

report from the Colombian Comptroller's office released this month, servicing the foreign debt has unexpectedly proven one of the Colombian economy's serious burdens.

### Debt problem unveiled

According to the Comptroller's report, despite the fact that Colombia has one of the lowest national debts in absolute and per capita terms in South America, payments on that debt in 1982 actually exceeded the inflow of capital. The report explains that "in the first 11 months of 1982, \$4.478 billion pesos more were spent on debt service than the total amount of foreign credits obtained in that same period." The report also points out that during the period from 1979 through 1982, nearly 74 percent of the foreign capital brought in went right back out again as debt service. "The expenses for service of the public debt will exercise in the coming years the greatest pressure on the funds of the national budget . . . and will impede the sufficient flow of public resources toward other areas of expenditure, such as those contemplated by the government's new policies.

In a year-by-year grid starting in 1979, the Comptroller's report demonstrates how the interest payments on the foreign debt have spiralled even though the principal charges remained moderately low. The accompanying chart shows how interest costs went from 5.6 billion pesos (\$81 million dollars) in 1979 to nearly 13 billion pesos (\$184 million dollars) in 1981 while amortization of principle over that same period went from 4 billion pesos (\$58 million) to just 5.5 billion pesos (\$80 million) in 1981. The tendency is expected to continue at an accelerated pace once the 1982 figures are in; already the Comptroller's office anticipates that 1982 interest charges on the foreign debt represented a full 70 percent of total service costs.

In an unusual departure from the restrained and technical reports the Comptroller's office usually publishes, its 1982 report acidly observes that the relatively short-term payments deadline and high interest charges imposed by Colombia's creditors have given them an extraordinary "high level of participation in the financing of the national budget." The report goes on to name those creditors, starting with Chemical Bank (which holds 60.6 percent of the Colombian public foreign debt), Ferrostaal A.G. of Germany, Bank of America, and Manufacturers Hanover.

The report concludes that Colombia's predicament "is explained by the pressing necessity of obtaining accelerating quantities of capital in order to inject liquidity into the Treasury, which could lead to a worsening of negotiating conditions."

The Colombian government's discovery that they, like the rest of Latin America, have a debt problem which can only be exacerbated by unilateral refinancing negotiations, could well lead the Betancur administration into the kind of "debtors' cartel" which the President's own advisers have been proposing.

---

## India

---

# Congress Party gets a jolt from the voters

by Paul Zykofsky in New Delhi

The ruling Congress Party of India, led by Prime Minister Indira Gandhi, suffered a major setback in state elections Jan. 5 when voters in the two southern states of Andhra Pradesh and Karnataka rejected the party's candidates by large margins.

In Andhra Pradesh, a traditional stronghold of the Congress, a new party formed only nine months ago by N.T. Rama Rao, the leading movie star in the state, won 198 of the state Assembly's 294 seats, reducing the Congress Party's share from 253 to a mere 59 seats.

In the neighboring state of Karnataka, a coalition of opposition parties reduced the Congress Party's strength to 80 seats from 152. In a third, much smaller, state of Tripura in northeastern India, Gandhi's party gained a few seats but still fell far short of the winning leftist coalition which held power before the elections.

Despite efforts to interpret these defeats as a rejection of Prime Minister Indira Gandhi's national government policies, most analysts here agree that the vote was largely based on a rejection of the way in which the Congress Party had been operating at the state level.

### Regionalism

The vote in Andhra Pradesh turned into a regionalist wave which was so strong that it swept aside not just the Congress Party, but all other national parties as well. It is perhaps this trend that sounds the strongest warning to the Congress Party, which grew out of the struggle for India's independence and which has been viewed nationwide as *the* national party of stability and post-Independence leadership. Amid growing localist, and in some cases separatist, demands in other parts of the country, the Andhra Pradesh elections strike a warning that cannot go unheeded.

Political observers are quick to note that this new trend follows the script drawn by the British colonial office, which has always been dedicated to the proposition that India is not one nation but several smaller entities. Dismembering India through regional, communal (religious), and separatist movements in the face of the national parties' inability to rally the population around unified nationbuilding tasks, has been a longstanding British scenario.

