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'Neutral but not indifferent': The Foreign Policy
of Colombia, 1900-1980

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ABSTRACT

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Two issues above all have contributed to the formulation of policies by Colombian leaders in response to international ideological and economic pressures during the twentieth century. The persistent inability of the Central Government in Bogotá to exercise meaningful influence on the running of the Departmental governments, particularly evident at the beginning of this century, absorbed the attention of several consecutive Executives as they endeavoured to transform the poorly connected regions into a coherent political and economic unit.

This dissertation examines the process by which Conservative leaders in high Executive posts and their Liberal counterparts, especially from the Ministry of Foreign Relations, managed to achieve such unity and to place Colombia firmly in the international system of market economies during the twenty-five years following the secession of Panamá in 1903. It also examines the stance adopted by the Colombian leadership in the face of international political and/or economic crises from the ratification of the Thomson-Urrutia Treaty in 1922 settling differences with the U.S. stemming from the secession of Panamá to the current tensions and aspirations produced by integrationist trends and fluctuations in relations between the U.S. and the Socialist countries.

In view of the overwhelming importance of relations with the U.S. less space has been allotted to the analysis of relations with Colombia's Latin American neighbours and other non-European small states. At the basis of the factors determining Colombia's relations with the industrialised centre nations, especially the U.S., as well as with other mono-exporting countries on the periphery lies the production and marketing of coffee. For this reason the limited number of choices available to Colombian leaders is focussed upon throughout in relation to the economic and cultural dependency of the country on the industrialised centres which, in practice, constitutes a common characteristic with other periphery nations.

(ii)

CONTENTS

	PAGE
ABSTRACT	i
LIST OF TABLES	vi
LIST OF MAPS	vii
LIST OF ABBREVIATIONS	viii
<u>INTRODUCTION</u>	1
<u>CHAPTER I "THE DIPLOMACY OF INSOLVENCY"</u> <u>(THE SECESSION OF PANAMÁ)</u>	15
I. INTRODUCTION	15
II. Towards the opening of the canal - historical background	16
a) Equality/Inequality in negotiating strengths	21
b) Conservatives-Liberals and the economy in late 19th-century Colombia	24
c) Conservatives-Liberals, their ideological struggle	29
d) The Thousand Days Civil War, its implications	32
e) Economic constraints - manpower insufficiencies	40
III. The Canal - Crossroads between official and private interests	42
IV. The Canal - where the Colombian parties meet	46
V. Panamanians and Colombians - mutual grievances	48
VI. Colombian diplomatic limbo	50
Footnotes	52
<u>CHAPTER II To Europe through the jungle : defining</u> <u>frontiers 1903-1933</u>	57
I. "Uti possidetis juris" - theory and practice	57
II. False solutions to real problems	60
III. Where civil and ecclesiastic interests converge	63
IV. Overlapping claims in the Amazon Region (Peru, Ecuador, Colombia)	66
V. Missionaries, diplomats and generals : one goal - varied contributions	68
VI. Stalemate in the Amazon	73
VII. U.S. Financial drives in S. America	76
a) In Colombia	76
b) In Peru	79

(ii)

CONTENTS

	PAGE
ABSTRACT	i
LIST OF TABLES	vi
LIST OF MAPS	vii
LIST OF ABBREVIATIONS	viii
<u>INTRODUCTION</u>	1
<u>CHAPTER I "THE DIPLOMACY OF INSOLVENCY"</u> <u>(THE SECESSION OF PANAMÁ)</u>	15
I. INTRODUCTION	15
II. Towards the opening of the canal - historical background	16
a) Equality/Inequality in negotiating strengths	21
b) Conservatives-Liberals and the economy in late 19th-century Colombia	24
c) Conservatives-Liberals, their ideological struggle	29
d) The Thousand Days Civil War, its implications	32
e) Economic constraints - manpower insufficiencies	40
III. The Canal - Crossroads between official and private interests	42
IV. The Canal - where the Colombian parties meet	46
V. Panamanians and Colombians - mutual grievances	48
VI. Colombian diplomatic limbo	50
Footnotes	52
<u>CHAPTER II To Europe through the jungle : defining</u> <u>frontiers 1903-1933</u>	57
I. "Uti possidetis juris" - theory and practice	57
II. False solutions to real problems	60
III. Where civil and ecclesiastic interests converge	63
IV. Overlapping claims in the Amazon Region (Peru, Ecuador, Colombia)	66
V. Missionaries, diplomats and generals : one goal - varied contributions	68
VI. Stalemate in the Amazon	73
VII. U.S. Financial drives in S. America	76
a) In Colombia	76
b) In Peru	79

