

Dr. Oscar Camilión, former Argentine Foreign Minister

'Time for the continent to discuss joint debt renegotiation, development'

Dr. Oscar Camilión in Buenos Aires, Argentina, was interviewed by telephone by EIR Ibero-American Editor Dennis Small in New York on Sept. 3. Camilión was Argentina's foreign minister during the nine-month government of General Roberto Viola in 1981. Prior to that he had served as ambassador to Brazil. His personal role in overcoming conflicts and promoting nuclear energy cooperation as the basis of a new Argentine-Brazilian friendship resulted in his being the most appreciated ambassador in Brasilia in recent history. Excerpts follow:

Small: What do you think of the Mexican government's nationalization of the private banks and establishment of total exchange controls? Can you comment on their reverberations in the rest of the continent?

Camilión: These measures have had a huge repercussion in Latin America. Mexico has taken a significant step which naturally evokes memories of those taken in the 1930s in relation to the oil industry. Of course, the Mexicans should be the first to give their opinions on the correctness and the timing of these important measures. But, there is no room for doubt that Mexico has delivered everybody a strong warning about the grave state of the international financial system and has defined the situation of the many countries, including many in Latin America, which have reached the point that they can no longer comply with their foreign obligations.

Small: Argentina is obviously one country having such difficulties. There has been talk of a possible association of Latin American debtors which would enable them to jointly renegotiate their foreign debts.

Camilión: What you say is correct. Our country is having severe difficulties in its foreign sector. For a good while, we have been caught in a snowball process.

Argentina will end 1982 with \$6 billion more gross foreign debt than at the beginning of the year. And if things continued this way, next year the same will happen, which would only mean the postponement of an inevitable insolvency. This situation must be remedied. The least that countries must do at this moment is to analyze the idea of discussions among them, to search for solutions to such a serious problem.

Small: You mean that Argentina—like other Latin American nations—needs to postpone its debt service payments, it needs some kind of debt moratorium?

Camilión: We should analyze the problem in two time frames. In the short term, time is needed to sort things out. And then we need a *genuine* refinancing package, because, to my mind, refinancing cannot be divorced from economic development. We are already grownups; we weren't born yesterday. We must not take the "ostrich" approach, in which one refinances or recycles the debt in a way which creates no repayment capacities. What we need are economies which recover their capacities for payment.

The interests of both debtors and creditors require that Argentina function as an efficient goods-producing machine. We need a mechanism which truly prevents Argentina from being a threat to the international financial system.

Small: What you are proposing for Argentina, then—industrial development to be able to eventually repay the debt—is the exact opposite of what the International Monetary Fund is now asking of Argentina.

Camilión: I would like to know on exactly what terms one might discuss with the International Monetary Fund. Because, if they apply hackneyed formulas in a case like that of the Republic of Argentina today, they might end up with quite strange results. At this moment, Argentina is in no shape to comply with the IMF's classical prescriptions, such as shrinking economic activity by cutting wages or increasing unemployment, because we already have the lowest wages and the highest unemployment in our history.

The structural-recession solution is useless for getting out of structural bankruptcy. This argument is quite obvious, and applies to both private firms and to nations.

Argentina has been in a recession for six out of the last eight years. After having applied for more than enough time the policies of the so-called "Chicago School"—that is, the misleading and fraudulent theses fixated on the monetary side of the balance of payments—we have reached a gross industrial product inferior to that of 1964. It is absurd to think that Argentina could solve this problem through more recession, even from the monetarist point of view. This monetarist policy has even led to the virtual disappearance of money

itself in Argentina.

The Argentine worker cannot reproduce himself on what he is now earning. If more pressure were put into such a pressure cooker, you would risk the explosion of the Argentine social system.

Small: Lyndon LaRouche, the founder of *EIR*, has proposed the joint renegotiation of Latin America's foreign debt and the formation of a Latin American Common Market to facilitate—through regional protectionist measures—some industrial development. What is your opinion of this proposal?

