diagnostic services as x-rays except under emergency treatment situations.

Last year, industrial investment declined 20 percent. According to a recent Banco Nacional de Mexico (Banamex) study based on the conservative estimate that investment will drop by 25 percent this year, overall manufacturing for the year will decrease 6.7 percent, with consumer durables such as cars dropping a minimum of 20 percent. If the collapse of imports is factored in, production drops will be even greater. Production costs have been pushed up by such factors as the 55 and 70 percent increase recently announced for steel prices. Industrial leaders have warned that this increase will have a disastrous effect in the production of capital goods, automobiles, construction equipment, household equipment, and other goods which utilize a heavy component of steel.

Colombia receives a visit from the IMF

by Valerie Rush

Amid a wash of rumors about currency devaluations and a possible military coup, Colombia—the international bankers' longtime showcase of "prudence" and "stability"—appears to be falling prey to the economic warfare that has already engulfed most of Latin America. On March 18, Colombian Finance Minister Edgar Gutiérrez Castro was forced to impose limited exchange controls, citing a "multimillion dollar bleeding of our international reserves" by flight capitalists.

As the March edition of *EIR*'s "Ibero-American Debt Watch" service forecast, Colombia under President Belisario Betancur—like López Portillo's Mexico before it—is targeted for political and financial submission to the International Monetary Fund. The preparatory "softening up" operations began over a month ago when Betancur was forced to cancel his trip to the Non-Aligned conference in New Delhi because the Supreme Court overturned his tax reform program.

The same financial interests behind the Supreme Court decision have used the wave of currency devaluations in Venezuela, Peru, Bolivia, and elsewhere to orchestrate a scare campaign inside Colombia. The Colombian black market in dollars over the past month has been reaping a fortune from individuals desperate to get their money out before the peso fell. In the last week alone before controls were slapped on, a reported $80 million fled the country. The 27 percent devaluation of the Ecuadorean sucre on March 20 completed the encirclement of Colombia and the Betancur government was forced to plug the hole before its reserves were drained.

Despite the government's adamant denials that the Colombian peso will be devalued, such rumors generally prove self-fulfilling because they foster the capital flight which weakens a currency, leading to its eventual devaluation.

Speaking on nationwide television and radio March 13, Betancur declared that the rumors of an impending devaluation were part of an obstructionist campaign by Colombia's private banks. He added threateningly, "If an agreement with the banks is not reached, we will use other means provided us by the constitution and the law." The president's speech was universally viewed as a ultimatum.

Those banks, which are in manay cases intimately linked to the money-laundering activities of Colombia's powerful drug mafia, have been consistently refusing to corporate with the government's economic recovery plans.

The banks' campaign against Betancur is well-coordinated from without, as indicated by the unexpected visit from a group of IMF functionaries the third week in March. Traditionally, Colombia has had relatively little to do with that international financial body, limiting the bulk of its borrowing to longer-term development funds from the World Bank and the Inter-American Development Bank. However, the debt crisis of the rest of Ibero-America is catching up with Colombia, which is low on the list of debtor nations.

EIR's Ibero-America Debt Watch Service reports: "While Colombia's foreign debt is still small relative to that of other Latin American nations, it is beginning to take a relatively large toll on the overall economy. While raw materials prices continue to tumble, the ratio of debt service to export earnings is growing rapidly. . . . Total debt payments due in 1983 are equal to 81 percent of 1982 export earnings."

A public battle presently being waged between Finance Minister Gutiérrez and Comptroller General González on the extent of the crisis Colombia faces suggests that President Betancur's declared support for collective renegotiation of the continent's foreign debt has activated at least one IMF "submarine" in Betancur's economic cabinet.

Comptroller González charged in mid-March that Colombia is facing a deliberate "international credit blockade," while Gutiérrez rebutted that Colombia's "prestige" with the international lenders was spotless. Speaking at the March 21-23 assembly of Inter-American Development Bank directors in Panama, Gutiérrez claimed that Colombia occupies the number-one position for creditworthiness in Latin America, and renegotiation was completely unnecessary.

Asked to comment on the appearance of an IMF mission in Colombia, Gutiérrez blustered, "We are not going to ask them for money because we don't need it, but we do want them to give us their opinion on management of economic policy." Knowledgeable observers report, however, that the IMF mission is intended to complete the process of forcing the Betancur government into devaluing its currency.

A Colombian peso devaluation can be expected to have a crushing effect on the debt-ridden productive sector, while boosting the nation's infamous drug "export industry." Under such conditions, Betancur's current broad popularity could give way to a coup and civil war danger.