As things stand now, the ruling Congress Party will have

to take a hard look at the causes for its defeat, and move swiftly to reverse this trend by putting its house in order and mobilizing its rank and file for tough political battles against its opponents. This is especially urgent given that state elections have been scheduled in February for two more states in the Northeast, as well as for the Delhi Municipal Council, only a few weeks before India will host the summit of Non-Aligned nations.

---

---

*The defeat for the Congress Party in two southern states this month did not reflect opposition to the Prime Minister, but to the way India's ruling party has been operating on the state level. In both cases, the outgoing governments had been rightly accused of inefficiency and corruption. The party should take a hard look at itself before other state and municipal elections occur in February.*

---

---

A failure by Mrs. Gandhi and the Congress Party to take the necessary corrective measures now, analysts here fear, could open the door to a destabilization of the country with foreign and domestic elements playing their assigned roles.

### **Inefficiency and corruption**

In both Andhra Pradesh and Karnataka, the outgoing Congress governments had distinguished themselves for being inefficient and corrupt. During much of the five years they had been in office they had failed not only to implement government development policies, but had failed in delivering the basic goods and services on a local level which the vast majority of the population expects to get from the state government. Journalists who toured these states a few months before the election reported the collapse of government administration in many areas.

Typical complaints heard in rural areas were that elected representatives had not visited their constituencies since they had been elected; that low-cost food which was supposed to be distributed by ration shops under controlled prices was not available due to corruption; and that while they had stood by Mrs. Gandhi during difficult times in the past, this time they

would not vote for the Congress.

That the vote was largely aimed at the state politicians and not at Mrs. Gandhi was summed up by one voter quoted in the national daily newspaper: "Mrs. Gandhi is not seeking a fresh national mandate, and we have installed her in power at the Centre. We want to deal with the satraps with whose performance we're completely dissatisfied."

Ironically, both of these states had provided support for Mrs. Gandhi in 1977 when her party was voted out of office in the rest of the country. In 1978 Mrs. Gandhi launched her political comeback by winning a parliamentary seat in Karnataka, and when her party was voted back into office of the central government in January 1980, she won a seat from a constituency in Andhra Pradesh.

Aware of the many weaknesses of the state party units, however, Gandhi spent three weeks campaigning extensively in Andhra Pradesh and Karnataka—the longest she has ever spent campaigning for a state election. In all her speeches she tried to raise the level of discussion to the national and international issues facing the country.

### **Karnataka and Andhra Pradesh**

However this was not enough to counter the wave of local anti-Congress sentiment. In Karnataka the degree of dissatisfaction with the ruling state government was reflected in the defeat of the Congress Party chief Minister Gundu Rao and most of his Cabinet. Here a coalition of several opposition parties secured 98 seats against the Congress's 81 in a House of 224. To form the government, a coalition of the Janata, Kranti Ranga, and the two communist parties will get support from the reactionary Hindu chauvinist Bharatiya Janata Party (BJP) which made significant gains by winning 18 seats. However, given that the government will be based on a coalition of parties with divergent ideologies, analysts indicate that it will be inherently unstable and could well send the voters back to the polls in the near future.

The Congress Party's losses in neighboring Andhra Pradesh were far more severe. Here popular movie star Rama Rao was able to focus the campaign on the local issues of corruption and inefficiency. His movie role as an incarnation of various Hindu gods dedicated to people's welfare, along with his reputation for being austere and honest, further strengthened his campaign for a "clean government." Rama Rao focused his appeal on building a regional party, the Telugu Desam, which, he claimed, would respond to the needs of the population on a state level.

This appeal was strengthened by the frequent replacement of the Congress Party Chief Minister. In the past two years the central Congress Party leadership had changed chief ministers three times in efforts to stem the growing dissatisfaction with the state government. However, this only confirmed Rama Rao's charges in the population's eyes, that the chief ministers were accountable only to the central party leadership and not to the state voters.