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FOREIGN DEBT AND DEMOCRACY

Historically, in Latin America, democracy has been a project for the future rather than a real political option. In this sense, the present essay will present two sets of problems. First of all, it will deal with the effects of the foreign debt on democratic processes in South America (Argentina, Brazil, Uruguay), and secondly it will deal with the debt as a negative factor in the development of our countries, and will propose the alternative of Latin American integration as an ideal response force toward this general situation.

The very concept of the debt has changed, and now there is an idea of shared responsibility between debtors and creditors, and the recognition that the foreign debt structurally affects certain vital human rights such as the standard of living, self determination and sovereignty

The political character of the debt has been accepted for quite a while now. Its representation as a phenomenon of the inequalities in the international financial structure has come to be commonplace; for example, the concept itself has changed, progressing from the idea of a monolithic character of the banks to the idea of a shared responsibility between debtors and creditors, and at the same time, to the theme of the growth of underdeveloped countries in order to face payment commitments. Lately, "de facto moratoria" have been proposed, as well as the possibility of convoking a multilate-

ral forum and the approval of a Code of Conduct on Foreign Debt.

Certain legal trends have proposed the illegality and illegitimacy of the debt, as well as its violation of International Law, and the principal of illicit enrichment¹, in order to arrive at the affirmation that the foreign debt structurally affects certain vital human rights (standard of living, self determination, and sovereignty)².

One proposition resulting from this essay consists of the celebration of an International Reunion on the Debt (United Nations) and the approval of a code of conduct destined to set the criteria, norms, and requirements of the commitments (freely consented to?) in relation to foreign debt. The absence of research on the social conditions and the historical viability of Latin American democracy influences the analysis of the behavior of political systems in relation to the debt problem.³

The negative equation or dialectic between debt and democratic transition notes the following two initial factors: 1) the influence of the debt in processes of transition towards democracy and 2) the debt as a factor of Latin American integration.

The Debt in Relation to Democratic Transition Processes

Democracy, in general terms, consists of majority government, with respect for dissent, free elections (free, universal, and secret suffrage), and the operation of human rights. This is the most widely accepted formula, that of democracy as a community way of life.

We are referring to liberal democracy. In support of this concept, Norberto Bobbio notes that democracy consists of "a set of procedural rules for collective decision-making in which the broadest participation of those concerned is planned for and propitiated".⁴ In the Latin American case, as has been mentioned, democracy has been a project, a hope⁵, more than a verifiable political and social space.

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In the case of transition regimes as in Argentina, Brazil or Uruguay, we are in the presence of "rupture situations" of the military models without a fundamental break in the political system. It means a transition from an agreed-upon break with the authoritarian-bureaucratic states: "Given two mutually exclusive concepts, war or consensus, the agreed-upon break points to the building of a collective will. My proposition is to rescue politics as a deliberate creation of the future. Now, doesn't the agreement indicate the idea of consensus?"⁶.

The processes of transition towards democracy involve the recuperation of social unity from the atomization of society provoked by authoritarianism

In our opinion, consensus is expressed in relation to an alternative national popular and democratic project. The problem consists of how to reconstitute democratic legitimacy: a certain idea of democratic participation in the transition governments of South America. In other words, we are not thinking only about the "crisis of reason"⁷ discussed by Cardoso, but instead, fundamentally, in a change of regime rather than in the political system.

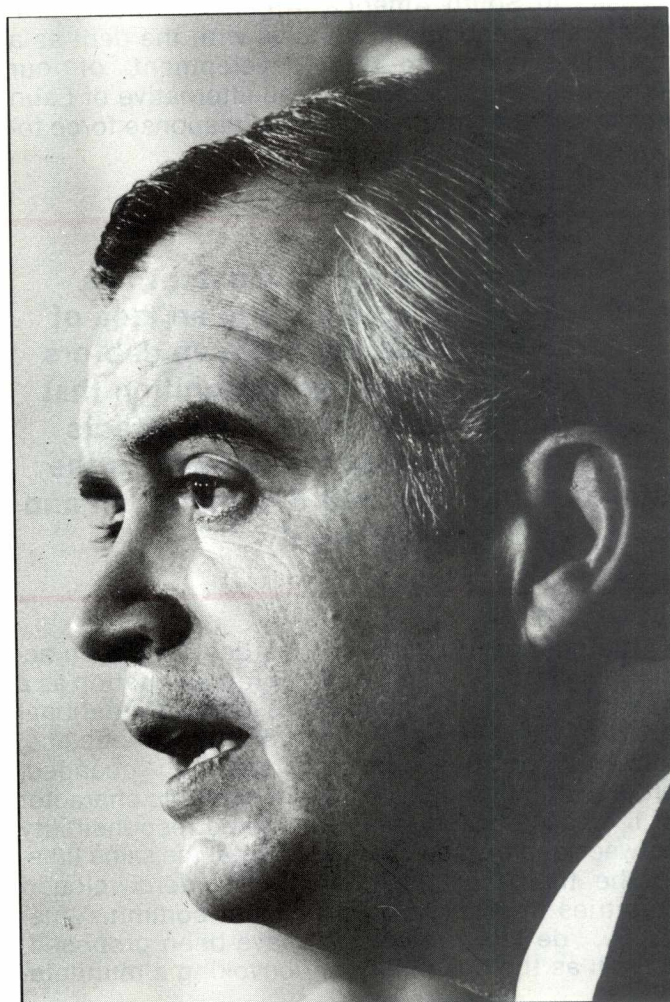
This necessarily leads us to the theme of democratic socialism, which exercises a formidable fascination on Latin American political thought. What is more, certain historical categories are recuperated, as these do not belong exclusively to capitalism but rather, are patrimony of humanity in its totality: equality, democracy, and freedom. We begin to enter a new stage in Latin American thought which takes up what is "democratic" from previous experiences (the oligarchic, populist, developmental, bureaucratic-authoritarian stage) into a kind of "open dialectic" (non-contradictory); a union between modernity (development) and democracy is produced in relation to the new social pact which is the result of the hegemony of the majority, national-popular, and democratic project.

