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Mandatory Review

Case # NLJ 95-133

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29 January 1965

SPECIAL MEMORANDUM NO. 5-65

SUBJECT: Political and Economic Strains in Colombia

SUMMARY

We believe that the National Front under President Valencia has become too weak to cope with the growing political and economic strains in Colombia and therefore is not likely to survive the remaining year and one-half of Valencia's term. Responsible civilian and military leaders will almost certainly try to find a political remedy for the defects of the system, but, because of the notorious factionalism of the components of the National Front, a change in the system will probably have to be imposed by force.

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1. The last-minute suspension of the general strike threatened for 25 January and the removal two days later of a War Minister of doubtful loyalty to the National Front have, in our view, only temporarily relieved the acute political and economic pressures confronting the government of President Valencia. Valencia has

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promised to call a special session of Congress in February to deal with economic problems and the leaders of the National Front may prove able to devise a formula to weather the current storm of protest against government policies. We believe, nonetheless, that the political credit of the National Front already has eroded beyond recovery and that the system as presently constituted is unlikely to survive the remaining part of Valencia's term (to August 1966).

2. The National Front system was written into Colombia's constitution by the leaders of the Conservative and Liberal parties primarily as a means of reducing the extreme partisan antagonisms that had produced a decade of near civil war. This it has done reasonably well since its inception in 1958. However, with its requirements for presidential alternation, equal division of all offices between the two parties, and two-thirds majorities for major legislation, the National Front has proved to be an inordinately cumbersome form of government which could work well only under the best of leadership and the most favorable of conditions. Neither of these prerequisites is now present: for the past year or so the government has not been able even to address itself to the country's urgent social and economic problems on a sustained basis, much less to alleviate them.

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3. President Valencia, a Conservative who took office in 1962, is inept both as a political leader and as an administrator. For the past year, the factions of the Conservative party nominally supporting the National Front have been bitterly divided by personal disputes, and for this and other reasons the Conservative and Liberal directories have been unable to cooperate effectively. What is more, the National Front suffered a major defeat in the March 1964 elections, losing effective control over Congress. Even if the President were capable of vigorous leadership and the National Front parties were capable of close cooperation, it would still prove extremely difficult to get controversial legislation through the present Congress.\*

4. The political decline of the National Front is in large part the result of the dismal economic performance of

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\* The National Front system permits electoral contests among Liberals and among Conservatives for the congressional seats assigned to each party. At present, members supporting the National Front hold only two seats more than the needed two-thirds majority in the Chamber of Deputies, too slim a margin regularly to survive absenteeism and breaches of party discipline. The remaining seats are held by Conservatives belonging to the National Popular Alliance (ANP) and by Liberals belonging to the Revolutionary Liberal Movement (MRL), both of which are committed to bringing down the National Front.

the Valencia government. The National Front is an obvious attempt by Colombia's oligarchy to preserve its traditional political predominance. In order to maintain middle and lower class support for the system -- and incidentally to qualify for special treatment under the Alliance for Progress -- the National Front in 1962 launched an impressive plan for accelerated economic expansion and social reform. But largely because of foreign exchange and budgetary strains, the Valencia government was forced to abandon the plan during 1963-1964: economic growth slowed down, bank credits for middle-class businessmen became more difficult to obtain, investments in social projects declined, and so did workers' real wages. In return, the middle and lower class voters in large numbers have deserted the National Front.

5. From time to time the Valencia government has attempted to relieve its financial strains; invariably, however, its measures have proved inadequate. What probably has been needed most is a general devaluation of the Columbian peso, in conjunction with a strengthening of monetary controls and a substantial increase in tax revenues. These measures have been strongly opposed by various special interest groups, and the government has been either unwilling or unable to pursue them vigorously.

