

Betancur: 'World now looks to us'

Colombian President Belisario Betancur delivered the keynote speech which we excerpt here at the Cartagena meeting of the foreign and finance ministers of Ibero-America on June 21.

The service of Latin America's foreign debt has become so burdensome that it threatens the stability of the international monetary system and the survival of the democratic processes in many countries. We do not forget that the great European war of 1939 had economic causes, such as the disastrous macro-economic management which unleashed the Great Depression. . . . That is why I think that it is no exaggeration to say that the solution of the Latin American debt crisis is an essential ingredient for world peace. . . .

We have not come here to avoid our obligations, but to seek ways to fulfill them better. And we deserve to be believed, because we gave proof of our intentions recently, in the case of a sister country. . . .

Keynesian analysis continues to be useful today, although Keynes erred in maintaining that developing countries could contribute nothing to the Bretton Woods Monetary Conference, and in complaining (in a letter of May 30, 1944) about the "lamentable error" that there were Latin American delegates present. It may be that the present crisis could have been prevented in 1946, had other working mechanisms been created.

With all his intelligence and vision, Keynes, the theorist of the imperial model, pointed to ours as third-rate countries, therefore without the right to an opinion on matters affecting the colonial powers; this was a period—which has not altogether disappeared—when we were considered "tramps" and "beggars," according to a certain American leader. . . .

Over the last 300 years the world has been subjected to a number of financial crises of international scope. . . . The question which arises at this point is: Is the international financial system prepared to deal with the present crisis? . . .

The adjustment programs of the International Monetary Fund do not necessarily maintain high levels of employment and real wages among its member nations, as established by the statutes of that institution. It should be clear . . . that the

possibility of further drastically cutting imports no longer exists, and that the growth of exports must be one of the basic instruments for improving the structure of our foreign trade sectors. On the other hand, the maintenance of inflow to the region is obviously essential. Latin America has become a net exporter of capital, while highly industrialized nations such as the United States are importing resources from the rest of the world. . . .

The United States . . . recently asserted that the foreign debt problem would not affect the stability of its banks, nor of its financial system. Yet it would be absurd to persist in such a claim after a wave of rumors recently endangered two of its most important financial entities, and the stocks of almost all of them continue to drop. And no matter how unpopular it may be to rescue the banks, it would be beneficial to make use of this recent experience to show American public opinion that the stability of its financial system affects the interests of all, and that that stability will be undermined by rumors—and perhaps by facts—if the problem of the debt is not steered, once and for all, onto a suitable course. The presence of our governments here attests to a fact which we have not created, but which neither we nor anyone else can hide any longer: The debt problem has ceased to be a simple financial problem, and is no doubt now a question of grand international politics.

We desire a very solid international financial system which will allow the vigorous development of developing countries, to raise the quality of life of their peoples and be able to pay. . . .

It has been assumed until now that each country must emerge from the morass by adjusting its economy to the recipes of the International Monetary Fund, and receiving more generous terms from the creditor banks. What we are learning now is that that alone is not enough, that it is indispensable that the authorities of the industrialized countries, where the banks are based, understand that their economic policies may undermine, and indeed are undermining, the enormous sacrifices of adjustment undertaken by our peoples, and that they accept the responsibility for it. . . .

As regards the World Bank . . . it is essential that this type of credit not become an obstacle to developing the national industries, and especially the capital goods-producing industries, of developing countries. . . .

It is clear that it is better today to have partners than creditors, because partners never demand dividends except when there are profits, and because partners cannot suddenly bring or take away their capital, under the impulse of more or less wrong actions. . . .

This is a moment in which we have the obligation and the capability not to be like the contemplative chorus of the Greek tragedies, but to become the protagonists of our own destiny, supporting the efforts of men of good will throughout the world, to make their passage through this world the more noble. That world now looks to us, with the hope that we shall not frustrate its expectations.