
Interview: SELA Permanent Secretary

‘Economic recovery claims are a fraud’

The following are excerpts from a speech given by Carlos Alzamora, secretary-general of the Latin American Economic System (SELA), at the Latin American pre-meeting of UNCTAD VI held in Cartagena, Colombia on Feb. 21.

The Preparation of UNCTAD VI finds the world on the edge of a crisis of unprecedented gravity, under circumstances which make it increasingly evident that only genuine international agreement can avoid a global catastrophe when all the other efforts at multilateral negotiations have failed.

In addition, while the problems are the same, their magnitude and projection have changed, and this in turn demands a change in Latin American and Third World strategy. At the level of \$20 billion, the problem of the Latin American foreign debt could be easily resolved by a department at the IMF. But at the level of \$300 billion, the problem threatens world crisis, without a lasting solution in sight.

In previous conferences, the developing countries tried to obtain concessions and benefits from the developed [countries] over which the latter reserved the right to concede or not. This time, it is the survival of the international financial system, upon which rests the traditional economic order of which the developed nations are the privileged beneficiaries, which is in question. And in the survival of that system, the developing sector countries and particularly the Latin Americans, are a primary factor. . . .

For negotiations to be effective requires an organized and functional power of negotiation by both sides. The developed countries have that and increasingly so in the OECD, the Bank for International Settlements in Basel and finally in the World Bank, the GATT and the International Monetary Fund, whose power structures they control.

In the developing countries, this negotiating power is still in the process of being organized on the regional level and is being structured through the Group of 77. . . . Today, the fact that it is Latin America which in good measure has the fate of the international financial system, and consequently of the world economy as a whole, in its hands . . . confers upon Latin America special responsibilities for recovering the initiative . . . not only in benefit of the region or of the Third World but of the entire international community. . . .

The weakness of economic and financial relations of our countries and the lack of sufficient cohesion among them exposes them increasingly to the arbitrary decisions of the

developed nations, which have achieved a high degree of unity in the expression of their common interests. And this inevitably requires correcting structural disequilibrium with the exterior, taking maximum advantage of the enormous potential for reciprocal trade among our own countries. . . . This implies transformation from a development model oriented to the outside to one sustained by intraregional potential, taking into account the growing possibility that the solution to the foreign-debt problem could determine a forced period of limited autarchy for the region, in which the region would have to primarily depend on its own resources. . . .

What happens on the debt issue will have a profound and prolonged impact in the area of international financing. It is not easy to imagine that the banks will start lending again as they have until now. . . . The most probable scenario will be that they will lend us only the amount necessary to avoid an explosion and to encourage the debtors to continue paying, with the argument that prosperity is just around the corner. . . .

This is without a doubt an option for the Latin American countries, but improbable and risky, not in our hands to control. The other, that of development on our own terms and possibilities, *is* [an alternative] because it rests on our own reality, resources, and decisions.

We must therefore define our strategy on two fronts and around two objectives: on the international level, posing the integral restructuring of the world economic system which, established on the basis of principles and mechanisms conceived nearly 40 years ago, is not only incapable of resolving the present problems but, applied to a world very different from that existing when it was founded, is causing irreparable damage; and for this, convoking a world conference to bring about this unpostponeable task. . . .

And at the regional level, [we must] energetically push forward the process of organizing a regional market, with due care, and inspired to the maximum possible extent by the principle of Latin American preferentiality in all sectors of production, exchange and services. . . .

We can no longer gamble our destiny on the illusion of international cooperation [which is] fast disappearing. The most we can expect is an international agreement, realistic and with vision, for which we must gear ourselves to the maximum to achieve by means of negotiation and not so-called dialogue. . . . To this effect, regional strategy should contemplate those actions toward the exterior that are substantial with the negotiation process itself along with internal actions which make these external actions more visible and effective. . . .

All this assumes that the individual *actions* of countries in renegotiating their debt is not achieving things in their favor but, on the contrary, is adding on additional costly bills in the area of production, trade, and promotion of exports, which thus advises coordinated action and regional cooperation to reinforce the potential individual or collective negotiator. . . .