

# SOME RECENT CHANGES ON THE RELATIONS BETWEEN THE METROPOLES AND THE PERIPHERY OF THE IMPERIALIST SYSTEM

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*“If you want to hang yourself, use an English rope”*  
Popular Turkish saying from the 19th century

## Introduction

The paper aims to investigate some of the changes taking place between the periphery and metropolises of the imperialist system in terms of net transfer of resources and mechanisms of dependency. A discussion of the conceptual framework is followed by a presentation of empirical findings. Empirical findings are based on an analysis of balance of payments and GNP/GDP data for 1980-2000 of 26 developing (and mostly non-oil exporting) economies from Latin America (Argentina, Brazil, Chile, Colombia, Mexico, Peru), semi-industrialised Africa (Egypt, Morocco, Tunisia, South Africa), sub-Saharan Africa (Cameroon, Côte d'Ivoire, Ghana, Kenya, Tanzania, Uganda, Zimbabwe) and Asia (China, India, Indonesia, South Korea, Malaysia, Pakistan, Philippines, Thailand, Turkey).

## Exploitation, resource transfers and dependency

The relationship between the metropolises and the periphery of the imperialist system rests on two pillars: *Exploitation and dependency (or, domination)*. Unless it is outright plunder, exploitation pre-supposes an initial transfer from the metropolises to the periphery. This initial transfer also contributes to the generation of dependency/domination relations between the periphery and the metropolises. The emergence of structural dependency affects patterns of exploitative relationships thereafter. When surplus extracted within the peripheral economies is transferred abroad and when the magnitude exceeds resource inflows, *net resource transfer from the periphery to the metropolises* becomes the dominant pattern.

## The recurrence of historical patterns

Economic relations between the Ottoman Empire and Britain during the 19th century provide typical examples: The free trade agreement of 1838 resulted in *improvement of terms of trade* i.e. trade-related resource transfer in favour of the Ottoman economy. Hence, the first decades of the free trade regime resulted in positive resource transfers *through trade* in favour of the Ottoman economy: Roughly unchanged trade balance under improved terms of trade signified higher real levels of imported goods and of consumption (e.g. “cheaper English rope”). The consequence of cheap industrial imports was the widespread disappearance of traditional industries (e.g. “domestic rope production”). In other words, a *structural external (trade-linked) dependency* on the supply of basic goods accompanied favourable price movements. This was how the new international division of labour was taking root in many parts of the globe. After the essential contours of this external dependency was completed, a *reversal* of Ottoman terms of trade took place –a deterioration by 35% within four decades in the second half of the 19th century. This implied rising levels of imports in nominal terms to sustain even the same real levels of income, i.e. a reversal of the preceding direction of trade-related resource transfer.

On the other hand, the beginning of this second phase coincided with the emergence of another mechanism of resource flows and dependency: The trade deficit of the Ottoman

economy rose by seven-fold during a single year, i.e. 1854. This is, significantly, the first year of substantial external borrowing by the Ottoman state. Thereafter a new cycle of *resource transfers through borrowing from the metropolises*→*surplus extraction*→*surplus transfer*→*reversal of resource transfer* emerged. External borrowing gradually gained an autonomous momentum as it was also used to cover fiscal deficits which started to rise substantially during and after the Crimean war. The initial years (i.e. 1855-1879) were a period of net (capital-movement-related) resource flows into the Ottoman economy accompanied by the emergence of new (economic, fiscal and political) forms of dependency. As interest revenues (surplus extraction) on the debt grew and as their transfer (and, at times, the amortisation of the principal of the debt stock) to the metropolises (surplus transfer) exceeded specific thresholds, direction of net resource transfers between the metropolises and the periphery was reversed (i.e. 1880-1909). Finally, a resurgence of external borrowing and rising current deficits during the following four years leading to the First World War reversed the direction of net resource transfers, once again favourably to the Ottoman economy<sup>1</sup>.

The foregoing nineteenth century example, in my view, provides the contours of metropole-periphery relations of recent decades as well. Prevalence of external exploitation under contemporary imperialism requires initial and ongoing resource transfers from the metropolises. In other words, surplus extraction by metropolitan capital cannot grow unless rising levels of financial, industrial and commercial capital is “exported” to the periphery. Such resource flows are accompanied by ongoing and, at times, new patterns and mechanisms of dependency which generate favourable conditions for metropolitan capital. Once again, *surplus extraction within the periphery* is not identical to *surplus transfers from the periphery*. (Exploitation can take place without a corresponding surplus transfer -e.g. profits reinvested in the periphery.) The net balance of resource flows into the periphery and surplus transfers from the periphery is defined as *net resource transfers* in the present paper. The direction and magnitude changes over time. Our data and findings suggest that, depending on conjunctural factors within national economies and within the world economy, there is a pendulum-like movement of net resource transfers --- favourable phases for the peripheral economy followed by net resource outflows... The present phase appears to be one where *transfer of net resources out of the periphery* is starting to characterise the imperialist system.

