Colombia's 'bad neighborhood'

Brazil's moratorium is forcing Colombia to examine more closely the veracity of its so-called "privileged" status.

Just days after Brazil declared a suspension of payments on its massive foreign debt, former Colombian Foreign Minister Abdón Espinosa Valderrama wrote in the daily *El Tiempo* that Colombia is "no longer the privileged inhabitant of a bad neighborhood. We now find ourselves in the same boat." Espinosa pointed to the fall in coffee prices on the international market, and the increased percentage of its export income that Colombia is now paying to service its debt, wondering aloud if Colombia, too, will have to go the route of a "tactical moratorium," like Brazil.

The oft-repeated government line that Colombia is the well-behaved exception to the rule in indebted Ibero-America, is no longer holding water. Under the government program of "IMF austerity without the IMF," begun during the predecessor Betancur regime, unemployment and bankruptcies have skyrocketed and officials are openly admitting that the country's 1986 growth rate was almost entirely financed by artificially high coffee prices and a more than 50% increase in "services" (read: illegal) income laundered into the system through the infamous "black market window" at the central bank.

The daily *La República* reported Nov. 30 that Colombia had been forced to increase budget appropriations for servicing the foreign debt by 74.7% in the first 10 months of 1986 alone. Coffee banker Fernando Londoño Hoyos warned Jan. 13 that coffee exports would bring an estimated $1 billion less into the country in 1987, and predicted expensive government bailouts of debtor companies.

In his year-end review of the country's 1986 economic performance, Comptroller Rodolfo González García wrote that the economic panorama was "beginning to cloud over," and ridiculed "the very Colombian talent for tip-toeing on the question of the foreign debt so as to not awaken suspicions in the great metropolises."

While other "companions on the same trip" were taking tougher stands in negotiations with the creditors, declared González, Colombia was permitting its deals with the banks "to prove onerous for the expense budget, reducing possible margins for social investment and obliging us through the effect of unbridled devaluations to readjust the costs of basic services and subject domestic prices to the rising cost of the dollar."

Colombian Cardinal Alfonso López Trujillo, in an interview with the Italian monthly *Trenta Giorni* reprinted in the Colombian daily *El Espectador* of Feb. 4, added the authority of the Vatican to growing anti-usury sentiments: "It has become much more difficult to deal with the debt. . . . If great changes are not made . . . the pressure for payments which do not even begin to amortize the debt, will result in intolerable social costs. . . . One President [Alan García of Peru] has said that in such a situation 'the external debt is eternal debt.'"

López Trujillo's sentiment, encapsulated in the Vatican's recent document, "An ethical consideration of the international debt" (see page 28), has also been embraced by the Colombian labor movement. The United Confederation of Workers (CUT), representing 80% of Colombia's organized trade union movement, backed the Brazilian debt moratorium as "a sovereign decision in defense of its people as well as the people of all Latin America."

The CUT statement also endorses President García's 10% ceiling on foreign debt payments, and calls on "all Colombian workers to mobilize in support of the important decision taken by Brazil," while proposing "a continental meeting of workers to lay out a common strategy for all representative labor organizations on the debt problem." The CUT document, signed by CUT president and former Labor Minister Jorge Carrillo Rojas, concludes: "We workers have much to contribute in the creation of a new international monetary system, in which usury is suppressed and the criteria of economic justice reign."

The Barco government has so far ignored these warning signals. In response to the Brazilian move, presidential economic secretary Enrique Penalosa Londoño declared Feb. 24 that a debt moratorium was not part of the Barco government's plans. He said that Brazil's determination "obeys the autonomy of each country and we cannot second it, since we have a very different and highly favorable situation which enables us to meet our obligations punctually."

The daily *El Espectador* answered editorially that, like Colombia, Southern Cone countries like Brazil and Argentina "took their doses of financial morphine, which not only did not cure but aggravated the problem. . . . In view of these examples, to remain blind and persist in believing it couldn't happen here is as incredible as it is explosive."