

and controlled reduction of the birth rate. . . .

Some people are dreaming up schemes of how scientific and technical advances might enable mankind to expand at an even higher rate than today's and how these masses of people could find homes in currently uninhabited stretches of Latin America. . . . Future technological advances will be beyond our reach, just as our farmers today have failed to master the techniques of United States agriculture.

Dr. Rodrigo Botero Montoya, former Finance Minister of Colombia (1974-76) and member of the Aspen Institute and Brandt Commission, made the following remarks to an American journalist on Oct. 19, 1981:

Q: What is your assessment of how the population issue will be treated at the North-South conference in Cancún, and what is the role of the Brandt Commission on this issue?

A: I'm sure you've seen the Brandt report . . . there is a chapter there on the points we make on the population question and the more or less obvious observation that it is going to be difficult to defeat poverty worldwide unless something is done about the population issue. . . . Also accepting the understanding that this is something that is much more amenable to internal, domestic politics—that is, to policy decisions that are taken *autonomously*, rather than something that is recommended or pushed across international frontiers because of the sensitivity of the question.

What I have seen, again reflecting on the Colombian experience, is that instead of launching a massive campaign to say that we're going to bring down the birth rate, you go about improving the status of women, improving job opportunities for women and doing all kinds of indirect things . . . these have a very large repercussion on the birth rate without the political flak from addressing the thing head-on.

Q: What about the role of the Catholic Church in Colombia; wasn't it an obstacle to population policies?

A: Well, the way the thing was done was without making too much noise. The services just quietly became available. The thing did not become a hot political issue. More or less an understanding with the Church hierarchy was arrived at. The hierarchy saved face, the services were made available, and nothing too much was said about it. So that the government has in no case come out, say as in India, saying that anyone that gets a sterilization has a free transistor or whatever. The government has spoken very little about this . . . it's made no pronouncements. The services have just become available. . . .

As far as handing this issue internationally, my recommendation is to exercise enormous caution, and if possible *not bring it up publicly*.

Agricultural Case Study

Dope, Inc. destroyed the cotton industry

by Carlos Cota Meza in Bogota and
Valerie Rush in New York

A recent series of reports in the Colombian press on the crushing bankruptcy of that country's once substantial cotton industry has focused on "human interest" stories about the 15 major growers from the province of Cesar whose financial dissolution drove them to suicide. What the press reports have ignored is the fact that the "white agony"—as the cotton crisis in Colombia is called—is the result of a conscious policy of sabotage begun under the López Michelsen administration of 1974-78 for one exclusive purpose: to eliminate a viable and productive sector of the economy, and to free up land and labor for the far more lucrative cultivation of marijuana and coca.

The history of the so-called cotton crisis is as follows.

In 1977, the Colombian cotton industry was facing its best prospects ever. On the Atlantic Coast, 283,015 hectares had been sown with cotton, while the departments of Meta, Huila, Tolima, Valle del Cauca, and Cundinamarca combined added another 115,000 hectares—a total cultivation area not reached before 1977 nor since. Nearly 500,000 people were either directly or indirectly involved in cotton cultivation.

The marijuana industry had already captured the barren northeastern province of the Guajira Peninsula and stretches of land along the Atlantic Coast, and had sopped up at least 100,000 of the seasonal workers who traditionally survived on subsistence wages across the border in Venezuela. If "narcodollars" were going to continue to swell Colombia's reserves, the marijuana growers would need more land and more hands to work it. President López Michelsen decided to provide both.

Colombia's unexpected 1975-76 "coffee bonanza" had flooded the country with literally billions of dollars which, combined with growing monies from the dope trade, threatened to seriously unbalance Colombia's fragile monetary situation. The López administration

used this danger of hyperinflation to insist that the country could not tolerate another such "bonanza," and that the government therefore had to crush the unprecedented cotton harvest. It took the following measures against the growers:

- The Health Ministry banned the import and use of the insecticide Clordimeform, despite its approval for use worldwide, including U.S. Department of Agriculture approval. The insecticide had been singularly effective in controlling the parasite heliothis, and its prohibition guaranteed the loss of more than 50 percent of the cotton crop.

- The Finance Ministry ordered the reduction of the government export subsidy known as the CAT (*certificado de abono tributario*) from 12 percent to 1 percent, virtually eliminating the cotton producers' sole subsidy.

- Cotton exports were included in the government's temporary "exchange control" mechanism—exchange certificates (*certificados de cambio*)—whereby payments for exports were either frozen by the government for up to six months at full value, or paid out to the exporter, but with a 15 percent discount of face value.

- The government's supreme monetary authority (Junta Monetaria) ordered an increase in prior import deposits on necessary inputs, while simultaneously reducing the deadline for payment on imports from 180 to 120 days, putting an intolerable squeeze on the growers' cash flow.

Without cash, credit, insecticides, and needed inputs, the cotton crop went under. The Agriculture Ministry estimated the losses of the 1977-78 cotton harvest at 3.8 billion pesos out of the original expected harvest value of 10.3 billion pesos. The growers, however, estimated a loss of closer to 5.3 billion pesos. Unable to meet their debts with only half the anticipated income, the growers called on the López government to provide them with refinancing at a minimum of five years at 10 percent interest. They also asked that the first two years require payment of interest alone, leaving amortization of the principal to the last three years. The government's response was to demand full payment within two years.