### **Empirical specification of net resource transfers**

Under simplified conditions resembling the 19th century, *capital inflows* from the metropolises result in *interest and profit remittances* from the periphery and the difference between the two provides the magnitude and direction of (capital-movement related) net resource transfers between the two poles of the imperialist system. This is, roughly, how the World Bank (WB) defines *net transfers*<sup>2</sup>.

Under the contemporary and more complex pattern of international transactions between the developing and developed economies, WB’s definition (also see note 2 below) is unsatisfactory for the following reasons: (i) WB’s estimates exclude important items of

<sup>1</sup> See Table E-6.4 in Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme, (Dependency and Growth in the Ottoman Economy) (1820-1913)* İstanbul 1994, Tarih Vakfı Yurt Yayınları.

<sup>2</sup> The empirical definition in World Bank’s *Global Development Finance* is: **Net transfers=Net resource flows – (interest on long term debt+profit remittances)**. And, **net resource flows=(Net flow on long term debt+net FDI +Portfolio equity flows+grants)**. In terms of empirical data, the definition suffers from the exclusion of interest transfers on short term debt as well as short term non-equity inflows. “Grants”, on the other hand, are treated as a current transfers category within the current account of IMF’s balance of payments statistics.

capital inflows and interest outflows. (ii) Under current conditions, certain items of capital inflows do not correspond to net resource inflows to the peripheral economy due to substantial and rising *leakages* (e.g. capital outflows by residents) therefrom (see below for further clarification). (iii) Interest transfers and profit remittances from abroad to the peripheral economy are disregarded.

Instead of an item by item specification through the capital account, the present paper opts for a more practical method directly through the current account: In empirical estimations *net resource transfer* is defined as *the current account balance minus the net income account* (the net balance of interest transfers and profit remittances) of balance of payments. Positive (negative) values signify net transfers abroad (from abroad).

### **Before and after capital account liberalisation**

The *incomes balance* used in quantitative measurements of *net resource transfers*, is one of the four major components of the current account of balance of payments statistics. *Commodity trade balance*, *service trade balance* and *current transfers* are the remaining three components. A negative incomes balance signifies that surplus (i.e. interest and profit) transfers abroad exceed surplus revenues from abroad –a typical case for a peripheral economy<sup>3</sup>. Tables 1-4 present the decomposition of the current account and the net resource transfer (i.e. the current balance *minus* the incomes balance) as shares within GDP for 26 developing economies classified under four regions and by four sub-periods covering the 1980-2000 years. In terms of periodisation, the pre- and post-1990 years should be seen as an important dividing line. This is because capital account liberalisation in the South became widespread since around 1990 for the majority of countries covered in the tables and this was a crucial factor affecting the magnitude and direction of net resource transfers between the poles of the imperialist system thereafter. This makes pre- and post-1990 comparisons significant. The exception is with the Southern cone of Latin America which passed through a phase of external financial liberalisation during the late 1970s the end result of which was a widespread external debt crisis affecting the region as a whole throughout the 1980s.

The relevant linkages as they have emerged during the past decades are as follows: Capital account liberalisation leads to an initial and substantial increase in foreign (non-resident) capital flows into peripheral economies. The first stage represents net positive (inwards) resource transfer due to growing current account deficits despite the fact that *net foreign inflow* → *rising current deficit* transmission is affected by the presence of “leakages”, i.e. outflows by residents and reserve accumulation (hoarding). FDI and portfolio-equity inflows generate profits and capital-gains; other inflows contribute to rising levels of external debt and generate interest revenues. As these surplus items are transferred abroad, their growth may exceed the growth of the current deficit, and at a particular threshold, the situation is reversed and the national economy starts pumping net resources abroad. The situation becomes more serious if and when the peripheral economy falls into a financial crisis. When external banks start closing their credit lines, the principal of the external debt (and/or the repatriation of portfolio investments) has to be serviced as well. This means negative net non-resident flows which aggravates the situation. Further declines in current deficits or the emergence of current surpluses occur. This is the lowest point of the financial cycle which may, thereafter, move, once again, into an upward phase of renewed inflows and net transfers

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<sup>3</sup> Our annual data for the 26 countries incorporate 519 observations 495 of which give negative balance for the net income account with only 24 positive observations.

inwards<sup>4</sup>.

