Bolivia: Notes On Foreign Debt, 1980-1990

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On May 19 in La Paz during a debate sponsored by the Catholic Laity Promotion Center (Centro de Promocion del Laicado), businessperson Fernando Illanes pointed out that in the 1980-1990 period, the Bolivian government paid $2.853 billion in foreign debt service. Over the same period, new loans totaled $2.766 billion. Foreign debt in 1980 totaled $2.312 billion, and at year-end 1990, $3.773 billion. Illanes, the government's chief foreign debt negotiator from 1985 through 1989 (under then-president Victor Paz Estenssoro), said the negative balance of $87 million during the "debt crisis" decade is even more outstanding, considering certain "favorable" aspects of Bolivia's debt structure. For instance, the proportion of debt owed to foreign commercial banks is relatively small, compared to multilateral institutions and foreign governments. Next, in July 1988, La Paz managed to liquidate 80% of $680 million in commercial bank debt via debt-equity swaps. Debt paper was exchanged in these deals at secondary market prices. In the 1980s, said Illanes, the public sector foreign debt reached the equivalent of 95% of GDP, while the per capita figure surpassed Bolivians' average annual income. Consequently, he added, it is not surprising that Bolivian social welfare indicators more closely resemble those of Sub-Saharan Africa than Latin America. Summarized below are social welfare indicators mentioned by Illanes. * Life expectancy in the late 1980s was 53 years, compared to 66 for the rest of Latin America as a whole. * Infant mortality in Bolivia was 110 per 1,000 live births, compared to 56 per 1,000 for the rest of Latin America. * Average daily calorie consumption is 2,143, versus 2,701 for the rest of Latin America. [Basic data from Presencia (Bolivia), 05/20/91]