Transition processes re-orient the discussion towards new or forgotten themes: the recuperation of social unity versus the atomization provoked by authoritarianism, the re-appearance of liberal slogans; democracy as a new form of social relation, the critique of authoritarian thought, the union of socialism and liberty. Some begin to speak of "post-Marxism" or of socialism as an extension of democracy.

The old idea of A. Pinto regarding the lack of synchrony between political and economic development is strengthened again in relation to the foreign debt. The process of indebtedness is inscribed in the logic of the unbalanced development in our countries: on one hand the search for political democracy, and the economic underdevelopment with indebtedness, on the other.

These two aspects of the transition processes show the unstable, unequal, and weak character of the South American "new democracies". The limiting point of the relation between economic crisis and political system in transition is expressed in the theme of the (eternal) foreign debt: this structural, historical heterogeneity re-formulates and argues the epistemological bases of the state. The thesis of structural heterogeneity of our countries, the rural-urban dichotomy, should be linked to the relationship certainly existing between economic crisis and the (relative) stability of the regimes in transition.

Thus, the polemic in relation to the exhaustion of industrialization by the substitution of imports (I.S.I. formula), brings to the discussion the degree of influence of certain economic phenomena (such as the foreign debt) on the maintenance of political systems⁸. We are in agreement with A. Hirschman, in the sense that Guillermo O'Donnell's proposition should be broadened and extended, regarding the supposed correspondence between "exhaustion" of industrialization through substitution, with the emergence of authoritarian regimes, making it attain a political level (the state), and not only as a partial economic explanation.



Mexican Treasurer Pedro Aspe, responsible for the renegotiation of the country's foreign debt. Photo by Angeles Torrejón/Imagenlatina



Social groups demand resolution of their demands for basic necessities. Photo by Angles Torrejón/Imagenlatina

This proposal, the exhaustion of the substitution-authoritarianism, can be valid as a global explanation regarding the failure of the populist pact of the 30's; but, it is not sufficient to explain the emergence of the current authoritarianism, with its doctrine of National Security.

We would like to transfer this same proposal to the debt crisis. Certainly, the exhaustion of the deepening of import substitutions can suppose the appearance of authoritarian regimes, by producing the weakening of the intermediate and capital investments; but, it would not have a general explanatory value in the sense that the debt crisis necessarily involves a definitive crisis of the legitimacy of democratic processes.

In other words, the debt crisis could provoke a deterioration in the stability and legitimacy of the democratic regime, but it is not a sufficient cause

of this situation. The effect of rupture situations in the transition, points to a return to the authoritarian model before a revolutionary opposition, understood as a fundamental break in the political system. The unilateral declaration of the moratoria in Brazil (suspension of payments for 90 days), the popular mobilization and the bank strike, in that same country, provoke a set of problems that place in jeopardy the permanence and success of the transition to democracy.

High Social Cost of the Debt

An important place in this discussion is occupied by civil society. Once resolved a first phase of political petitions, the economic demands are transformed into almost irresistible pressures for the political system (strikes, salary increases, employment), which separate the state from civil society. Political scientists have spoken of a "reinforcement" of the civil society in order to avoid or prevent future authoritarian attempts and/or to strengthen and support the transition processes. While not in the script, what has occurred is the understandable flood of citizens' demands in relation to postponed goals and hopes: standard of living, housing and employment.

After a time, pressures are displaced from political reclamations (elections, Constitution) towards demands for social rights. The society, recuperated from its long lethargy, demands the return of the benefactor state, without which the return to policies of redistribution of wealth and industrializa-

Political demands are later displaced by demands for social rights. The society, awakening from its long lethargy, exerts pressures for the return to the welfare state, without which the re-establishment of policies of re-distribution of wealth and industrialization in Latin America would not appear possible

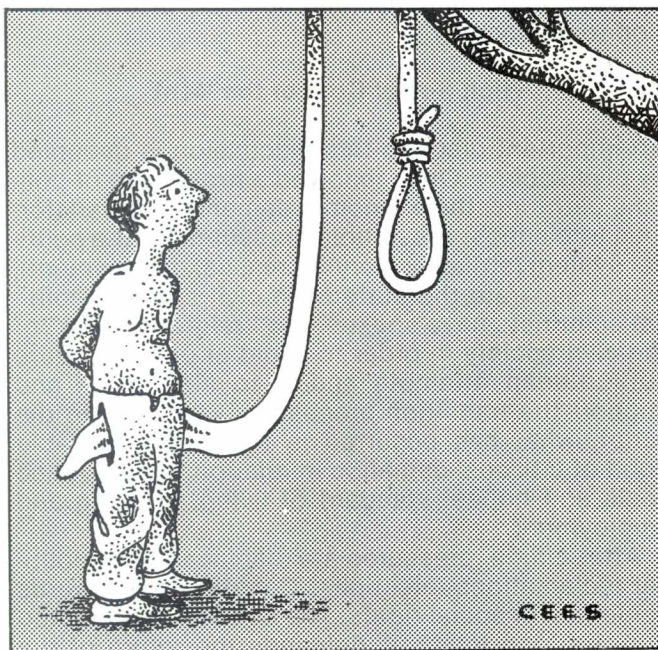
tion in Latin America would not appear to be possible.