## Country breakdowns

The pattern, periodisation and magnitude of this cycle is specific for each peripheral economy. However, on the basis of the annual data used to construct Tables 1 to 5, a number of general observations are possible:

*The Latin American pattern:* The debt crisis of the early 1980s struck all six Latin American countries covered in our sample in varying degrees and the balance for the 19890s as a whole shows net transfers to the metropolises (see Tables 1 and 5). The situation improves somewhat during the second half of the 1990s and the region as a whole starts to benefit from net resource transfers from the metropolises since 1995. However, in terms of individual countries, Chile and Mexico are still transferring resources abroad during 1995-2000.

*Other regions:* The post-1990 cycle of liberalised capital movements appears to have affected sub-Saharan Africa (SSA) and Asia (see Tables 3,4,5) during the first half of the 1990s where rising net resource flows from the metropolises dominates their international economic relations. Semi-industrial Africa is a sub-region transferring net resources abroad throughout all periods, but the regional averages are affected by the special conditions of Egypt and South Africa (see Tables 2 and 5). On the other hand, the incidence of the financial crises of 1997-1998 and its aftermath is observed in most Asian tables. Affected Asian countries have moved into the Latin American situation of the preceding decade whereby most of them have been forced to move into current surpluses (or reduced deficits) during the late 1990s. (The Turkish crisis occurred late in 2000 and moved into the same pattern thereafter which is not covered in the tables.) SSA's debt crisis is chronic and the region is in no position to realise net transfers abroad; but the average situation of that region also deteriorates after 1994 due to reductions in current deficits. Out of nine Asian countries, the 1995-2000 averages show net resource transfers to the metropolises for six. Moreover, the situation deteriorates (in terms of either rising ratios of net transfers abroad or declining net transfers from abroad) for seven. The exception are India and Turkey and for both countries the situation appears to have changed during the post-2000 years<sup>5</sup>.

*All developing countries:* Taking the sample as a whole, the post-1995 years emerges as a period of deterioration in terms of net transfers abroad: Transfers from the periphery to the metropolises of the imperialist system are observed in fourteen countries out of twenty five<sup>6</sup>. Moreover, the number of countries with deteriorating external situation in terms of net resource transfers is also fourteen. Finally, the overall balance between the 1990-1994 and the post-1995 years (in terms of unweighted averages of net transfer/GDP ratios, in percentages)

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<sup>4</sup> The financial cycle's linkages with domestic distributional indicators is another significant line of inquiry: The anti-labour impact of financial crises have acted as a "corrective" to the process of profit squeeze which appears to have occurred during the "boom" phase of the cycle in Latin America and Turkey. See UNCTAD, *Trade and Development Report 2000*, UN, New York and Geneva 2000, pp. 61-68.

<sup>5</sup> As already noted, following a financial crisis which started late in 2000, Turkey moved into a current surplus in 2001 and (on the basis of the definition used in this paper) net transfers from the Turkish economy abroad as a ratio of GNP was 5.7 and 1.7 per cents in 2001 and 2002 which is substantially above the preceding years. India (based on IMF data) realised a small (\$0.8 billion) current deficit in 2001 and moved into a surplus of \$4.8 billion in 2002 and an estimated \$3.2 billion in 2003. Depending on the incomes balance, these figures most probably imply net transfers from India to the imperialist metropolises from 2001 onwards.

<sup>6</sup> Post-1994 data for Zimbabwe were not available and the sample is, therefore, reduced to 25 countries for the last period.

has changed from a favourable (i.e. -0.22) to an unfavourable one (i.e. 0.37). (see Table 5)

Generalisations based on average ratios covering a large groups of countries are always risky. Regional variations have already been noted (i.e. Latin America experiencing the adverse phase of the “pendulum” during the 1980s). Each country has a unique story which disappears when comparisons based on aggregated data are carried out. Despite these qualifications, the dominant pattern at the end of the 20th century appears to be one in which rising numbers of underdeveloped countries are realising net transfers to the metropolises of the imperialist system. The same outcome is observed when average ratios are considered.

### **Current account surpluses: Good or Bad?**

The 1980s in Latin America and the most recent period in Asia and elsewhere have witnessed the emergence of current account surpluses and declining current deficits. This is the main factor<sup>7</sup> which has changed the direction of resource flows between the two poles of the imperialist system. Such change could be interpreted either as a position of weakness or transition to a position of strength. A position of weakness emerges due to declining (negative) growth and/or the enforced servicing of external obligations (e.g. including the amortisation of the external debt) as observed in the aftermath of financial crises. A position of strength reflects a situation in which the country may be moving from a chronic deficit situation into a surplus situation prevailing under conditions of even high growth rates. Such a development may also be interpreted as reduced levels of external dependency.

