
Interview: Misael Pastrana Borrero

Latin America's debt burden 'an injustice'

EIR correspondent Ron Kokinda discussed the debt crisis with former Colombian President Misael Pastrana Borrero on July 27. In the excerpt of the interview published below, Mr. Pastrana's remarks are translated from the Spanish by EIR.

EIR: I would like to touch on a problem that is obviously related to drugs, which is the question of the debt. There has been a lot of discussion of the debt problem. Fidel Castro has made some proposals which essentially say: Bail out the major U.S. banks, and the U.S. should cut its defense budget. There have been some proposals by former Secretary of State Henry Kissinger for a "Marshall Plan." What are your reactions to both these proposals?

Pastrana: Yes, I was invited by President Fidel Castro to attend the conference now taking place in Havana. In fact, today the Bogota press published my response to Castro on this topic. There I explained that two and a half years ago I spoke at a Harvard University conference, where I said that what was happening in Latin America—taking the post-war Marshall Plan in Europe as a reference point—was an anti-Marshall Plan. The Marshall Plan was a flow of funds from the major financial power that emerged at that point, the United States, to Europe's crisis-ridden economies. Today, the flow of funds is going from Latin America's crisis-ridden economies to the industrialized creditor economies, creating a great injustice, increasing tensions, and jeopardizing social, economic, and political stability on the whole continent.

In response to both Mr. Kissinger's and Mr. Castro's proposals, I could say that I have taken an equidistant position. I agree with both, that this is the major problem on the continent, and until the debt problem is resolved, we are like a house of cards, whose governments and what we call political stability, could at any moment be jeopardized. I don't think the appropriate path is a moratorium on payments. I mention the comment of a European leader, Helmut Schmidt, who said, "The problem of the Latin American governments is that [they must] choose between feeding their people and paying the debt, and of course, they will choose to feed their

people. But they can only do that for a few months, because after that, they won't have what they need to feed them fully."

So, I think that this is a short-term, but not a long-term policy. I think that the idea of a debtors' club has not been defined on the continent. I think that Mr. LaRouche has spoken of the debtors' club, and the continent takes a stand in favor of, or against, a debtors' club without really knowing what they're talking about. We Latin Americans are very given to semantics. . . . If one were to do an analysis of a Latin American economic dictionary, "debtors' club" doesn't exist, and hasn't been fully explained. . . . I believe that individual actions are not a solution, because many times one country's refinancing or rescheduling agreement, limits other nations' possibilities to do the same, because in the end, funds from the creditor banks have been committed.

I think that some kind of joint action will be taken. But joint, in what sense? In the sense that individual negotiation will be maintained, but on the basis of some broader parameters, some reference point regarding the terms of amortization, repayment terms, grace periods, and interests. If the Paris creditors' club, known as the Club of Paris, has some reference points for its individual negotiations, I think that the Latin American countries should also have some reference points for their foreign debt commitments. But if you study the panorama of the last three years of the so-called eruption of the debt crisis with the Mexican case, Latin America has probably paid between \$120 and \$150 billion in interest, which I believe—and I don't say this with any populist overtones—is a grave injustice for a poor continent.

. . . When IMF officials confront the problem of the debt—and many of them are responsible for the problem, because they were the finance ministers, planning ministers or high-level government officials when the debts were contracted—now they are giving the advice on how to solve the problem they created. The problem is that they only consider the creditors' interests. . . . They look at the debt problem only from the financial standpoint, that the debts should be paid, but [they don't consider] the tremendous social cost for the continent of this type of policy.

And the social cost has become incredible. Some poor countries, instead of growing, regress to the levels of several years ago, and only by 1990 will they return to the still-poor levels of 1980. This has manifested itself in inflation rates, fiscal deficits, lack of investment in economic and social infrastructure, and tremendous unemployment, whose effects are not yet felt because this is unemployment of the young, who, by failing to get their first job, they have already determined their future. So, we have to look at both aspects—obviously from the standpoint that a debtor should comply with his obligations, but these should be considered within reasonable terms. This is what the IDU declaration states—that countries must seek discipline, but also allowing the necessary growth that will allow them to attend to the needs of their people.