

## Andean Report by Javier Almario

### Colombia: integration or the IMF

*The great debate in Colombian political circles is between the integration faction of Betancur and that of the IMF.*

**A** false contradiction between the need for adjustment and the commitments to integration has surfaced," declared President Belisario Betancur in his inaugural address to the Dec. 17 extraordinary sessions of the Andean Parliament.

Describing with precision the "divide and conquer" strategem of the International Monetary Fund, Betancur added, "I say false because saving a little foreign exchange by reducing imports from our neighbors will reduce their buying power and thus the regional export potential of each and every one of our countries. . . . Lamentably, such a policy has led to a shutting down of borders and to retaliations which have . . . only benefited third countries to our own disadvantage."

In the same speech, the Colombian President identified himself as "an obsessive advocate of integration" and supported the recent efforts toward implementation of an "Andean peso" which would allow the Andean nations to trade among themselves without having to spend hard currencies.

Similarly, in his speech before the Colegio de Mexico in Mexico City Dec. 6, Betancur stressed that the economic integration of the continent must be realized if Ibero-America's industrialization was ever to be achieved, "even though they have told us time and again that it is impossible."

And yet Betancur's integration dream does not even have the support of his own cabinet.

According to one ministerial offi-

cial, "There are two currents of economic thought [in the government]: one is that which only thinks of the 'here and now,' that the fiscal deficit must be resolved today, no matter what the long-term consequences of the measures taken. This is the same faction that defends the program of the International Monetary Fund and which wants to put the country through a recession. The other is that which believes in the necessity of growth, that industrialization must be encouraged through the integration of the Latin American countries. This is the faction which thinks to the future."

"An example of what this second faction is doing," continued the official, "is the multinational electricity grid that is being elaborated with Central America and Mexico. The peace agreements of the Contadora group for Central America absolutely depend on this electricity network being constructed. In addition, the government plans to reactivate the San José accords to send Colombian coal to the Central American countries."

Representative of this second faction is the Mines and Energy Ministry which is directly participating in the energy grid, as well as the Agriculture Ministry which, at the Aug. 13 conference of the U.N. Food and Agricultural Organization held in Buenos Aires, called for a common food front for the continent.

The same ministerial source concluded, "Undoubtedly Finance Minister Junguito belongs to the first current." In fact, Junguito has done ev-

erything in his power to force the Colombian government into the arms of the IMF, even leaking his own private memorandum to the President in which the minister urged signing a formal letter-of-intent with the Fund in order to get Colombia's credit line restored by the international banking community.

The fiscal package approved by the Colombian Congress Dec. 15 and 16 is perhaps the cruelest expression of Junguito's triumph in the arena of internal economic policy. A whole range of service cutbacks and new income taxes was legislated into existence, courtesy of the IMF's pressure tactics. The year-end holiday mist will soon lift and the Colombian population will get a full dose of the kind of "adjustments" Junguito would impose against their family incomes.

If Junguito should also succeed in imposing a minimum wage increase below the inflation rate, as the IMF has demanded, the unions will probably opt for a national strike.

Already labor leaders like UTC vice-president Jorge Carrillo are fighting mad. According to the daily *El Espectador* of Dec. 19, Carrillo told a meeting of the tripartite National Wages Council (unions, government, and business) that "The fiscal deficit is a great farce intended to obtain new resources for paying the foreign debt. The IMF has stabbed the baby Jesus of the workers, because the deficit packet corresponds exactly to [the Fund's] specifications. . . . The workers are working to pay interest on the foreign debt."

Direct intervention by Betancur to rein in Junguito will thus be critical not only for realizing his integration dream, but to prevent the country itself from being plunged into a nightmare of social and economic chaos.