The breakdown of countries shows that if we exclude improved trade balance due to temporary or one-off booms in exports, declining deficits (or emergence of surpluses) under positions of weakness (i.e. while experiencing lower/negative growth and/or under external debt crises) is the dominant situation. Structural current account surpluses appear to have emerged definitely only for China during the 1990s and possibly for South Korea following the 1998 crisis<sup>8</sup>.

### **Impact of rising US deficits**

Declining levels of current deficits of developing economies are, in part, a necessary outcome of the dramatic increase in the structural current deficit of USA during the 1990s. The current deficit of USA was \$410 billions in 2000 (the terminal year of our tables) and \$553 billions in 2003. Another interesting observation is the fact that net income balance of the American balance of payments has moved from \$+21 billions to negative values thereafter reaching \$-125 billions in 2003. This implies that the American economy has benefited from \$432 and \$428 billions of net resource transfers from the external world in 2000 and 2003 respectively. By 2003 the American economy exhibits current account and fiscal deficits reaching 5 to 6% of GDP, a negative incomes account within the balance of payments and

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<sup>7</sup> The other factor contributing to the change in the direction of resource flows is rising shares of the incomes account balance (i.e. net balance of interest *plus* profit remittances) out of the current account deficit. Comparing the 1990-1994 and 1995-2000 periods and covering only fourteen countries where both average magnitudes are negative for each of the two periods, it is observed that this phenomenon occurs in five cases. It follows that declining current deficits/emergence (or rising) current surpluses are the main factor behind the reversal of the direction of net resource transfers.

<sup>8</sup> China has been realising current surpluses every year since 1994 onward together with high growth rates. South Korea, on the other hand, following the 1998 crisis has attained an average annual growth rate above 6% with significantly and consistently high current account surpluses.

dramatic net resource transfers from the external world. These are typical macro-economic indicators of a dependent peripheral economy, requiring IMF tutelage. The crucial difference is the fact that they belong to a country which can get away with it due to her super-imperialist status<sup>9</sup>.

When the super-imperialist country absorbs huge and rising external resources, net transfers to the developing world necessarily adjust downward. This is one factor behind the change of direction in resource transfers between the imperialist metropolises and the periphery since the second half of the 1990s. However, this situation also generates a historical opportunity for overcoming certain aspects of external dependency for some countries in the South by generating conditions for moving into *structural surpluses* consistent with satisfactory growth rates. However, as observed earlier, reduced deficits (or moves into surpluses) in the current accounts of most peripheral countries have been occurring under conditions of declining growth or financial distress. The historical opportunity created by the present conjuncture is being wasted by the predominant majority.

### **New patterns of dependency and the autonomous growth of external debt**

Liberalisation of the capital account in the peripheral economies contributes to the emergence of new macroeconomic linkages. Governments and economic management in these countries find out that expansion/contraction of national economies becomes more and more dependent on non-resident capital flows and the contribution of domestic fiscal and monetary policies becomes marginal. Monetary policy is subordinated to central banks which have become increasingly autonomous of third world governments, but, *de facto*, have come under IMF supervision. The predominant objective of fiscal policies has become servicing rising levels of public debt and reducing the risk of default. This is to be realised by targeting the primary surplus of the public budget. Hence, it is, essentially, the level and fluctuations of net capital flows and their impact on domestic macro-economic variables which start expansionary or contractionary phases of the national economy. International finance capital has developed its own institutions, i.e. the so-called “rating agencies”, for assessing “where to move?” IMF acts as the supervisor of the overall financial system. The “performance criteria” of these institutions are extremely strict in terms of the role of the nation-state (“less government”, fiscal stringency, monetary restraint etc.)

Hence we observe a new vicious cycle of dependency: Growth becomes dependent on external capital movements and the latter becomes dependent on the performance criteria of IMF et. al. As already emphasised, these criteria exclude national government as active agents in macroeconomic management. Ruling classes, gradually fall in line with this line of thinking and national “policies” identify with IMF criteria because this is the only way “respectability” within the eyes of international finance can be acquired and economic stability and “reasonable growth” can occur.

An explanatory factor behind the increased subservience to IMF et. al. is related to rising levels of external debt of underdeveloped economies. When a particular country is downgraded by international finance, credit lines will be reduced and, possibly, closed. In addition to servicing interest payments, gradual repayment of the principal of the external debt stock may be required. This is an unmanageable situation which leads the country to

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<sup>9</sup> The degree of vulnerability of the American economy *vis à vis* the astronomic accumulation of dollar assets (U.S. treasury bills and bonds) at European and Asian central banks is an issue which requires a separate and in-depth treatment.

cede to IMF/WB programmes. Hence, conditions which lead to the autonomous/excessive growth of the external debt must be analysed.