Within this context, the theme of the debt appears as an external demand on the domestic system, which cannot be fulfilled in economic, political and social terms. On the economic plane, it is due to the immense cost implied in relation to the gross internal product, to payment capacity, to the weakening of economic and political sovereignty, and to the options of an autonomous development policy⁹; the payment of the debt means an immense bloodletting which assaults the bases of a national development policy.

On the political level, the debt brakes the possibilities of self-determination and seriously affects the stability of democratic processes. On the social level, as we have mentioned before, the debt affects the standard of living of the people (article 25 of the Universal Declaration of Human Rights), self-determination (article 1 of the Civil and Political Rights Pact and the Economic, Social, and Cultural Rights Pact of 1966), and political and economic sovereignty (United Nations Organization Letter on Rights and Economic Duties of States)¹⁰.

Affected Sovereignty

There is also a legal point of view on the debt problem in transition regimes. We would like to add to what has been said on the issue¹¹ in terms of the idea that certain state responsibilities exist which are "sensu internationale": in this way, the state's exclusive right to decide its political economy is recognized, for example, in deciding its customs tariffs and its regime of private property. Also, as proposed by Professor Rousseau, there are certain economic responsibilities exclusive to the



state, according to International Law, among which are the internal economic regime and the formulation of external economic policy¹².

This leads us to propose that the foreign debt becomes a fundamental element of internal legal-economic order, and is a matter of state sovereignty¹³. Economic sovereignty means analyzing the intervention of the state (planning, well being), and the proper direction of economic nationalism¹⁴.

The approval of the Letter of Rights and Economic Duties of States (Res. 3281, General Assembly, December 12, 1974) reaffirmed this principle as a norm in international economic relations. The road of transition is blocked by the absence of sovereignty, or by the state's impossibility to decide its economic policies for itself without the influences of third parties.

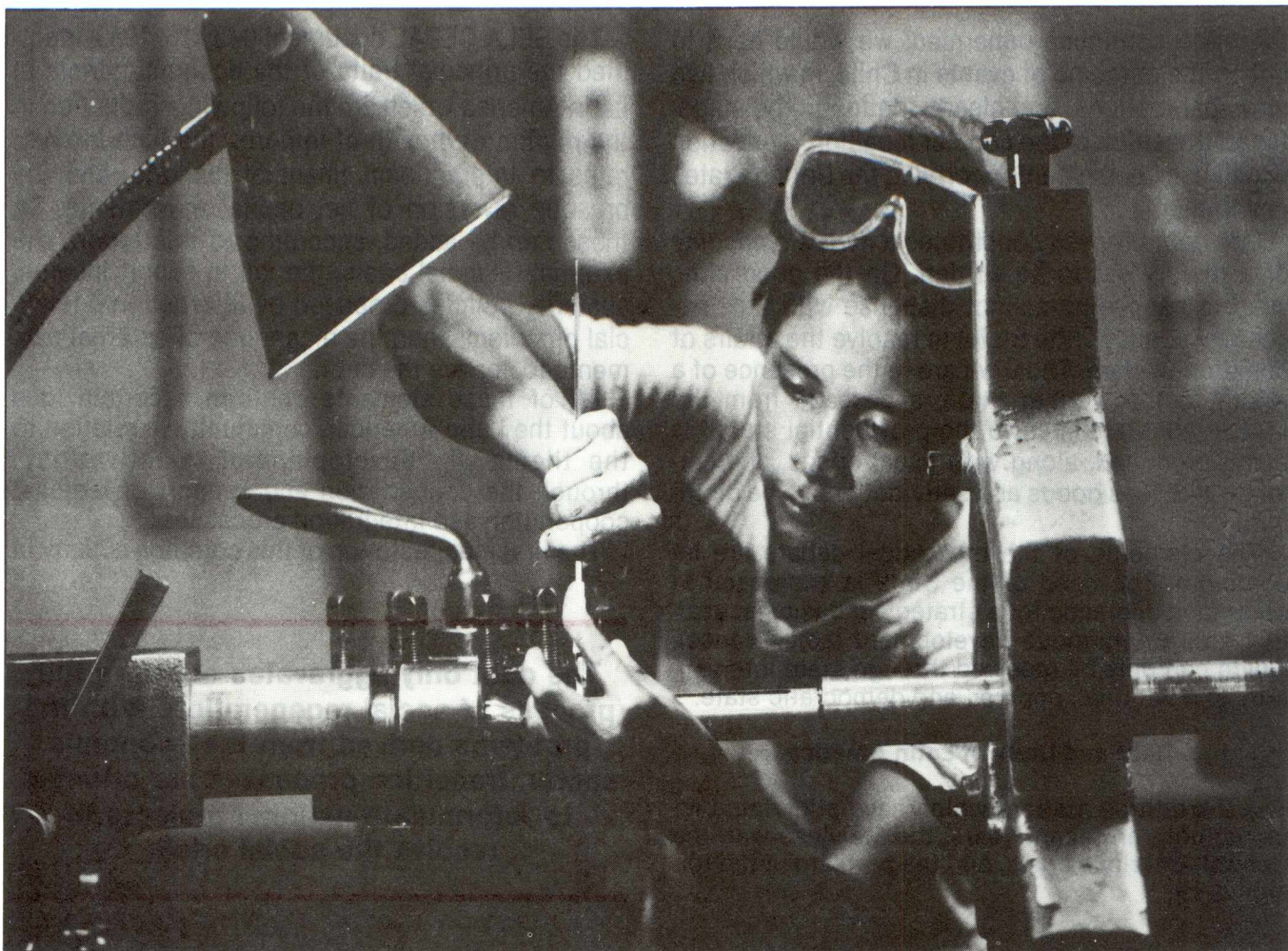
The payment of the debt means an immense blood-letting which assaults the bases of any national development policy.

