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John Neagle

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by John Neagle
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In his inaugural address on Feb. 2, Venezuela's President Carlos Andres Perez said the region had paid an exorbitant social and economic cost to continue payments on $420 billion of foreign debt. "Each country has been left alone to face a formidable cartel of creditors who have been able to impose their ideas and interests," he said. The answer to the debt crisis, according to Perez, is a truly international approach worked out by both creditor and debtor nations to end "the vicious circle of debt and stagnation." According to Perez, the 1980s had been "years of jeopardy" for Venezuela, as declining oil revenues and the country's foreign debt burden had resulted in accelerating economic deterioration. He said that in the past five years, Venezuela had paid more than $25 billion in debt service, noting that this amount was equivalent to 50% of oil export earnings during the period. Perez added, "As of January this year, we still owed a similar amount of public debt, and almost $4.5 billion in private debt." At year-end 1988, said Perez, Venezuela's foreign exchange reserves stood at only $6.58 billion. In the past year, he said, imports had escalated surpassing export revenues. "We must correct these abnormalities, so that Venezuela can grow in a healthy manner in the future." Twenty-two heads of state attended Perez's inauguration. [The English-language newspaper in Caracas, the Daily Journal, reported that US Vice President Dan Quayle said Washington was opposed to the idea of a "debtors' cartel." He compared such an organization to the Organization of Petroleum Exporting Countries (OPEC), and noted that it would be "counterproductive," and a "non-starter."] On Feb. 4, in his first press conference as president, Perez proposed a summit meeting to define common policies on the foreign debt and drug trafficking. He also insisted that Latin American oil producers seek new forms of cooperation. The president said that a summit may be possible this year, comprised of heads of state from the Group of 8 and possibly, US President George Bush. Group of 8 nations include Argentina, Brazil, Colombia, Peru, Mexico, Uruguay and Venezuela. (Panama has been temporarily suspended from Group deliberations.) Perez said that Mexico should not receive preferential treatment from the US in its oil trade. The Venezuelan leader asserted that his government would not sell crude to Washington for its petroleum reserves. Perez said that when Mexican President Carlos Salinas de Gortari visits Venezuela in mid-1989, the two presidents will sign substantive and concrete agreements for the integration of the north and the south of Latin America. On the debt as a major cause in the destabilization of democratic regimes in the region, Perez said that Latin American governments must intensify dialogue with the administration of George Bush toward developing joint negotiations and a new international economic order. In an editorial note published in the Washington Post on Feb. 6, Perez said the time has come for creditors and debtors to work together in a strategy that permits the resumption of economic growth in Latin America. Perez continued by stating that the new strategy requires more effort and money on the part of wealthy nations, and the recognition by Latin American governments that the debt is not the basic reason for their economic problems. He used Venezuela as a case in point, asserting that the debt did not cause plummeting oil prices in the world market, but served to aggravate his country's economic difficulties. The true origins of Venezuela's problems, said Perez, are its excessive dependence on oil exports, and other

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problems shared with Latin American neighbors, such as inefficient and costly state enterprises, protectionism, and unequal income distribution. According to Perez, aside from the debt question, Latin American societies will not be able to achieve sustained growth unless these problems are resolved. (Basic data from Notimex, 02/02/89, 02/04/89; New York Times, OPEC News Agency, 02/03/89; AFP, 02/06/89)

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