VIII. The Lozano-Salomón Treaty - a case of multilateral secrecy	81
IX. Obstacles to the implementation of the treaty	84
a) Internal problems	85
b) External implications	88
X. Summary	89
Footnotes	93
 <u>CHAPTER III</u> <u>Finding a financial anchorage - the Thomson-Urrutia Treaty</u>	 98
I. Introduction	98
II. Colombian finances and the foreign community	101
III. Colombia's performance as a debtor	105
IV. President Reyes and the Root-Cortés-Arosemena Treaties	108
V. The emergence of lawyers as an influence on government	114
VI. Consolidation of Liberal influence in Colombia, and U.S. commercial expansion	117
VII. Effective strengthening of the Executive	121
VIII. Ratification of the treaty	125
IX. Conclusion	130
Footnotes	133
 <u>CHAPTER IV</u> <u>Towards national unity - symbols and realities</u>	 138
I. Introduction	138
II. The Making of a symbol	140
a) Britain and Bogotá - Barranquilla and Germany	140
b) SCADTA - Rise and Fall	143
III. Financing public services	149
IV. New threats to national unity	158
V. Rewarding the financiers	164
VI. Sealing national unity - foreign credits and national honour	170
Footnotes	181

<u>CHAPTER V</u>	<u>Presidential Power and Neutrality - The Rôle of Immigrants and Diplomats</u>	186
I.	Introduction	186
II.	Towards official recognition of commercial alignment with the U.S.	191
III.	Diplomacy and neutrality	204
IV.	Neutrality under test	217
	Footnotes	228
 <u>CHAPTER VI</u>	 <u>From "Respice polum" to "Respice Similia"?</u>	 233
I.	Introduction	233
II.	Lopsided continuity	234
III.	Partisan relay in a changing world	239
IV.	The drive for economic integration	243
V.	Conclusions	251
	Footnotes	255
 <u>CHAPTER VII</u>	 <u>Regional integration : Policy from above. Pressure from below.</u>	 260
I.	Introduction	260
II.	Towards the formulation of policies with Venezuela	261
III.	Maritime Neglect from above/integration from below	268
IV.	The Collapse of an Amazonian policy?	276
	Footnotes	279
 <u>CHAPTER VIII</u>	 <u>The Economic and Political Importance of Coffee for Colombia : the Federación Nacional de Cafeteros</u>	 284
I.	Introduction	284
II.	Towards the unity of the coffee sector	286
III.	The Federación Nacional de Cafeteros	293
IV.	Coffee pricing and diplomacy	298
V.	Coffee based diplomacy under test	302
VI.	The Expansion of the Coffee Sector's influence	307
VII.	Coffee and Politics	312
	Footnotes	317

