Andean Report by Javier Almario

The fight against usury

Colombian President Betancur denounces the World Bank and IABD as "instruments of colonial policy."

'Colombia's position has been one of open and categorical resistance to limitations" imposed by the World Bank and Inter-American Development Bank (IABD), declared Colombian President Belisario Betancur in a March 14 address to an audience of industrialists who, together with other sectors of the Colombian economy, have been furiously protesting the destruction of their productive capabilities by these banks' lending conditions.

Betancur's denunciation of the usurious practices of the multilateral lending institutions occurs at a moment of fast growing ferment across the Ibero-American continent. Exemplary is the March visit of Peruvian President Alan García to Argentina, where his demands for continental solidarity against usury and the debt drew strong support from labor and the Peronist movement. Simultaneously, Panama has been convulsed by strikes and protests by a labor/industrial alliance against International Monetary Fund-dictated "reforms" that threaten to destroy labor and the national industrial sector.

In his speech to the Colombian industrialists, Betancur denounced the myth of free trade under an unfair world economic order. "We should never forget that the structures of the international markets rarely adjust to conditions of perfect free competition as defined in the textbooks; today international trade in manufactured goods is ruled by the major multinationals and by international policies. . . . Our policy of foreign trade must take into account the fact that free trade, in the majority of cases, is a myth."

Betancur gave, as evidence, the fact that, "increasingly, flows of credit to the developing nations are conditioned on the purchase of products made in the creditor countries." This colonial practice, he said, was not only carried out by the private commercial banks, but also "in the case of credits from the multilateral institutions, like the World Bank and Inter-American Development Bank, [where] strict limitations are placed on protection of national industry and where a refusal to finance non-exportable goods causes a deviation toward imports and disturbs national industry. The government's attitude has been one of open and categorical resistance to these limitations."

Among the many protests against World Bank lending practices in Colombia is that of the agricultural producers, who charge that the Bank has conditioned its credits on the demand that Colombia 1) lift all restrictions on food imports, 2) raise interest rates on agricultural credit, 3) keep any increases in state-subsidized prices for agricultural goods "below the inflation rate," and 4) give the right to import food to private businessmen.

Development Minister Gustavo Castro Guerrero declared on Feb. 25 that these conditions of the World Bank reflect a "double morality," because they are demanding the "free import of wheat and other products whose [domestic] cultivation their loans are designed to encourage." The minister insisted that in negotiations with the World Bank to achieve a modification of these conditions, "the Betancur administration's golden rule of protecting national industry will be maintained" at all cost.

In the February issue of the milk producers' newsletter, Antioquian dairyman Jenaro Pérez Gutiérrez—manager of a dairy cooperative—charged that "well informed sources in the Development Ministry have informed us that the World Bank is blackmailing the Colombian government to open up to imports of powdered milk or lose a $250 million loan. Is it fair for the consumer that powdered milk surplus should arrive in Colombia to be mixed with water and sold as if it were fresh and pure? In some countries, this practice is a crime."

And yet the Betancur government is being forced to yield to many of the very conditions it protests. On March 12, just two days before Betancur's address to the industrialists, director of the Federation of Grain Producers Adriano Quintana Silva rejected newly established price subsidies as too low to sustain adequate dairy production levels. He pointed out that while dairy producers expected a price increase of 13.5% to 16%, the increase was only 7% to 9%. According to Quintana Silva, this decision "constitutes a fulfillment of impositions set by the World Bank, to the detriment of the country's agriculture."

The Betancur government is only too well aware of the implications of these conditions for the Colombian economy. However, until Ibero-America creates the kind of continental financial institutions which can step into the breach, few countries are willing to incur a credit cutoff which rejection of those conditions implies.

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