Camilión: On the first part, I think that the time has come for countries to at least discuss among themselves, because their situations are substantially similar. We have here countries which have followed serious policies of measured, long-term industrial growth, like Brazil; we have countries with accelerated growth, like Mexico; and we have countries which have destroyed their industry like Argentina and Chile. Yet we all suffer from the same problems of external insolvency, which proves that this is quite related to the underdevelopment of the continent.

Thus, the possibility of at least exchanging ideas would be fruitful. I have to caution you, however, because on this question we all have to be somewhat cautious, that my views are not unanimously shared. Many countries prefer at this time to distance themselves from the others by saying, for example, that they have capably managed their debts. So this initiative faces significant political difficulties.

Despite this, it seems to me that the environment exists to begin a serious exchange of ideas. The main thing is to get the Latin American countries to coordinate industrial development goals, and understand that the initiation of industrial activities is the indispensable condition of development.

Small: Dr. Camilión, you are known in Latin America and internationally as a great friend of Brazil and a great expert on that subject. It is widely recognized that any Latin American unity effort requires Brazil's support to succeed. I would like to know your evaluation of the current Brazilian situation. What attempts are going on now between Argentina and Brazil to reach some kind of joint action?

Camilión: On the second aspect of the question, just last week [at the end of August] there was a meeting in São Paulo between businessmen of the two countries to explore ways of increasing trade. The big turnout of businessmen from both countries, and the clear commitment to the idea that ties would be mutually beneficial, were extremely encouraging.

As for the first part of your question, I don't think I would interfere in the internal affairs of Brazil if I were to opine that the Brazilian situation is exactly the same as that of Argentina, Mexico, or Chile, in structural terms. When all is said and done, the exact same thing happened to them: they are not able to take care of their current-account obligations without having to make additional commitments which bring about the "snowball" effect.

Brazil, like the rest of the countries in Latin America, is simply unable to handle today's high interest rates in the U.S. and European capital markets.

Small: What kind of industrial development do you propose for Argentina?

Camilión: There's not the slightest doubt that Argentina has no way to heal its economy and rapidly recover except a systematic campaign of industrial investment in large-scale infrastructure, energy, and heavy-industry projects. That is what Argentina did *not* do during recent years.

It is absolutely essential that industry be the dynamic factor of development, and in particular heavy industry. Because we have also had the experience in which public works, **without** a coherent industrial policy, has also failed to produce takeoff to development. Public works are a necessary, but not a sufficient, condition.

We would give special incentives to the development of certain lines of production, such as the full range of energy sources: oil, natural gas, liquified gas, coal, and, naturally, nuclear energy. We would also emphasize some activities, such as petrochemicals, for which Argentina has optimal conditions.

Small: So you reject the British argument that Argentina has an exclusively "agricultural vocation"?

Camilión: But of course. It would be an insult to anyone's intelligence to say that a country like Argentina could increase its agricultural production without having its own industrial base. Of course, we would never give up being a strong agro-industrial power; but the only way to be one is through the development of internal industrial markets. This seems so obvious to me that to say more would be an insult to any educated person.

Small: You have criticized the Milton Friedman "Chicago School" monetarist policies and the extremist monetarism of the International Monetary Fund. What do you think of the more general theory, promoted by groups like the Club of Rome, which argues that natural resources are running out and that the world is overpopulated?

Camilión: In our country, for years if not decades, we have confronted all those evasions of the obligation for economic development, which go from the old thesis that development is only possible through increasing trade, to those who seek birth control, to those, such as the Club of Rome, which go so far as to ask developing countries, "Why bother to have development at all, since it brings so many problems?" That is, all the environmentalist theories, all the theories which claim that pollution is a result of development and that it is better to be involuted, underdeveloped, and happy, are nonsense.

We think that the only really noxious pollution is the pollution of hunger, of misery, of backwardness, of ignorance—that is, the pollution of underdevelopment. We think

that Club of Rome-type theses, which are nothing but a reproduction of old Malthusianism, are contradicted by science, contradicted by experience. They are cover-up ideologies to mask the defenders of the status quo, who during the last few years have evolved novel forms of financial dependency, and who have ended up like the snake which bit its own tail and became unable to move forward.