The processes of transition face their first challenge in relation to human rights, such as the judgement and punishment of the military and others involved in crimes and violations of human rights during the military regimes

The heavy weight of the foreign debt lessens the viability of the democratic project. "From 1978 to 1982 the debt of the Latin American countries more than doubled, from 150,000 to 318,000 million dollars, coming principally from the commercial banks"¹⁵, and certain elements of regional agreement have begun to take shape in the management of the debt.

The rupture of the authoritarian models, as expressed by Juan Linz, are "agreed-upon breaks", such as in the case of Argentina, Brazil, and Uruguay, or else appear through popular rebellion such as in Nicaragua. Specifically we can note the following: 1) through the rise of a new governmental coalition, which includes and absorbs certain sectors of the populace, a project with some results in Brazil; 2) the other alternative consists of a polarization process which increases until it causes the fall of the authoritarian government. The domestic leadership has, at the time, two following options: a) to return power to the "apolitical" authorities such as the Supreme Court in order to call elections; b) to call majority organizations to power.¹⁶

The processes of transition face their first challenge in relation to human rights, such as the judgement and punishment of the military and others involved in crimes and violations of human rights. In this way, the transition is seen to be complicated by the need to exercise justice before putting its own political project in operation.



Industrial development is indispensable for Latin America's political stability. Photo by Marco Antonio Cruz/Imagenlatina

On the other hand, the theme of political democracy becomes a central point in the processes of transition, following the failure of the bureaucratic-authoritarian model to organize state and politics. The exhaustion of authoritarianism, a transition begun from inside or outside the military institution, represented an attempt at redemocratization which has not been accompanied by a project of economic democracy, at least not in its first stage.

Perhaps the most important phenomenon that we observe in transition processes is the re-appearance of political parties and social movements on the political scene

Instead it means returning, as in the old days, to the operation of the scorned liberal democracy: "Authoritarian capitalism was incapable of insuring the viability of the political model and between the foreign debt, unemployment, recession, the destruction of the productive plant, the incapability of state action, wars in some cases, the resurrection of civil society, and the transition to the new democracy; it was transformed into a call to administer a crisis and propose a solution which would "save the furniture of dominance"¹⁷. The

crisis of authoritarianism did not bring with it, as Graciarena notes, "a state crisis" which implies a change in the underlying forces of the system¹⁸. Perhaps the most important phenomenon that we observe in the transition processes is the re-appearance of political parties and social movements on the political scene.

The Reformulation of National Projects

The civil society, previously fragmented, has recovered its capacity for action and creation. Political parties, students' organizations, human rights groups, and trade unions, again begin to represent collective interests. It is polemical to affirm that, in many cases, the political parties have been surpassed by a more or less anarchic force of the social movements (residents, consumers, students), but it is still a fact that proves the dormant vitality of the civil society.

Thus, with the problems derived from the economic sector, the transition processes are oriented to reformulate national projects to resolve the social crisis; this means the organization of a new social pact (of a new contract, as Norberto Bobbio would say), in which the problem of social reconstruction is addressed, without substantial changes to the internal political system.

The theme of the debt only aggravates or slows the process of social regeneration. Nevertheless, in these experiments in South America, the idea of

the state continues unharmed; we would have to bet on the outcome of events in Chile, in which two principal options are clearly defined, the negotiated transition or the popular rebellion, a question which has been recently worrying the United States government.

The debt process constitutes a *deus ex machina* of a history yet to be written. On the good side, what is happening cannot dispense with the "necessary agency" (the State) to resolve the affairs of common welfare. Thus, we are in the presence of a return to the welfare State; a passage from the state-night watchman to the providential state¹⁹ is being produced, along with fiscal crises, and certainly with less goods and satisfactions to be distributed.

The elements of the theoretical debate are incomplete. The need of the State is expressed in continued demands for a strategy of basic necessities and autonomous development (self-reliance), which can only be resolved through state intervention, in a national, popular, and democratic state.