It is paradoxical that during the 1990s when current deficits as a ratio of GDP have been declining in most countries in the South, the total debt stock the developing world has grown by 6.5% per annum (WB data) and the debt stock to GNP has risen from 31 to 41% (or to 45% by IMF data).

This pathological phenomenon and the mechanisms behind it are observed in Table 6: Unweighted average current account/GDP ratios for the 26 developing economies have declined from 3.6 (1980-1989) to 2.7% (during 1990-2000). Under “normal” circumstances, this should have resulted in lower rates of external capital inflows. On the contrary, external (non-resident) capital inflows/GDP ratios rose from 4.5 to 5.3 per cents during the same two decades. The last six rows of Table 6 depicts the same story by means of an index-based decomposition of non-resident flows into their four components including the current account for the two periods. Based on unweighted averages (under “**Index,a**” of the table) during the 1980s, nearly 80% of non-resident inflows were allocated to covering the current deficit of peripheral economies whereas this ratio declined to 50% in the following decade. (From cumulative totals of a smaller sample the two ratios are 65 and 43 per cents respectively as presented under “**Index,b**” of the table.) This implies that each dollar of current deficit during the 1980s was accompanied by 1.25 dollars of non-resident inflows. During the post-1990 period, on the other hand, each dollar of current deficit during the latter period was accompanied by 2 dollars of non-resident inflows. (The same coefficients derived from cumulative sums, i.e. under “**Index,b**”, for the two periods are 1.5 and 2.3 respectively.) It is the emergence of substantial magnitudes of “leakages” from non-resident inflows, namely resident outflows and excessive reserve accumulation -i.e. KF(r) and DR respectively in Table 6- which contribute to the decline in the share of current deficits.

The emergence of rising “leakages” are directly related to liberalised capital accounts. The bourgeoisies and rentiers of underdeveloped capitalist societies having allowed to “invest” in New York stock exchange or to buy villas in Côte d’Azur, thus, became fanatical partisans of fully liberalised financial systems. Excessive reserve accumulation, on the other hand, advocated as a defensive buffer against the anarchic conditions of the international financial system, leads to additional net burden on the incomes balance of the current account because the borrowing cost of external reserves is significantly higher than the return a developing country can obtain on international reserves (e.g. on U.S. government bonds).

Capital inflows have, thus, become increasingly detached from the financing of current deficits. An autonomous growth of the external debt, equally detached from current deficits took place. It is the uncontrolled expansion in the **stock** of the external debt, rather than the growth of interest/profit remittances, which is crisis-prone and is at the root of rising degrees of dependency. As for assets abroad acquired by residents of a peripheral economy, they are no cure during a debt crisis, because all indicators and negotiations are made in terms of the **gross** (as opposed to **net**) external debt of the relevant country.

As the new century unfolds, it is becoming more and more evident that none of the expectations from opening up to finance capital in peripheral economies and from rising levels of international capital movements have been realised. The current conjuncture is one in which net resource transfers (related to capital movements) from the periphery to the

metropolises of the imperialist system are becoming prevalent<sup>10</sup>. The process is being accompanied by increased degrees of dependency, particularly, due to rising levels of external indebtedness in the South. This is a situation reflecting the worst of both worlds.

## Tables

**Table 1: DECOMPOSITION OF THE CURRENT ACCOUNT, LATIN AMERICA, % OF GDP, PERIOD AVERAGES**

	CA/ GDP	TBgoods/ GDP	TBservices/ GDP	Inc. Bal/ GDP	Cur. Tra/ GDP	Transfer abroad/GDP
<b>Argentina</b>						
1980-84	-4.10	2.20	-1.38	-4.93	0.01	0.83
1985-89	-2.08	3.89	-0.69	-5.28	0.00	3.2
1990-94	-1.47	1.04	-1.06	-1.83	0.37	0.36
1995-2000	-3.51	0.07	-1.45	-2.28	0.15	-1.23
<b>Brazil</b>						
1980-84	-3.81	1.79	-1.14	-4.51	0.05	0.7
1985-89	-0.22	4.38	-0.81	-3.83	0.04	3.61
1990-94	0.03	2.81	-0.97	-2.19	0.38	2.22
1995-2000	-3.77	-0.53	-1.17	-2.38	0.30	-1.39
<b>Chile</b>						
1980-84	-9.55	-0.77	-2.00	-7.22	0.45	-2.33
1985-89	-4.46	6.48	-2.34	-9.32	0.72	4.86
1990-94	-2.61	1.89	-0.38	-4.88	0.76	2.27
1995-2000	-3.22	-0.08	-0.37	-3.43	0.66	0.21
<b>Colombia</b>						
1980-84	-5.05	-2.84	-0.41	-2.36	0.56	-2.69
1985-89	-0.84	3.28	-1.23	-5.11	2.21	4.27
1990-94	0.11	1.77	-0.39	-3.97	2.70	4.08
1995-2000	-3.27	-0.78	-1.40	-2.10	1.01	-1.17
<b>Mexico</b>						
1980-84	-1.33	3.59	-0.70	-4.78	0.56	3.45
1985-89	-0.30	3.26	-0.23	-4.53	1.21	4.23
1990-94	-5.43	-2.95	-0.71	-2.80	1.02	-2.63
1995-2000	-2.17	0.02	-0.28	-3.25	1.34	1.08
<b>Peru</b>						
1980-84	-3.92	1.33	-1.15	-4.90	0.79	0.98
1985-89	-6.66	1.79	-1.77	-7.44	0.76	0.78
1990-94	-5.96	-0.84	-1.50	-5.11	1.49	-0.85
1995-2000	-5.36	-2.78	-1.33	-2.96	1.70	-2.4

