Colombia: 'economic opening' or industry

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The public unveiling of the first phase of Colombia's so-called "economic opening" took place in the last week of February. The ministers of development, economy, and national planning revealed an economic package whose main ingredient is the transfer of several hundred tariff categories from the pre-approval list to free-import status. The intent is to free all merchandise of import restrictions within the next five years.

Should this strategy be realized, thousands of foreign products will inundate the Colombian market, with the resulting bankruptcy of an already enfeebled national industry. The stated purpose of the World Bank, architect of the policy of the President Virgilio Barco government, is to try to force Colombia's backward industrial sector to compete with foreign industry, all under the guise of "modernizing" industrial production to make it "internationally competitive."

This kind of "opening" is not new; it has been imposed innumerable times during the past two centuries with the same results: to guarantee that Colombia never becomes an agricultural or industrial power in its own right. The situation today is so serious that the majority of Colombian economic associations, headed by the National Industrialists Association (ANDI) and the Federation of Metallurgical Industries (Fedemetal), have rejected these World Bank efforts to wipe out domestic industry.

President Barco is committing precisely the same kind of economic error that Gen. Francisco de Paula Santander did, when the latter granted a wide array of commercial and maritime privileges to the United States and Great Britain in 1824 and 1825, respectively. He granted most favored nation status unconditionally to the great powers, while Colombia's situation in its own hemisphere deteriorated and any cooperation with the rest of Ibero-America, with whom historic and cultural links exist, collapsed.

Suffering under absurd illusions, Colombia began to believe that it was a great industrial power that could rub shoulders as equals with the United States, Great Britain, and the Netherlands, and opened up its substantial market to those nations. Despite this, New Grenada was left with a colonial economy, because Colombia refused to employ tariff protections that would have enabled it to develop its own manufacturing capability.

Therefore, let us be frank. The highly touted "opening" is not an instrument for industrializing the country. On the contrary, if implemented, it will guarantee that Colombia returns to a craft-based rural economy plagued by social chaos, unemployment, and violence.

The 'opening' is to pay the debt

The process of "industrial restructuring" has been promoted and imposed by the World Bank upon various nations since 1980. The Baker Plan and its successor Brady Plan insist that the problem of the developing sector's foreign debt be resolved by "structural adjustments" of these victim economies. The intention is to orient the economies of the Third World exclusively toward exports, to guarantee "trade surpluses" that would permit timely servicing of the foreign debt. The "opening," it is thus clear, has little to do with industrialization and everything to do with debt repayment.

"Restructuring" further implies a new international division of labor, according to which so-called Third World countries are expected to abandon their legitimate aspirations to develop a modern capital goods and machine tool sector. The bankers prefer that the Third World specialize, instead, in what they dub a "comparative advantage," namely, labor-intensive activities. In fact, this would condemn the developing sector to a permanent pick-and-shovel existence.

The World Bank's proposed "economic opening" includes the following measures:

1) eliminating import restrictions (the phase that has already been launched in Colombia);

2) privatizing state sector companies;

3) eliminating subsidies for all sorts of activities;

4) eliminating price controls, or freeing prices (a process which has already begun in Colombia);

5) modifying labor legislation to facilitate mass layoffs;

6) restructuring the financial sector to permit all kinds of transactions with foreign capital, which would thereby be enabled to take full control of developing sector economies; and

7) eliminating any independent nationalist force that seeks to oppose the designs of the World Bank and the International Monetary Fund.

This is the strategy of the international creditor banks toward the developing sector nations. However, the social explosions being triggered by application of these kinds of austerity packages will guarantee in the relatively short term that the treasonous governments which implement these measures rapidly lose whatever remnants of popular support they may still claim. The outcome could well be a revolt against economic liberalism, similar to the Eastern European revolutions now occurring against the tyranny of communism.