
Interview: Carlos Alzamora

'We will pay the debt, but not for usury'

In the following interview, conducted by EIR's Bogotá bureau chief Maximiliano Londoño on May 21 in Bogotá, Sr. Alzamora spoke on the subject of Ibero-America's debt.

Londoño: What prospects do you see emerging from the recent initiatives on the debt issue made by the presidents of Ecuador and Colombia on the eve of the Williamsburg meeting?

Alzamora: I believe that the waves from these initiatives, of this Latin American consensus, will reach the political leadership of the industrialized countries in one way or another and make them acquainted with the great anxiety which the present system of debt negotiations is provoking. I believe and hope they will embrace Latin America's concerns and the alternatives it is suggesting. . . .

Londoño: Then this means that the region has to come forth with a joint proposal on debt for there to be a viable solution?

Alzamora: This is the categorical proposal which SELA and CEPAL are putting forward right now. We think the problem is of too great a magnitude to be solved within the individual capacity of the countries, banks, and international financial entities; it demands a meeting of minds at the political level between debtors and creditors. This meeting of minds can only be possible on the basis of a common proposal issued by the debtors.

I refer to a joint proposal of the Latin American countries, which of course should not be confused with a "collective renegotiation," which we ruled out not only because it is technically impossible, but also useless and ultimately unrealistic. But we should propose conditions commensurate with Latin America's ability to pay, and which take into account three main objectives:

- 1) equitable distribution of the adjustment;
- 2) preservation of the standard of living of the Latin American population, as a minimum goal;
- 3) guarantee of the continuance of Latin American development.

The autonomy and sovereignty of national decisions must also be preserved. This is one of the things the political confederation is crying loudest for now.

Londoño: Don't you think that the debt problem is so serious, as ex-President Pastrana of Colombia put it, that it has already transcended national boundaries? And, given

that the creditors are organized, as in the case of the Ditchley Group, would it not also be appropriate for the debtor countries, through a collective effort, a collective renegotiation, to impose their own conditions?

Alzamora: Certainly debtor countries have the indisputable right to associate in the form they deem best, and in spontaneous, sovereign form, be it individual or collective. Obviously it will depend on their policy, on the strategy that they want to follow in this case. But they have the right to do it; it is an absolutely inalienable and unquestionable right.

Londoño: Some months ago, you mentioned the proposal for a "debtors' cartel"—at least it appeared in the Latin American press with this headline.

Alzamora: I never used the word "cartel," but rather, "sindicato" [union], because it really is a question of achieving just conditions to pay the debt more successfully and effectively through joint action than through individual actions. We in CEPAL and SELA are convinced that Latin America has the joint capacity to establish these conditions, as long as it takes as its point of departure a principle which also cannot be renounced: the first obligation of Latin America is to itself, to the security of its development, and to the welfare of its people. . . .

Londoño: The Mexican and Brazilian presidents recently signed a series of accords to trade through barter; practically without using a single dollar, they could reactivate much of the economy of both countries. What possibilities do you see for this type of defensive policy, given the crisis situation and shortage of credit which our region suffers from?

Alzamora: I believe that it is very much in keeping with the general strategy of the Latin American countries to make the maximum use of their own potential for commercial interchange, to avoid in this way as much as possible having hard currency leave the region. Naturally the instrument of bilateral compensatory trade accords will be used more and more. Nonetheless, we must also maintain ourselves within a multilateral structure and discipline. I believe that both things are compatible. I think that thus we will take the surest path toward the ever-present objective of the regional Latin American market.

Therefore, it seems to me that this is, today, a very appropriate path for the situation Latin America is going through, which other nations are going to follow. It requires, as we stated it better in another document, a major economic and commercial understanding within Latin America, perhaps through the conference we have proposed.

Anyway, I would like to get back a bit to the question of the debt to try to summarize the point. What we have protested most strongly is the excessive and unjustified cost which refinancing is having for the countries—which means surcharges, honoraria, commissions, and other increases, which are really a scandal. My final and overall reflection on the problem of the debt is that we have to pay our debts, but we do not have to pay usury. . . .