**Source:** IMF, *Balance of Payments Statistics* (various years) and UNCTAD data base.

**Abbreviations:** CA: Current account; TB: Trade balance; Inc. Bal: Incomes balance; Cur. Tra: Current transfers

<sup>10</sup> Trade-related resource flows between the poles of the imperialist system under current conditions is a separate and important line of inquiry. However, the picture there is far from being a bright one. Serious problems related to trade in primary commodities is an area which has been studied extensively. Some recent studies have been concluding that exports of manufactures from the periphery (and their terms of trade movements) are gradually starting to exhibit characteristics of primary commodity exports. See e.g. A. Maizels, *The manufactures terms of trade of developing countries with the United States, 1981-1997*, Working Paper 36, Oxford University Queen Elizabeth House, January 2000 and UNCTAD, *Trade and Development Report 2002*, United Nations New York and Geneva, 2002, Chapter IV. Debates on trade in services within the context of GATS have shown the conflictual nature of the issues involved.

**Table 2: DECOMPOSITION OF THE CURRENT ACCOUNT,  
SEMI-INDUSTRIAL AFRICA, % OF GDP, PERIOD AVERAGES**

	CA/ GDP	TBgoods/ GDP	TBservices/ GDP	Inc.Bal/ GDP	Cur.Tr/ GDP	Transfer abroad/GDP
<b>Egypt</b>						
1980-84	-5.12	-16.13	0.33	-2.07	12.75	-3.05
1985-89	-3.09	-14.65	1.75	-1.55	11.36	-1.54
1990.94	5.55	-13.52	6.23	-2.73	15.57	8.28
1995-2000	-1.15	-10.66	3.31	0.35	5.85	-1.5
<b>Morocco</b>						
1980-84	-9.12	-9.61	-2.22	-4.15	6.86	-4.97
1985-89	-1.70	-6.65	1.45	-4.77	8.27	3.07
1990.94	-1.62	-7.56	1.49	-3.98	8.43	2.36
1995-2000	-1.01	-7.03	2.46	-3.23	6.80	2.22
<b>Tunisia</b>						
1980-84	-6.73	-12.79	4.67	-3.29	4.68	-3.44
1985-89	-2.85	-10.24	6.30	-4.36	5.45	1.51
1990.94	-5.39	-12.03	5.39	-3.91	5.16	-1.48
1995-2000	-3.27	-10.50	7.44	-4.48	4.27	1.21
<b>S.Africa</b>						
1980-84	-1.78	3.60	-1.21	-4.11	-0.05	2.33
1985-89	3.06	8.11	-0.88	-3.94	-0.24	7
1990.94	1.30	4.94	-0.73	-2.51	-0.39	3.81
1995-2000	-1.26	1.98	-0.50	-2.20	-0.54	0.94

Source and notes: See Table 1.