6. Economic pressures against the Valencia government probably will increase during the course of 1965, perhaps to critical proportions. During recent years, Colombia has managed to make ends meet in its foreign payments largely by resorting to huge drawings of short-term credits. Foreign bankers and suppliers, who in the past had tended to believe that the US Government would supply generous amounts of financial assistance to the "showcase" country of the Alliance for Progress whenever needed, now are worried about Colombia's future solvency and apparently are beginning to tighten their terms for renewing credits as they come due. An acceleration of this tendency could force a major foreign exchange crisis later this year.\* On the home front, the government, in order to ease labor discontent, may be forced to withdraw the sales tax that recently went into effect. This could throw its budgetary accounts even further out of balance.

7. If there is to be an extraordinary governmental change in Colombia, what form will it take? The most likely forms of

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The debt repayments affecting the reserve position of the Bank of the Republic that nominally fall due in 1965 are in the range of US \$150-200 millions, equal in value to 30-35 percent of Colombia's total export earnings during 1964 and exceeding substantially the Bank's uncommitted hard currency reserves.

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change would be a military coup, or a reform of the National Front system by its present leaders, or possibly some combination of the two: for example, political leaders might invite a military junta to hold power temporarily during a transition to a new system. Extremist groups in Colombia -- Communists, Castroists, and supporters of ex-dictator Rojas Pinilla -- probably have the capacity to bring on a crisis that would force a change in government. They would be unlikely to increase substantially their political power as a result of a crisis, however, and would almost certainly be incapable of gaining control of the government.\*

8. A Military Coup. The removal of Minister of War Alberto Ruiz Novoa probably has reduced for the short term the threat of a military coup. General Ruiz had strong presidential ambitions: he had been planning to challenge the National Front candidate in the 1966 election, but he probably would have seized upon any opportunity to gain power via a coup, if one could have been carried off peacefully. Although support for a coup probably had grown somewhat in recent weeks, many key officers had opposed Ruiz's political ambitions. His removal was not at the initiative

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An estimate of the political and revolutionary potentialities of extremist groups in Colombia is contained in NIE 80/90-64, "Communist Potentialities in Latin America," dated 19 August 1964, pages 31-36.

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of President Valencia, but at the demand of General Gabriel Rebeiz Pizarro, commander of the Armed Forces, who was seconded by the commander and the chief of staff of the Army, and subsequently supported by the commanders of the Navy, the Air Force, and the Police.

9. General Rebeiz, the new Minister of War, can be expected to support President Valencia for the time being, but pressures for a military coup can be expected to recur whenever the officer corps begins to believe that civilian rule is leading to national disaster. Thus, if the special session of Congress next month proves totally unproductive and if a general strike again is threatened, there probably will be renewed pressures for military intervention. Military restiveness probably would also increase if the threat of expanded extremist insurgency raised by the 7 January raid on a town in northcentral Colombia is not dealt with effectively.\*

10. Reform from Within. Heavy pressure would have to be brought to bear on President Valencia, and on other individuals and groups, to persuade them to give up all or some of the powers which they now exercise. The key to any change from within would

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As distinguished from the violence which has been endemic in Colombia for many years, this raid was conducted by a well-organized band supported by Cuba.

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probably be the replacement of Valencia by a more effective chief executive, either outright or by turning presidential powers over to a de facto prime minister. Faced with the alternatives of chaos, military intervention, or yielding political power, Valencia might eventually choose to submit. But the substitution of another politician for Valencia, even a more forceful one, would not in itself provide a remedy for the factionalism and immobilism of the National Front system -- and any attempt to alter the system itself could probably be accomplished only by coercion.

11. Is the National Front system therefore likely to be overthrown by force? The issue remains in doubt. Responsible civilian and military leaders, remembering both the Rojas Pinilla dictatorship and the chaotic situation which preceded it, will almost certainly try hard to find a political remedy for the present defects of the system, but the notorious personalism and factionalism of the components of the National Front will militate against such a solution of the problem. It would appear that, in the end, a reform of the system will have to be imposed -- or else the political, economic, and security situation in Colombia will continue to

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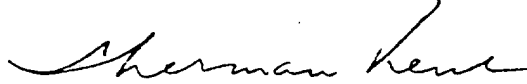
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deteriorate, to the advantage of the advocates of a violent social revolution.

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Chairman

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