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U.N. Secretary-General Outlines Economic Priorities for Latin America

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In a speech Jan. 22 before an extraordinary meeting in Mexico City organized by the UN Economic Commission for Latin America (ECLA), UN Secretary General Javier Perez de Cuellar said Latin America and the Caribbean have lost an entire decade of development due to the political and economic crisis of the 1980s. He pointed out that the gross domestic product (GDP) per capita in late 1986 for the region as a whole was equivalent to 1978 levels.

Perez de Cuellar and Mexican President Miguel de la Madrid inaugurated the ministerial phase of the extraordinary session. In his inaugural speech before 40 ministers and their deputies, De la Madrid proposed that creditor banks restructure debt principal payments over a longer period of time, resume credit flows in "satisfactory quantities," and concede to significant reductions in debt service requirements.

Mexican Programming and Planning Secretary Carlos Salinas de Gortari and Argentine Planning Minister Bernardo Grinspun expressed similar ideas. Salinas de Gortari said it is not possible to service the debt in the midst of domestic recession, growing protectionism in foreign countries, deteriorating terms of trade, and diminished external credit flows. Mexico, he added, is a clear example of recession experienced by many countries in the region. Salinas de Gortari mentioned that in 1986 Mexico lost $8.5 billion equivalent to 6.5% of GDP in export revenues due to low oil prices.

An additional $2 billion were lost result of falling prices of other raw materials exports. After Grinspun discussed related problems experienced by Argentina, he pointed out that Central America and the Caribbean are experiencing especially severe problems. Development models employed in those countries, he said, are simply outdated, "exhausted." President de la Madrid called on creditor banks to recognize that governments attempting to execute economic adjustment and growth programs must receive fresh monies without being subjected to the frequently arbitrary conditions under which the banks are willing to lend.

Current economic problems experienced by nations in the region, he said, are fundamentally different than those which inspired adjustment programs supported by the International Monetary Fund (IMF) in post-war years. The president then discussed a set of priorities for development in Latin America and the Caribbean. Some of these priorities are 1) economic recovery to restore minimum social welfare conditions for the majority of the population; 2) promotion of sustained growth of the regional economy; 3) bringing the norms of conditionality by financial institutions into line with world market and regional economic realities; 4) linking debt payments with trade and financing levels; 5) creditor banks must accept equal responsibility in defining solutions to the debt problem; 6) stepped-up efforts to modernize production systems and improve the effectiveness of
public spending, and 7) promotion of the economic integration of Latin American and Caribbean
nations by strengthening existing international institutions.

Perez de Cuellar mentioned in his speech that the threat to peace in Central America is an example
of how domestic economic problems, grounded in unjust political and social structures, are
aggravated by foreign intervention. Foreign intervention, he added, results in having such socio-
economic problems inserted in the context of East-West confrontation. The UN head recently
concluded a tour of Central America together with Contadora and Support Group foreign ministers,
and Organization of American States Secretary General Joao Baena Soares.

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