<u>Conclusion</u>	321
<u>Bibliography</u>	327

LIST OF TABLES

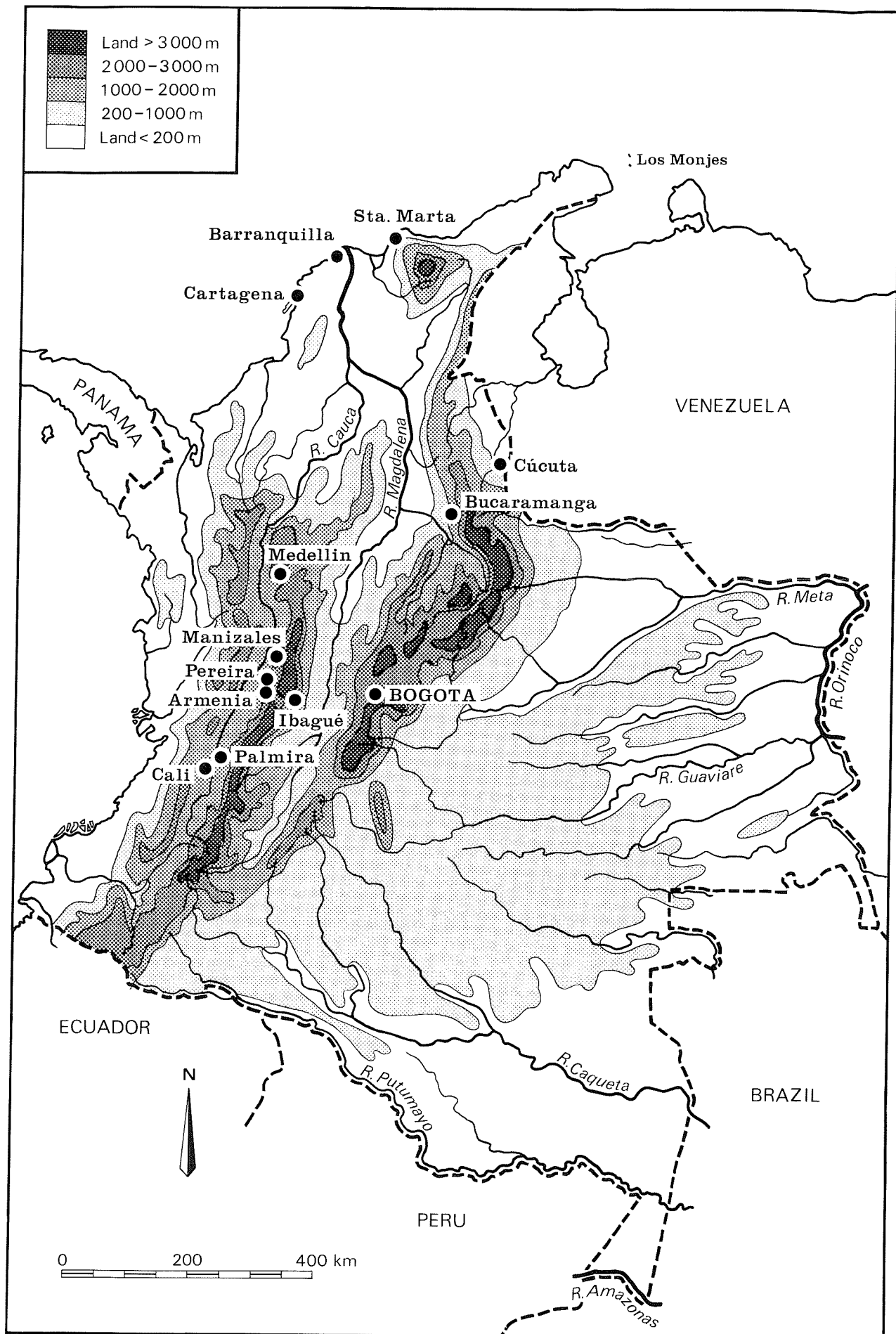
	Page
1-I The total shipping tonnage of the world and Great Britain's share of this tonnage, 1861-1890	18
1-II France - Merchant Ships Registered	19
1-III The Total Tonnage of the United States Merchant Marine Fleet in 1860, 1879, 1880	20
1-IV British, German, French and U.S. Exports to destinations outside the Group and other than the Principal Protected Countries 1880, 1885, 1890, 1895, 1900 and 1902	22
1-V Table of Foreign Exchange (1897-1902)	37
1-VI Expenses of the Colombian Army from 1899-1904	39
4-I Colombian Railways built or under construction in 1925	152
4-II Port Movements (Entry and Exit) - Principal ports of the River Magdalena (1924-1929)	156
4-III Departmental and Municipal borrowing	171
4-IV Foreign Borrowings of the Independent Mortgage Banks	174
4-V Commercial Balance of Colombia (1923-1933)	177
4-VI Comparison of official revenues and expenditure at the end of the Conservative era and the beginning of the Liberal era	178
5-I Colombian Immigration (1936-1940)	190
5-II Colombia - Commerce with its main trading partners (1928-1939)	192
5-III U.S. Promotional spending in Latin America	196
5-IV Comparison of Colombian production and Imports of selected products - 1934 and 1937	201
5-V Colombian trade with Japan	212
8-I The Chief Exports of Colombia (%) from 1905 to 1975 (71 years)	289
8-II Colombian Coffee Production and Total World Production Compared (1934-1979)	305
8-III Colombia's Coffee exports on the World Market	309