Debt and Unity in Latin America

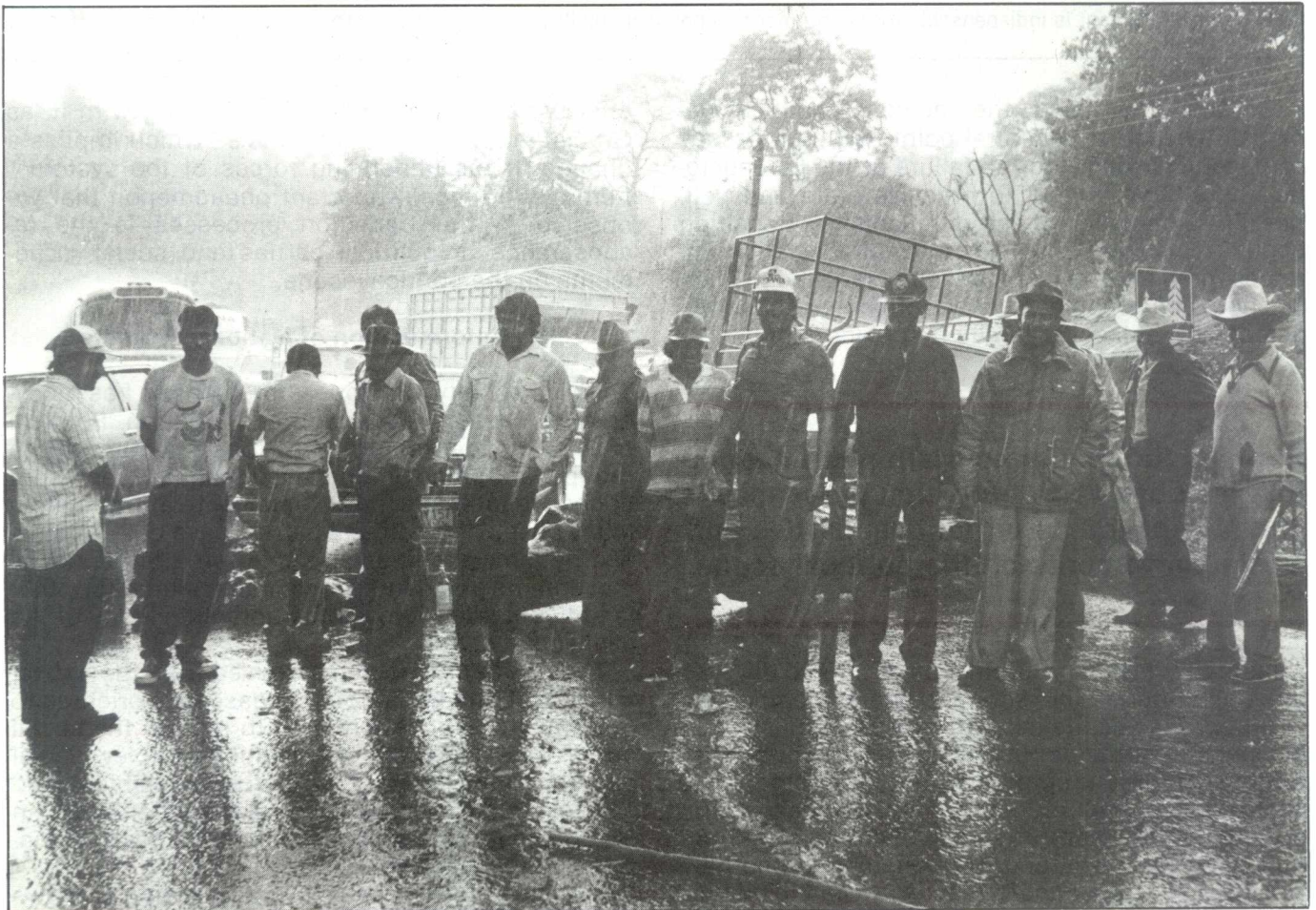
There are three matters which have stimulated regional unity in recent years: the Malvinas war, the Central American crisis, and the problem of the foreign debt.

The SELA-CEPAL document (May 16, 1983) identified the principal traits of the economic crisis in Latin America which are the following: reduction in the rhythm of growth of imports, the high interest rates in international financial markets, and the brusque reversion of net capital movement²⁰. To these can be added, according to this report, the external financial crisis, the fall in export income, austerity policies proposed by international financial organisms, and the magnitude of external payments to service the debt.

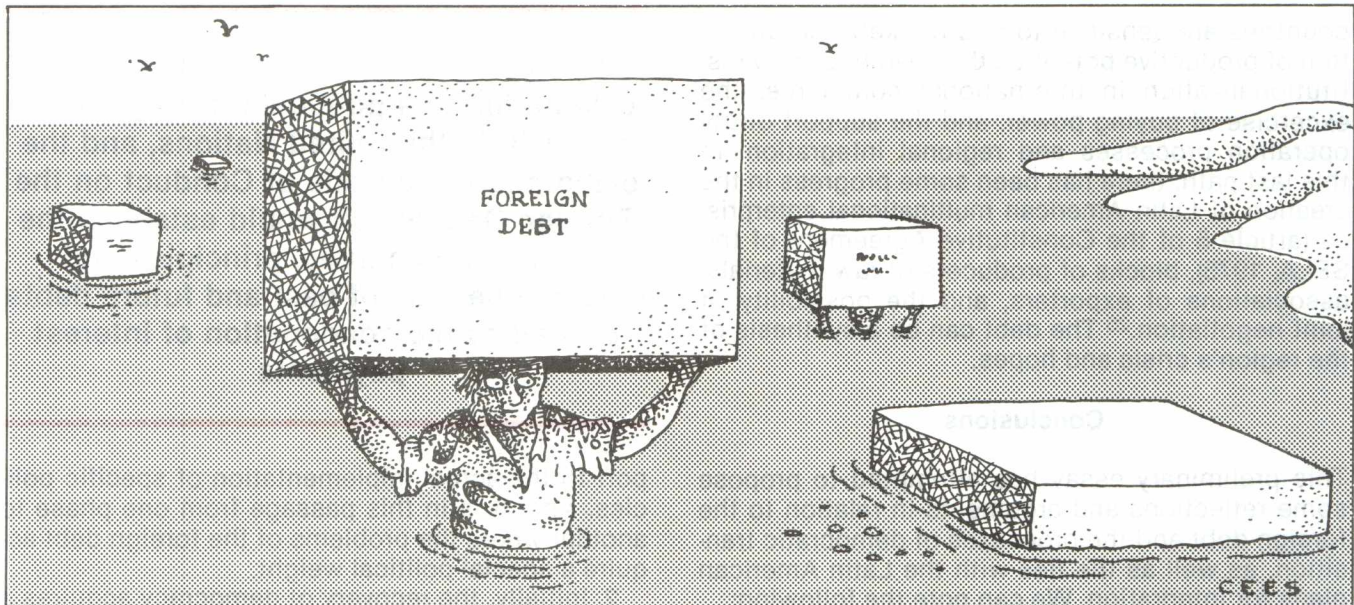
All of these elements conform a certain idea about the Latin American community in relation to the theme of "developmental re-activation", through the concertation and support of regional cooperation and integration processes.