**Table 3: DECOMPOSITION OF THE CURRENT ACCOUNT  
SUB-SAHARAN AFRICA, % OF GDP, PERIOD AVERAGES**

	CA/ GDP	TBgoods/ GDP	TBservices/ GDP	Inc.Bal/ GDP	Cur.Tr/ GDP	Transfer abroad/GDP
<b>Cameroon</b>						
1980-84	-5.19	2.33	-4.32	-3.13	-0.06	-2.06
1985-89	-4.88	4.73	-4.72	-4.26	-0.64	-0.62
1990-95	-2.46	6.35	-3.92	-5.00	0.11	2.54
<b>Côte d'Ivoire</b>						
1980-84	-12.55	7.71	-8.64	-6.52	-5.11	-6.03
1985-89	-6.77	13.09	-7.56	-8.79	-3.51	2.02
1990-94	-7.86	10.37	-7.46	-9.38	-1.39	1.52
1995-2000	-1.96	16.43	-8.18	-6.89	-3.32	4.93
<b>Ghana</b>						
1980-84	-3.41	-0.33	-3.20	-2.15	2.28	-1.26
1985-89	-1.89	-1.74	-3.45	-2.31	5.60	0.42
1990-94	-5.51	-6.97	-4.29	-1.86	7.61	-3.65
1995-2000	-6.80	-10.22	-3.52	-1.92	8.86	-4.88
<b>Kenya</b>						
1980-84	-5.57	-7.27	2.01	-2.95	2.64	-2.62
1985-89	-4.28	-7.23	3.33	-3.74	3.37	-0.54
1990-94	-1.66	-6.33	6.36	-5.52	3.83	3.86
1995-2000	-2.82	-8.77	1.74	-2.08	6.30	-0.74
<b>Tanzania</b>						
1980-84	-7.07	-7.28	-1.36	-0.58	2.14	-6.49
1985-89	-8.55	-15.13	-3.09	-3.55	13.21	-5
1990-94	-15.73	-18.72	-4.37	-3.86	11.22	-11.87
1995-2000	-7.31	-8.59	-3.45	-1.32	6.04	-5.99
<b>Uganda</b>						
1980-84	-1.66	0.18	-5.84	-1.21	5.21	-0.45
1985-89	-2.14	-1.57	-3.53	-0.52	3.48	-1.62
1990-94	-4.88	-7.56	-6.83	-1.91	11.43	-2.97
1995-99	-5.16	-7.65	-8.33	-0.64	11.47	-4.52
<b>Zimbabwe</b>						
1980-84	-4.45	0.53	-3.70	-1.81	0.53	-2.64
1985-89	0.36	5.03	-2.70	-2.71	0.73	3.07
1990-94	-4.75	0.74	-3.94	-3.62	2.07	-1.13

Source and notes: See Table 1.

**Table 4: DECOMPOSITION OF THE CURRENT ACCOUNT, ASIA  
% OF GDP, PERIOD AVERAGES**

	CA/ GDP	TBgoods/ GDP	TBservices/ GDP	Inc.Bal/ GDP	Cur.Tr/ GDP	Transfer abroad/GDP
<b>China</b>						
1982-84	1.82	0.99	0.15	0.47	0.21	1.35
1985-89	-1.70	-2.28	0.41	0.06	0.11	-1.76
1990-94	1.40	1.00	0.20	0.02	0.18	1.38
1995-2000	2.10	3.64	-0.47	-1.50	0.43	3.6
<b>India</b>						
1980-84	-1.14	-2.48	-0.18	-0.01	1.54	-1.13
1985-89	-2.07	-2.22	-0.42	-0.50	1.08	-1.57
1990-94	-1.35	-1.19	-0.54	-1.30	1.68	-0.05
1995-2000	-1.19	-2.36	-0.75	-0.89	2.80	-0.3
<b>Indonesia</b>						
1981-84	-3.94	4.23	-4.52	-3.83	0.18	-0.11
1985-89	-2.43	5.68	-4.07	-4.31	0.27	1.88
1990-94	-2.17	4.63	-3.38	-3.75	0.33	1.58
1995-2000	0.80	10.13	-5.23	-4.99	0.89	5.79
<b>Korea</b>						
1980-84	-4.37	-4.04	-0.12	-1.06	0.85	-3.31
1985-89	4.29	3.55	0.98	-1.31	1.07	5.6
1990-94	-1.14	-0.77	-0.59	-0.12	0.35	-1.02
1995-2000	2.19	3.23	-0.49	-0.85	0.31	3.04
<b>Malaysia</b>						
1980-84	-8.01	3.27	-6.63	-4.62	-0.04	-3.39
1985-89	2.37	13.40	-5.23	-6.08	0.28	8.45
1990-94	-4.94	3.70	-4.09	-4.84	0.29	-0.1
1995-2000	3.07	13.89	-2.98	-5.90	-1.94	8.97
<b>Pakistan</b>						
1980-84	-2.63	-11.08	-0.82	-1.28	10.56	-1.35
1985-89	-2.82	-7.92	-1.23	-2.16	8.49	-0.66
1990-94	-3.97	-5.36	-1.83	-2.88	6.11	-1.09
1995-2000	-3.43	-3.76	-1.63	-3.36	5.33	-0.07
<b>Philippines</b>						
1980-84	-6.53	-5.78	0.41	-2.51	1.35	-4.02
1985-89	-0.54	-2.85	4.32	-3.69	1.68	3.15
1990-94	-4.08	-9.74	3.64	0.47	1.54	-4.55
1995-2000	2.03	-3.92	-0.24	5.34	0.85	-3.31
<b>Thailand</b>						
1980-84	-5.75	-5.08	-0.19	-1.04	0.55	-4.71
1985-89	-2.05	-2.15	1.20	-1.52	0.42	-0.53
1990-94	-6.51	-4.75	-1.07	-1.19	0.49	-5.32
1995-2000	2.07	4.45	-0.70	-2.03	0.36	4.1
<b>Turkey</b>						
1980-84	-2.93	-5.19	1.10	-2.16	3.32	-0.77
1985-89	-0.35	-3.62	2.91	-2.42	2.78	2.07
1990-94	-0.74	-5.48	3.89	-1.82	2.67	1.08
1995-2000	-1.46	-7.59	5.22	-1.74	2.65	0.28

Source and notes: See Table 1.