As expected, cotton cultivation following the 1977 disaster was considerably less than even the 50 percent harvested that year. The severe refinancing terms offered by the López government succeeded in enmiring the cotton industry in a grave debt situation from which it has been unable to extricate itself. Today those growers have paid out more in interest and principal than the full debt contracted in 1978, and have yet to pay off their loans. Those growers who have not sold their lands to the marijuana mafias—or taken their lives in despair—have nonetheless been broken economically and psychologically. This year, scarcely 50,000 hectares will be sown with cotton, compared to the 400,000 sown in 1977. The cotton growers now stand as a living testimony to the

"successes" of López Michelsen's service to the international dope trade.

Friedmanism and drugs

Publicly, the López administration argued that a "hyperinflationary explosion" due to "excessive" foreign exchange income could only be averted by such strict monetarist measures as credit restriction and exchange regulation. And yet it was public knowledge that the "Chicago boys" who advised the López administration through his University of Chicago-trained Finance Minister Rodrigo Botero Montoya did everything in their power to facilitate the flow of millions and ultimately billions in "dirty money" into the central bank.

Exemplary was Botero's creation of the infamous "sinister window" (*ventanilla siniestra*) at the central bank, through which millions of dollars of undeclared origin were accepted—no questions asked. In 1974, the "sinister window" was taking in a mere \$48 million. By 1978, it was monetizing drug dollars at a publicly acknowledged rate of nearly \$500 million a year. In 1980, "non-traditional" foreign exchange (as the drug money is euphemistically called) that was entering the central bank through the sinister window was unofficially estimated at \$1.23 billion and growing.

It was also during this period that López Michelsen responded to U.S. pressures to take a more active role in fighting drugs by insisting that the drug problem—and therefore its solution—belonged to the United States alone. "[Drug traffic] would never have acquired its actual dimensions if a permanent number of consumers did not exist in the United States who supply large international chains with financing that have their origin only in the very same United States," he stated in February 1978. He was not accidentally had already become a familiar argument for drug legalization in Colombia. During the previous year, such notables as Bank of Bogotá President Jorge Mejía Salazar and leading coffee magnate Leonidas Londoño Londoño had argued that Colombia should have just taken the money and run, letting the U.S. solve its own problems. Said Mejía in June of 1977: "Drug trafficking is one thing, but the good thing is that \$1.5 billion comes into the country." López's current presidential campaign manager, drug legalization spokesman Ernesto Samper Pizano, has since made the idea explicit. In a roundtable discussion on drugs earlier this year, Samper argued for legalization: "What to do about the trafficking? Man, this isn't our problem, that's the U.S.'s problem."

As an integral part of his service to the dope trade, López Michelsen undertook to squeeze not just the cotton industry (which in turn helped collapse the country's leading industry, textiles), but the entire Co-

Colombian agricultural sector. In 1976, López launched his Integrated Rural Development plan (DRI—Desarrollo Rural Integrado) with much fanfare. And yet in the primary departments where food cultivation took place—Antioquia, Boyacá, Nariño, Santander, Cauca, Cundinamarca, Córdoba and Sucre—a five-year credit was offered by the government to the tune of a mere \$276 million dollars. According to the World Bank-staffed Planning Department of Colombia, which wrote the DRI, 83,000 peasants were to benefit from the DRI, although the DRI budget was admitted to be totally inadequate to meet even that goal.

The Agrarian Bank (Caja Agraria), which has historically channeled credit to food producers and which was charged with distribution of the DRI credits, reported deficits throughout the four years of the López administration. The Caja Agraria's function today has degenerated to providing loans to marijuana and coca growers. According to the deputy attorney general of Colombia, Jorge Penén, "We have discovered farms where coca is being cultivated with money lent by the Caja Agraria to grow cocoa."

As a result of these policies, nearly a half million farm workers and their families have become "vagabond labor." According to the governor of Cesar, "the region is on the verge of falling into the hands of

bandits . . . and all of us are terrified of being killed." The Society of Economists reports that crimes against property have increased from a registered 41 million pesos in 1978 to 146 million pesos in 1980. Nearly all productive industry in the region has fled, including Caterpillar, Gaseosas Hipinto, Almacénar, and Promagra. Almacenes Ley, a leading food warehouse chain, has been a constant victim of thefts.

As can be seen by the accompanying maps, the Atlantic Coast region and the former cotton-growing center of Meta, are now the foremost producers of marijuana and coca respectively. In the past year or two, the "Wallenstein's army" of unemployed produced by the cotton crisis and economic collapse have fed the drug cultivation industry across the country.

López Michelsen's presidential re-election ambitions leave little doubt as to what his second term would do to Colombia. López has premised his electoral platform on promoting "federalism" in Colombia: that is, decentralizing responsibility for tax collection, employment generation, budgeting and administration, and handing it over to Colombia's individual departments. Bankrupt regions like the Guajira, Cesar, the Amazon departments and the south would hardly have to think twice about where the cash for operating expenses would come from.

Cotton cultivation regions



Coca and marijuana cultivation regions (estimate)

