

Andean Report by Carlos Cota Meza

Will Betancur curb the banks?

Colombia's president identifies them as destabilizers, but can he find the muscle necessary to defeat them?

Things were looking black for Colombian President Belisario Betancur in mid-March. With the military and the landed oligarchy snapping at his heels and demanding that he dump part of his cabinet, Betancur was forced to postpone his organizing for a continent-wide drive for collective debt renegotiation. When the Supreme Court, under pressure from the banks, overturned his emergency economic program—which encompassed a radical reform of the corrupt tax system—Betancur was forced to cancel his trip to the Non-Aligned conference in New Delhi and retrench.

Escalating their efforts, the banks began to circulate rumors of an impending “maxi-devaluation” of the Colombian peso. Simultaneous, rumors of a military coup were being traced to the same origins. Finance Minister Gutiérrez Castro issued statements bitterly protesting that the banks were taking government credit intended for refinancing the bankrupt textile and machine tools sectors and buying up lucrative government bonds instead. Gutierrez also warned that the heavily indebted state-sector corporations were dangerously close to failure for lack of any credit outlays from either domestic or international sources. He pointed to the energy sector as the first likely to go.

Asked to comment on the government's charges, one Bogotá banker blithely declared to *EIR*, “The government wants us to refinance the textile industry, the cotton producers. As you must know, their economic situation

is not very good. And besides, why should we take the risk? If the government wants the banks to do that, it is going to have to nationalize us.”

Although the pressures have not let up, the Colombian president has begun to fight back. In a nationwide television and radio address last Sunday, Betancur identified the banks as the center of operations against his government:

“It angers us that, wanting to fish in troubled waters of discord, some are circulating the rumor that there will be a massive devaluation. They are using the fact that the private banks, against the intentions of the government . . . refuse to lower interest rates. To this we say that we will continue to seek an agreement . . . if this agreement is not reached, we will utilize other mechanisms that the constitution and the law provide us. In any case, my friends, hear this: your President tells you that there will be no such devaluation, simply because it is not necessary.”

Betancur was equally explicit on the coup threat: “To those of you who with fear or some pleasure speak of a military coup, I am going to disabuse you: have no illusion, there will be no coup d'état. We are united, we are firm, we are strong, we are better prepared than ever before to lead the country to a better future.” He warned the coup plotters: “By virtue of our unanimous entry into the Non-Aligned movement, Colombia is now more independent and sovereign, and has more friends in the world, with all that this

signifies.”

Betancur has won one important victory. Discussions in the Congress over the overturned economic emergency decrees have led to the unanimous decision in both the Chamber of Deputies and the Senate that Betancur's emergency packet is *not* unconstitutional, as was declared by the Supreme Court. The vote of approval for the packet—or parts thereof—is still pending, but the sentiment appears to run in its favor.

Rumor has it that to get congressional approval of his decrees, Betancur will be forced to hand over a chunk of his cabinet and decision-making power to the López faction of the Liberal Party, precisely the faction which he so overwhelmingly defeated in last May's presidential elections. Yet it is well known that it is former President López Michelsen who personally orchestrated the devaluation rumors, and it is the López clan which sets the defiant strategy of the banking elite in Colombia.

If Betancur's nationwide accusations against the banks are any indication, the *lópezistas* can expect little in the way of voluntary power-sharing by the wary Betancur. However, López & Co. have connections to both the rebellious military hierarchy and to the powerful drug/kidnap mafias whose funds are laundered through Colombia's leading banks. The past month's unprecedented wave of kidnappings and assassinations has created panic and chaos which could be played in López's favor. Not accidentally, the *lópezista* newspaper *El Tiempo* observed this week that the 1974 economic emergency decrees under then-President López did not suffer the fate of Betancur's decrees because a state of siege was in effect. It is well known that Betancur fiercely opposes a return to a state of siege.