LIST OF MAPS

	Page
Map I Colombia - General Features	ix
Map II The Leticia Dispute : Boundary and Treaty Lines	56
Map III Colombia - Selected Maritime Boundaries	259
Map IV Coffee Production in Colombia	283

LIST OF ABBREVIATIONS

ECLA	-	United Nations Economic Commission for Latin America
Fedecafé	-	Federación Nacional de Cafeteros
FLOTA	-	Flota Mercante Grancolombiana
IFI	-	Instituto de Fomento Industrial
LAFTA	-	Latin American Free Trade Association
SCADTA	-	Sociedad Colombo-Alemana de Transporte Aéreo
UNCTAD	-	United Nations Council for Trade and Development



Map 1

Colombia - General Features

INTRODUCTION

"To probe the foreign policies of nations is to inquire into an extraordinarily broad and complex range of phenomena. Involved are nothing less than the internal life and external needs - the aspirations, attributes, culture, conflicts, capabilities, institutions, and routines - of large groups of people who have somehow managed to achieve and maintain a social, legal and geographic identity as a nation state." (1)

Bearing in mind the inconsistencies in terminology and the conceptual inadequacies prevalent in the studies of the foreign policies of small states, the task of describing and analysing the processes by which a country of the size and population of Colombia has arrived at its current position on the international scene can become a daunting experience. This is particularly true when such analyses and descriptions attempt to convey to those interested in the way Colombian society has reached its present state of political, economic and cultural development as it simultaneously brings to their attention the crucial junctures of Colombia's history which may offer them some means to evaluate the magnitude and speed of its change. As much to avoid, if only in part, the risks inherent in the study of too wide a period, as to use as the first milestone the events that threatened the very existence of Colombia as a sovereign state at the beginning of the twentieth century, this dissertation highlights some of the decisions taken since then by various Colombian governments in their search for formulae which would minimise the effects of external pressures while allowing them to strive towards the material and cultural advancement of their own citizens.

A small state can be identified either as one which, despite its satisfactory economic achievements, is nevertheless limited in its military and economic potential, or as one which, despite its physical size and/or the size of its population, lacks all or some of the attributes necessary to exercise a greater rôle in the international context.⁽²⁾ Colombia falls into one or the other category throughout the eighty year period under consideration. Even if a more dynamic indicator was to be used such as comparing Colombia's Gross National Product (GNP) and its per-capita GNP with that of the U.S. or any other

generally recognised developed country during any given year of the period chosen, it would be easy to demonstrate that Colombia has continuously lacked power - "the ability to influence others" - categorising it, in consequence, as a small state.⁽³⁾

In view of the constraints that a rigid adherence to a strictly quantitative approach would impose on anyone interested in the analysis of the "aspirations, attributes, culture, conflicts, capabilities, institutions, and routines" that have stamped Colombia's present stance, a merely supportive rôle has been assigned to this aspect throughout, and instead the political factors that have contributed to its stance have been the prime subject of investigation. These constraints become particularly apparent when trying to use underdevelopment as a concept to measure the periods in which the Colombian economy has fluctuated in relation to the economies of the developed countries, and even more when comparing it with those of other underdeveloped countries. Other elements such as "illiteracy, political instability, inequality, hierarchy and lack of social mobility, and an economy characterised by the dominance of one or two agricultural or mineral products and by a low level of technology and productivity", which by themselves or combined with the per-capita GNP constitute underdevelopment⁽⁴⁾ and which are present in varying degrees in Colombia's economic and social history, elude accurate measurement. In consequence they have to be analysed in the context of the wider political aims envisaged by the country's leadership.