**Table 5: NET TRANSFERS ABROAD AND THEIR COMPONENTS  
UNWEIGHTED REGIONAL AVERAGES (% OF GDP)**

	CA/GDP	Income Balance/ GDP	Transfer abroad/GDP
<b>Latin America</b>			
1980-1989	-3.53	-5.35	1.82
1990-2000	-3.05	-3.10	0.05
1990-1994	-2.90	-3.46	0.56
1995-2000	-3.55	-2.73	-0.82
<b>S-industrial Africa</b>			
1980-1989	-3.42	-3.53	0.11
1990-2000	-0.86	-2.84	1.98
1990-1994	-0.04	-3.28	3.24
1995-2000	-1.67	-2.39	0.72
<b>SSA</b>			
1980-1989	-4.86	-3.16	-1.70
1990-2000	-5.58	-3.67	-1.91
1990-1994	-7.13	-4.51	-2.62
1995-2000	-4.81	-2.57	-2.24
<b>Asia</b>			
1980-1989	-2.15	-2.11	-0.04
1990-2000	-0.96	-1.74	0.78
1990-1994	-2.61	-4.51	-0.90
1995-2000	0.69	-2.57	2.46
<b>Total Developing</b>			
1980-1989	-3.39	-3.36	-0.03
1990-2000	-2.55	-2.70	0.15
1990-1994	-3.21	-2.99	-0.22
1995-2000	-1.91	-2.28	0.37

**Source:** Tables 1-4. The terminal year is 2000 for all countries except Cameroon, Uganda and Zimbabwe. SSA average for the last sub-period excludes Cameroon and Zimbabwe and uses 1995-1999 values for Uganda.

**Table 6: MAJOR ITEMS OF BALANCE OF PAYMENTS AS % OF GDP AND OTHER RATIOS, REGIONAL AVERAGES**

	KF(nr)/GDP	KF®/GDP	CA/GDP	EO/GDP	DR/GDP
<b>Latin America</b>					
1980-1989	4.38	-0.49	-3.53	-0.38	0.02
1990-2000	5.78	-1.54	-3.05	0.09	-1.27
<b>North Africa</b>					
1980-1989	5.56	-0.89	-4.77	0.48	-0.39
1990-2000	4.30	-1.35	-1.17	0.30	-2.09
<b>SSA</b>					
1980-1989	5.38	-0.27	-4.86	-0.18	-0.07
1990-2000	6.41	-0.21	-5.57	0.37	-0.99
<b>Asia</b>					
1980-1989	3.41	-0.44	-2.15	-0.20	-0.62
1990-2000	4.59	-1.44	-0.96	-0.42	-1.77
<b>Total Developing</b>					
1980-1989	4.45	-0.46	-3.55	-0.16	-0.28
1990-2000	5.30	-1.15	-2.66	0.00	-1.49
<b>Total, Index(a)</b>	<b>KF(nr)</b>	<b>KF®</b>	<b>CA</b>	<b>EO</b>	<b>DR</b>
1980-1989	100	-10.3	-79.8	-3.6	-6.3
1990-2000	100	-21.7	-50.2	0.0	-28.1
<b>Total, Index (b)</b>	<b>KF(nr)</b>	<b>KF®</b>	<b>CA</b>	<b>EO</b>	<b>DR</b>
1980-1989	100	-17.4	-64.5	-11.1	-7.0
1990-2000	100	-29.7	-42.7	-5.4	-22.2

**Source and coverage:** The first eighteen rows (unweighted averages) are the same as Table 1 with the exclusion of South Africa. Total, Index (b), is derived from the cumulative sums of a narrower sample of countries. (Same source as Table 1) The latter coverage is: Argentina, Brasil, Chili, Colombia, Egypt, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, South Africa, South Korea, Thailand, Turkey.

**Abbreviations:** KF(nr): Net non-resident capital flows. KF(r): Net resident capital flows. CA: Current account balance. EO: Net errors and omissions. DR: Change in reserves where the minus sign signifies increase and *vice versa*.