The first manifestation of this common activity in

The debt only aggravates or slows the process of social regeneration. With the problems derived from the economic sector, transition processes are oriented to reformulate national projects to resolve the social crisis



Workers block a highway to support their demands - in spite of the downpour. Photo by Angeles Torrejón/Imagenlatina



the face of the debt was the combined declaration of the heads of state of Argentina, Brazil, Colombia, and Mexico, on May 19, 1984. To this declaration was added a note from these countries and from the presidents of Ecuador, Peru, and Venezuela, addressed to the seven principal industrialized nations of the West, in which the following was set forth: "It is necessary to have a constructive dialogue between debtor and creditor countries in order to identify the concrete measures which would lighten the load of the foreign debt, taking into account the interests of all involved parties".²¹

In the "Economic Declaration of London", certain criteria were softened: the decision of the industrialized nations to increase the flow of capital to developing nations was announced, and the idea of extending the payment period of the debts contracted with the private bank was accepted.

The Latin American reply was given in Cartagena from June 21 to 22 of 1984,²² as a joint perspective towards regional debt negotiation. The chancellors and ministers of Revenue met on several later occasions which were at the following places: Mar de Plata (September 1984); Santo Domingo (February 1985); Montevideo (December 1985 and April 1986); thus opening the way for the idea of "payment with growth".

The Latin American criteria regarding the debt approved in these meetings highlighted the regional tendency to give priority to growth before payments, while recognizing the existence of international obligation ("pacta sunt servanda"): 1) the shared responsibility between debtors and creditors; the clause "rebus sic stantibus" (modification of the circumstances) was implicitly recognized; 2) the possibility of a political dialogue between creditors and debtors through direct participation; and 3) a case-by-case treatment yet within a collective framework, establishing general criteria for renegotiation and financing.

These ideas mean that there can be a collective treatment of the debt problem. "It is interesting to note the asymmetry in the creditors' argument regarding the impossibility of an understanding with debtors in virtue of the singularity of each national case. Nevertheless, the recipe for adjustment is the same for all. The inconsistency of the argument used in the concrete plan of debt negotiation is truly astounding"²³. This collective option is reinforced by the propositions of Cartagena regarding interest reduction, (interests have reached the highest levels in history), such as the following: the search for new measures in restructuring the negotiations, such as interest rates which reflect real costs, the maintenance of a minimum of intermediary margins, and consideration of the debtors' economic recuperative capacity; the modification of bank legislation in debtor countries to increase payment periods more in line with economic realities; the limiting of the service on the debt, such as in Peru, to 10% of its export income, which has been a general criterion adopted by the Consensus of Cartagena.

There are three matters which have stimulated regional unity in recent years: the Malvinas war, the Central American crisis and the problem of the foreign debt

The search for negotiating power appears as a reply to the hegemony of the centers, in the perspective of a more self-reliant development (not autarchic) or of self-centered development at a regional level.²⁴ The elements of this regional power include the following: the utilization of the regional market as a negotiating mechanism (some central

countries are sensitive to this market), the utilization of productive potential, the search for new institutionalization in international commerce, the exercise of buying power, and the support of cooperation processes and regional integration. In this last path, there has been some progress in the creation of Latin American multinational enterprises (article 5 of the Constitutive Agreement of the SELA, 1975), blocks of producers of raw materials, associations of exporters, and the possibility of joint negotiation.²⁵ The debt can be a synthesis of the region's crisis and hopes.

Conclusions

This preliminary essay has attempted to propose some reflections and arguments in relation to the foreign debt and the processes of democratic transition, as well as the ties with the Latin American plans for integration. We can note the following:

1. Throughout this essay, we can observe that two phases in the processes of transition can be distinguished²⁶: a) the decision phase in which the fundamental guidelines of the political regime (Constitution, elections, political economy, etc.) are approved; and b) the habituation phase which deals with the problems of consolidation of the democratic order (competitive policy, universities, foreign debt). In other words, there is a shift from sup-

This essay makes two proposals: the celebration of a political meeting on the debt within the United Nations, and the elaboration of a Code of Conduct on the Foreign Debt which would establish the norms, procedures, principles and payment periods of past and future debts as well as the condonation of interest payments

port to the actual implementation of specific policies. And, it is in this passage from one phase to another where the problems of the foreign debt acquire a special political weight.

2. Initially, the recovery of democracy acquires a character which is almost exclusively political. Later, economic and social recovery begins (salaries, employment) within the regional and international framework which is notably adverse.