The clustering of identifiable political aims into categories which may be used for the building of a framework offering the analyst of Colombia's foreign policy the opportunity to undertake an objective evaluation of such categories would fall short of the expectations it could arouse. The practical difficulties in the handling of the 3888 cells resulting from the multiplication of the three major linkages (penetrative, reactive, emulative), the nine basic interactions and the one hundred and forty-four cell matrix comprising polity and environmental variables forming the framework devised by Professor J.N. Rosenau in 1966 as part of his effort to adapt the 'systems theory' for the use of political analysts, would overwhelm the foreign policy analyst.⁽⁵⁾

Despite the practical constraints and the tentative nature assigned by Rosenau to his own framework⁽⁶⁾, the value of the penetrative, reactive and emulative linkages as analytical tools is of paramount importance. The continuous presence of these three types of response from Colombia's foreign policymakers and influential private citizens to ideological biases and political trends originating especially in Europe and the U.S. and observable throughout the eighty year period, makes such linkages of inestimable value to the present study.

In view of the uninterrupted preponderance that European and/or U.S. ideological biases and political trends and economic doctrines have had on the private and official actions of Colombian leaders, less rigorous use of the terms related to the concept of 'linkage politics' has been made in order to include in the discussion terms often used in the field of political economy. The decision to relegate the quantitative aspects of economics to a secondary place in this dissertation and to use political science terminology selectively obeys also the desire to profit from the deductions of those academics who have tried to merge world politics and international economics.⁽⁷⁾ Such a merger has highlighted three main issues. At the structural level an effort has been made to shed light on how the international political system shapes the international economic system. While considering the way in which the nation state is affected by political considerations, it determines the degree of freedom or otherwise awarded to international actors such as transnational corporations. In addition, specific international economic interactions are singled out and are treated as international political interactions and the efficiency of actors is evaluated. The nation state is, according to this approach, the most important unit of analysis and a compromise between the economist's assumption of a harmony of interests and the political scientist's emphasis on conflict has been created. The argument, in consequence, is that there is a fundamental difference between military and economic competition that is based on the fact that economic gains are pursued for their absolute benefit to the nation, while military gains are sought for their relative benefit. Consequently, international economic arrangements that benefit others even more than a given group within a

state may be approved as long as they tend to maximise the group's own gains. In military matters, however, the question is always whether one is benefitting relative to the other actor and from here it follows that economic instruments can be used directly as instruments of power or influence in international politics.

The earlier emphasis placed upon military capacity and threats of physical violence by writers of international politics has, in consequence, been transformed. When these writers turn their attention to the political economy of development, the influence of world politics and neo-classical economics is apparent. The politics of international development is approached as the resolution of conflicts of interest among national and public policies. Its political content is seen to lie in the fact that it is necessary for each of the various nation states to choose between several competing and often contradictory goals that are advanced by different sectors of the society. Normally these goals are enumerated as economic efficiency, economic growth, full employment, income distribution, price stability, quality of life and economic security⁽⁸⁾, and both developed and underdeveloped nations must choose to emphasise some of these goals more than others. Their different levels of development make it likely that they will choose different goals, and these different choices create conflicts of interest that must be resolved through international politics.

Resolution of these conflicts of interests is daunting and could involve a whole range of political tactics from coercion to coalition - building to reciprocal negotiation.⁽⁹⁾ Conversely, the purely economic processes do not represent the same degree of difficulty. If economic efficiency or growth is chosen as the goal of public policy it is the neo-classical economics which are perceived to offer the accepted prescriptions for this policy. In consequence, if the leadership of an underdeveloped nation chooses efficiency, growth and maximum employment, it is recommended that it pursue specialisation,⁽¹⁰⁾ encourage foreign investment and accept foreign aid.

The call for a re-appraisal of the way in which international politics should be linked to international economics in order to understand the reasons that move the leaders of a given nation state to

adopt a given number of decisions to enhance the national interest merits further discussion, despite the attempt to develop a new approach using old concepts. For the meantime stress should be placed on the fact that while preserving the nation state as a unit of analysis, this approach fails to account for the way that transnational linkages affect national policies. The fact that foreign bureaucracies, multi-national corporations and other international actors influence the choice of national policy cannot be ignored as political concerns do not involve national actors only.

