial project requiring investments in machinery, construction, inventories etc. would become economically doubtful, particularly in the face of these current effective interest rates which can recur in the future.

- What industrial project in a developing country can be feasible at nominal interest rates above 15 per cent?
- What is the effect on existing industrial projects and programmes of effective interest rates of between 9 per cent and 30 per cent and of over 30 per cent?
- With interest rates which fluctuate as above, is there any usable technique for showing any industrial project to be feasible?