3. Latin American pronouncements and profiles on the theme of the foreign debt (the Declaration of Montevideo, the Consensus of Cartagena) prove the need for a common attitude.

4. The transition regimes studied derive from an



Members of the Democratic Revolution Party close a highway in Michoacán, protesting state election results in July, 1989. Photo by Angeles Torrejón/Imagenlatina

FOREIGN DEBT AND ITS INFLUENCE ON THE INTERNAL ECONOMY

Today it is common to hear that the foreign debt is affecting the standard of living of Mexicans at all levels.

The payments towards the service of the debt have signified that the internal economy is conditioned to compliance with international commitments in detriment to national growth and development.

In 1982, Mexico paid 16.5 billion dollars in debt service payments; in 1984, 14.1 billion; in 1985, 12.8 billion; in 1986, 13.1 billion; in 1987, 11.9 billion; and in 1988, 8.9 billion. In total, from 1981 to 1988 Mexico paid 76,616,300,000 dollars of interest on the debt (70.9% of its debt service payment) and 33,773,100,000 dollars for amortization (29.1% of the debt payment).

The interest payments on the debt, in proportion to the total expenditure of the public sector, grew from 12.5% in 1988 compared to 1981. This signified a slowdown in the production of goods with respect to the population growth. From 1981 to 1988, due to the continuous money-saving policies in public finances, through budget cuts, sale and liquidation of state-owned institutions, public investment was reduced by 58.6%.

This was also due to the shrinking of the internal market and the lack of financial and fiscal stimuli.

Due to the increasing absorption of resources by the public sector to pay for the deficit and the debt, the financing of the national productive sector decreased by 28.9% from 1981 to 1988.

On the other hand the reduction in the use of productive capacity, the stagnation of national supply and demand, the shrinking of investment and budget cuts have caused a 60% decrease in the generation of new jobs. The young economically active population has not been integrated into the work market. With this, underemployment has increased by almost 20% due to the lack of available jobs. An example of this is the manufacturing industry: in 1982 this sector employed 25 million people and in 1988 it only employed 24 million people. In this case not even the number of jobs that existed in 1981 could be maintained, much less could more jobs be generated for the new working population.

The fall of oil prices at the end of 1981, the restriction on foreign credits and the increase of international interest rates further worsened the economic situation of the country. At the beginning of 1982 Mexico had to renegotiate the debt in order to overcome the crisis. The previous year Mexico had contracted short-term bank credits due to the difficulty of obtaining medium- and long-term loans. This caused the debt of the public and private sectors to reach 24.2 billion dollars in 1981. From this point on international creditors doubted that Mexico would be able to fulfill its economic commitments and opted for a total restriction of credits.

At the end of 1982 the debt came to 87 billion dollars. The crisis was heightened with the increase of imports and the decrease of exports due to the world economic crisis, particularly in the oil sector. The result was a deficit of 12,554,300,000 pesos in the current account, inflation of almost 100% and a fall of 0.5% in national production.

We can see how the debt has affected the country and also what the debt commitments represent for the nation's internal economy. Mexico has not been able to democratically adopt an economic policy that signifies a real national growth and development according to the needs of the country. Rather, it is subject to the restrictions of creditors who have imposed an economic policy that reflects foreign interests rather than internal ones. (OMAR OCAMPO).

"agreed-upon break" with the previous authoritarianism, proposing a change in the society and in the political regime, without reaching a "state crisis" or a system crisis.

5. The foreign debt becomes the limiting point between two polar options: a) the possibility of return to a new authoritarian situation; and b) the passage from largely political demands (change of regime, liberty, elections, "grand themes"), to the phase of distribution of economic and social satisfactions.

6. The idea of a gap between political development and economic lag, such as in the case of Argentina, Chile, and Uruguay, is seen as particularly influenced by the debt theme as a mechanism which affects human rights, in particular, political and economic sovereignty and self-reliance.

7. There are some principles in International Law which are contradictory in the case of the foreign debt, in particular, the application of the clause "rebus sic stantibus" and the principle of illicit enrichment.

8. Two propositions are offered as conclusions to this essay. The first involves the celebration of a political meeting on the debt within the United Nations. The second involves the elaboration of a Code of Conduct on Foreign Debt which would establish the norms, procedures, principles, and payment periods of past and future debts as well as the condonation of interest payments.

It would be necessary to discuss the nature of the Code and its obligatory enforcement, due to the lack of obligation associated with anterior codes such as in the case of transnational companies, technology transfers, food and pollution, Norms and principles would be defined within applicable International Law; the mechanism or judicial or extrajudicial body which would determine actual and future controversies; and the theme of the interest and capital payments as well as other relevant themes would be debated.

9. The debt has retrieved the idea of Latin American unity. Never before has regional integration been more necessary.

Footnotes

¹ On legal discussion of the debt, see: Anatole Kaletsky, *The cost of default*, Priority Publications, New York, 1985; Gonzalo Biggs, *Aspectos legales de la deuda pública latinoamericana: La relación con los bancos comerciales*. Revista de la CEPAL. Santiago No. 29, abril, 1985; Miguel A. Martínez, *Algunas consideraciones jurídico-políticas acerca de la alternativa del no pago de la deuda externa de América Latina y el Caribe*, Instituto Superior de Relaciones Internacionales, La Habana, Cuba, 1986; Luis Díaz Müller, *Derecho al Desarrollo y Derechos Humanos*, Instituto Interamericano de Derechos Humanos, San José, Costa Rica, 1986; and others.

