COLOMBIA

Betancur uses bank nationalization threat

by Valerie Rush

"If they force us to nationalize, we are prepared to do so without regard to particular interests, no matter their size or origin." With this statement, designed to shock Colombia's rebel banking sector into conforming to national interests, Colombian President Belisario Betancur has fired another salvo in what is fast becoming open warfare between the new nationalist head of state and the country's financial czars whose interests have coincided for at least a decade with those of the international narcotics cartel known as Dope, Inc.

On the occasion of Betancur completing his first 100 days in office, former President and number one Dope, Inc. asset in Colombia López Michelsen announced that the honeymoon with the new administration has ended. "What are we going to do with unpayable debts and interest rates which lead to total industrial paralysis?" accused López, whose own 1974-78 government had first introduced the monetarist economics of Milton Friedman into Colombia. López called on the opposition Liberal Party to follow him in forging an active resistance front to the Betancur administration. In response to López's challenge, Betancur issued an open letter to the press last week in which he charged that his administration had inherited a financial disaster from previous administrations of such proportions that to reveal the figures of the fiscal deficit created by López and his successor-puppet Turbay Ayala "would be subversive."

In his latest warning to the bankers, Batancur declared that upon taking office, his government found the country in the midst of a "cataclysm" worse than any geologic disaster, a cataclysm which "destabilized the entirety of the economy and caused a fatal metastasis in both general economic activity and . . . in the pocketbooks of every Colombian family. . . . We don't wish to resort to the rigors nor the extremes of other nations, but if necessary, we are prepared to nationalize because the interests of the community come first."

What triggered Betancur's threat was the refusal of the banks to follow the government's latest effort to bring the financial crisis under control, a decree ordering an initial 3 percent decrease in official government lending rates which Betancur expected to be reflected in a similar lowering of private-banking interest rates. The bankers responded to the executive initiative by announcing that lower interest rates would have to wait until after the Christmas season, when a rush of consumer borrowing at the current 45 percent would bring a windfall to the banks. The bankers then called on Betancur to withdraw the government bonds which compete with their private paper on the commercial market.

After nearly a decade of Friedmanite austerity combined with a deliberate stimulation of the illegal drug trade, the desperate Colombian population cried 'Enough!' and voted Betancur. He started out trying to be all things to all people, while genuinely trying to pull his country out of its crisis. He has been fought at every turn by agents of the drug-linked oligarchy, both from within his own cabinet and from without. He has now started to fight back.

The job Betancur faces is enormous. Consider Colombia's inherited financial problems:

- the government's present fiscal deficit is an incredible one-half of the total 1982 operating budget of 320 billion pesos (64 pesos/dollar);
- the country's number one export earner, coffee, is in a bad slump; Colombia expects next year to store as many sacks of coffee as it will export, a low 8 million;
- the country's second-largest export earner, textiles, is bankrupt; the giant Celanese, indebted to 94 percent of its capital, was bailed out this year, but the two textile companies Coltejer and Fabricato have debt/capital ratios of 81 percent and 76 percent respectively;
- Colombia's largest industries report the following debt/capital ratios: Cervecería Andina-76 percent; Companía Nacional de Cigarrillos-76 percent; Cementos del Valle-86 percent; Metálicas de Palmina-70 percent; Avianca-75 percent.
- state agencies are all staring bankruptcy in the face as well: the Agricultural Fund (Caja Agraria) owes 7.6 billion pesos; Ecopetrol, 2.5 billion; railroads 4.6 billion; Education Ministry 50 billion.

Betancur is being offered two solutions to the crisis. One, which has been endorsed by prestigious members of the political, economic, and government communities, is to give the billions of dollars of drug money that has illegally entered the economy or been deposited in Swiss or offshore accounts an "amnesty"—register your dollars with no questions asked—in return for which the government gets a tax windfall with which to pay off its debts. This approach has been encouraged by the Justice and Finance Ministries, the nation's Comptroller General, the head of the national industrialists association, politicians and senators from left and right, and even personal advisers of President Betancur.

The other solution is being proposed by labor leaders who are being urged by the oligarchy to accept their "quota of sacrifice" while the banks get their "amnesty." The country's four labor federations plan a show of force Dec. 2, when one faction hopes to present Betancur with a program for nationalizing the corrupt banks, lowering interest rates across-the-board by executive decree, imposing strict exchange controls, launching a brute-force industrialization drive and joining the rest of the continent in its fight for joint renegotiation of their foreign debts.