Small: We in the United States fought a revolution in 1776 against precisely such theories, and we established the American System to combat this ideology of the British System of economics. But many people here are not aware that in Latin America there were also such schools of thought. Could you tell us a bit about these tendencies in Argentina, which shared the thinking of America's founding fathers like Washington, Hamilton, and others?

Camili6n: Yes, gladly. Speaking of Hamilton, I would like to tell you a short anecdote. When I was a youth of 18, I so admired Hamilton that I used his name as my pseudonym on journalistic articles—rather presumptuously, I admit. Hamilton is a person whom I especially admire.

In the course of the last decade of the 19th Century, there was a great debate in Argentina which was unfortunately not won by the Hamiltonians. Carlos Pellegrini, Rafael Hernandez de z, and Vicente L6pez were the three great figures who advocated Hamiltonian-style industrial development in Argentina, and their views are perfectly applicable today.

Carlos Pellegrini had the vision to understand that a country which did not develop its own manufacturing capabilities would inexorably be condemned, over the long term, to backwardness. Thirty years later, during the great world crisis, it became evident that those countries which had not adopted a model of industrial development, which had not established the basis of their own industrial growth, which had fallen into the trap of "the international division of labor" and of the supposed "natural destiny" of nations to be mining or agricultural countries only, that these nations of course at a certain point stopped growing and began to collapse.

Small: What do you recommend that Latin America do today to support Mexico?

Camili6n: It is absolutely necessary that no one try to make of Mexico an "object lesson," which is something I would fear for any country in Latin America. Mexico has made a decision, it has exercised its rights as a sovereign nation. Given that decision, I believe it is essential to ensure that Mexico not be adopted or chosen as a target now for some kind of mechanism of sanctions. Because, of course, if the Mexican situation were to break, it would be the death-knell that would announce "the hour of heaven or hell," as Macbeth said, for the rest of the nations of Latin America.

At this time, what is fundamental is to support the sovereignty of a Latin American nation, in the face of any threat which might be posed to it by those sectors that might consider themselves adversely affected.

Gilberto Avila Bottia

'A development bank modern agriculture

The following are excerpts from an interview conducted Sept. 2 in Bogota, Colombia by EIR's Ibero-America Editor Robyn Quijano with the outgoing president of the Latin American Parliament, Gilberto Avila Bottia. Avila Bottia is Minister without Portfolio and adviser on parliamentary affairs to newly-elected Colombian President Belisario Betancur.

Quijano: The important presentation you made to the last session of the Latin American Parliament has stirred tremendous interest in the new role that Colombia intends to play in the inter-American system. What are the plans of the Betancur government in this regard?

Avila: In terms of its international relations, the country is going to substantially alter its position in Latin America. . . . Colombia's new administration has fully aligned itself with the Latin American family. We do not think it is useful to destroy the Organization of American States, because we need an interlocutor. That interlocutor is the United States, and the forum through which to speak to it is the OAS.

But we nonetheless also need to organize a purely Latin American mechanism for conducting international relations, including the Caribbean, those that speak Portuguese, possibly those that speak English and those purely Hispano-American. We need to form a so-called bloc, to have continent-wide coordination, because we can see that none of our countries by themselves can defend themselves from the aggression of the superpowers. We need a Latin American organization to make common policies, a defensive policy and a policy to both cooperate with world peace and to stimulate the development of Third World peoples.

This does not signify aggression against the United States, but there does exist a spiritual rupture; there is no Pan-Americanism on our continent.

Colombia has summarized its political thoughts on this on an international level by inviting all the presidents of the Southern Hemisphere to study, to re-analyze the various mechanisms—both economic and political—with which it conducts its international relations. . . .

Quijano: The British invasion of the Malvinas demonstrated that NATO plans to unleash colonial wars; today in the Malvinas, tomorrow to guarantee payment of the debt. Yesterday, with the nationalization of the Mexican banks, the question of defending national sovereignty came to the fore-