² On the theme of debt and human rights, there is little bibliography, but see the following: Günter Frankenberg and Ralf Knieper, *Problemas jurídicos del sobreendeudamiento de los países en desarrollo. Relevancia actual de la doctrina de las deudas odiosas*. In *Derecho*, Pontificia Universidad Católica del Perú, Lima (Perú), No. 38, diciembre, 1984; Luis Díaz Müller, *Deuda y Derechos Humanos*, Revista Universidad de México, agosto, 1986.

³ M.A. Garretón. *Democracia, transición política y alternativa*

socialista en el capitalismo autoritario del Cono Sur. In *Los caminos de la democracia en América Latina*. Madrid, Fundación Pablo Iglesias. 1984.

⁴ Norberto Bobbio. *El futuro de la democracia*. Fondo de Cultura Económica. México. 1986.

⁵ Enzo Faletto. *El estado y lo nacional-popular*. Santiago. Working paper. FLACSO. 1976.

⁶ Norberto Bobbio. op. cit., pp. 34.

⁷ Fernando H. Cardoso. *El desarrollo en el banquillo*. Mexico. ILET. 1980.

⁸ Albert O. Hirschman. *El paso al autoritarismo en América Latina y búsqueda de sus determinantes económicos*. In David Collier, compiler. *El nuevo autoritarismo en América Latina*. Mexico. Fondo de Cultura Económica. 1986.

⁹ Internal effort, for the CEPAL, is based on the following elements: promotion of internal savings, increase in public savings, control of inflation, integrated development and functional equity. Nacional Financiera. *El Mercado de Valores*. Año XLVII, No. 6, febrero 9 de 1987.

¹⁰ There has been a recuperation of the idea of sovereignty, especially economically, in International Law: Enrique Pecourt García. "La dimensión económica de la soberanía estatal: Sus perspectivas actuales y su repercusión en el derecho internacional contemporáneo." Madrid. Revista Española de Derecho Internacional. Vol. XXI, No. 3, 1963; Aldo Ferrer. *Una propuesta para pagar la deuda y defender la soberanía*. México, Comercio Exterior. Vol. 36, No. 11, noviembre 1986, pp. 978-983; Luis Díaz Müller. *Obstáculos al Nuevo Orden Internacional*. Rio de Janeiro. Comité Jurídico Interamericano. Agosto, 1987.

¹¹ Luis Díaz Müller. *Deuda Externa y Derecho Internacional*. México, Instituto de Investigaciones Jurídicas, U.N.A.M. 1986.

¹² Charles Rousseau. *L'indépendance de L'Etat dans L'ordre international*. The Hague. Recueil des Cours, Vol. 73, 1948-II, pp. 237-246.

¹³ For a discussion in which the "anachronism" of the concept of National Sovereignty is proposed, see Wolfgang Friedman. *The Changing Structure of International Law*. New York. Columbia University Press. 1964, pp. 31-44 (chapter 3).

¹⁴ On the discussion of economic nationalism and the intervention of the state in Latin America, see Luis Díaz Müller. *El Derecho Económico y la Integración de América Latina*. Bogotá. Editorial Temis. 1987.

¹⁵ Jesús Silva-Herzog F. *Evolución y perspectivas del problema de la deuda latinoamericana*. Revista Comercio Exterior. Mexico. Documentos. Vol. 36, No. 2, febrero, 1986.

¹⁶ See *The Breakdown of Democratic Regimes*, edited by Juan J. Linz and Alfred Stepan. Baltimore and London. John Hopkins University Press. 1977.

¹⁷ Manuel A. Garretón. *Democracia, transición política y alternativa socialista en el capitalismo autoritario del Cono Sur*. Op. cit., pp. 275.

¹⁸ Fernando H. Cardoso. *La Sociedad y el Estado*. Madrid. Pensamiento Iberoamericano No. 5. a). enero-junio 1984.

¹⁹ Pierre Rosenvalloes. *La crise de L'Etat-providence*. Paris. Editions du Sevil. 1981.

²⁰ Carlos Alzamora (SELA) and Enrique Iglesias (CEPAL). *Bases para una respuesta de América Latina a la crisis económica internacional*. Mexico, CIDE. *Economía de América Latina*. Primer semestre. 1984.

²¹ Jorge E. Navarrete. *El manejo de la deuda latinoamericana: Políticas y consecuencias*. Mexico. Vol. 37, No. 1, enero 1987, p. 5.

²² Argentina, Brazil, Colombia, Mexico, Ecuador, Peru, and Venezuela participated, as well as Bolivia, Chile, the Dominican Republic and Uruguay.

²³ Aldo Ferrer. *Una propuesta para pagar la deuda y defender la soberanía*. Comercio Exterior, Vol. 36, No. 11, Mexico, noviembre 1986, pp. 978-983.

²⁴ Documento CEPAL-UNCTAD-SELA. *El proteccionismo de los países industrializados: Estrategias regionales de negociación y defensa*. Trimestre Económico. Vol. LIV (1), Mexico. Enero-marzo 1987, No. 213.

²⁵ Luis Díaz Müller. *El SELA y las empresas multinacionales latinoamericanas*. Mexico. UNAM, 1987. Second edition.

²⁶ Carlos Huneeus. *La transición a la democracia en España: Implicaciones para América Latina*. North Carolina — Latin American Studies. University of North Carolina, Chapel Hill. 1983.