

9-14-1989

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Recommended Citation

Neagle, John. "Stanford University Economist: U.S. Strategy Will Only Increase Latin American Debt." (1989).
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Stanford University Economist: U.S. Strategy Will Only Increase Latin American Debt

by John Neagle

Category/Department: General

Published: Thursday, September 14, 1989

In a recent issue of Spanish daily newspaper El Pais, Stanford University economics department chairperson, Clark Reynolds, was quoted as saying that recent US strategies for assisting Latin American debtor nations will change only the destination of the south-north capital transfer, and are likely to increase the region's debt. Expectations regarding Latin America's debt, said Reynolds, are "very negative." The economist stated that his predictions are grounded on difficulties in resolving the negative capital flow problem, and the necessity for regional governments to renew or resume obligations to protect and improve the living standards of respective populations. According to Reynolds, while the US is the most "determinant" country affecting Latin American economies, US investment in recent years has declined. He added that the US must attempt to increase real financial flows to the region to compensate for its \$9 billion trade deficit. Reynolds said that Latin America will be unable to carry out plans connected with debt restructuring unless its capital structure is transformed. He added that another serious problem faced by Latin American governments is the ever-increasing need for new jobs. (Basic data from Notimex, 09/12/89)

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