An alternative approach to the understanding of policy making through the use of the nation state as the basic unit of analysis also concerned with the elaboration of structures of dependency and dominance on a global scale resulting from the application of measures designed to maximise economic efficiency has, in recent years, been undertaken by scholars seeking to emphasise such structures of dependency and dominance. As an alternative approach this movement preceded the recent liberal concern to remedy inadequacies in world politics and international economics. Structuralist theories of international political economy have never been affected by an artificial separation of economics and politics. Structuralist scholars have developed a particular interest in the interpenetration of politics and economics in world affairs through viewing the world from the standpoint of the underdeveloped nations. Their concern has been with the way in which those nations located at the centre of the global economy created and continue to maintain structures and patterns of exchange that systematically benefit those centre nations (industrialised, capitalist) at the expense of those in the periphery (underdeveloped).

From the already extensive list of scholars using variants of the structuralist approach, the efforts of Johan Galtung to develop a structural theory of imperialism should be considered as they shed light on "the tremendous inequality, within and between nations, in almost all aspects of human living conditions, including the power to decide over these living conditions; and the resistance of this inequality to change."⁽¹¹⁾ According to Galtung the task of the analyst is to conceive of, explain and counteract the structural violence that ensues from inequality

which is seen to manifest itself in the fact that the world consists of centre and periphery nations which, in turn, have their own centres and peripheries, and that the most severe inequality exists between the centre and the centre and the periphery and the periphery. To facilitate this task, Galtung further develops the structure of inequality by adding that imperialism as a special system of dominance is characterised by a harmony of interest between the centre in the centre nation and the centre in the periphery nation, and a disharmony of interest between the periphery in the centre nation and the periphery in the periphery nation.⁽¹²⁾ Difficulties stemming from Galtung's persistent use of periphery and centre as metaphors representing developed and underdeveloped countries apart, his emphasis on the lack of interaction between actors in underdeveloped states contributes to an understanding of the reasons that determine the direction of economic, political and cultural linkages at an international level.⁽¹³⁾ Similarly, his treatment of inequality at the roots of international economic transactions increases the understanding of problems deriving from it.

Throughout his entire contribution to the understanding of international economic problems which spans two decades Raúl Prebisch has endeavoured to develop a theory to facilitate the analysis of such inequality. In the first phase of his work written during the late 1950's, Prebisch introduced the concept of stagnation or underdevelopment in the context of the study of the political economy of the periphery.⁽¹⁴⁾ This explanation underlines, in particular, the long term deterioration of the terms of trade for the raw materials exported by periphery nations. From his vantage point of ECLA (U.N. Economic Commission for Latin America) he gathered and diffused information to demonstrate that the prices of raw materials had declined relative to the manufactured goods that were imported from the centre nations, resulting in the net outflow of capital from the periphery to the centre, thus worsening the continuous cash crises in the periphery. Inelasticity in the demand for primary products in the centre nations, Prebisch then explained, meant that increased peripheral productivity leads to a decline in prices rather than to an increase in production. Conversely, the concomitant elasticity in demand for manufactured goods produced in the

centre means that increased productivity can be absorbed without any decrease in prices. Unlike the situation in the developed nations where the existence of trade unions and monopolies permits increased productivity to be retained in the form of higher wages and profits, in the periphery nations the relative lack of labour organisations combined with the effects of competitive international markets for raw materials leads from increased productivity to a decline in prices. In addition, Prebisch pointed out that the price of primary commodities tends to fall because of competition from synthetics and substitutes developed in the centre nations. In view of the increasing industrialisation and rising growth rate in certain peripheral nations, in recent years, Prebisch has attempted to redefine the terms of his original argument by highlighting the "insufficient dynamism of peripheral capitalism" in preference to his previous concept of stagnation.⁽¹⁵⁾ Because of the changing needs of capitalism in the centre as well as a desire to take advantage of an increasing demand for manufactured goods in periphery markets, the centre nations, through transnational corporations, have initiated a strategy of direct foreign investment in some manufacturing industries in periphery nations. "The conspicuous expression of the imitative capitalism of the periphery "has, in fact, accelerated the development of consumer societies in the periphery."⁽¹⁶⁾ From this, Prebisch now argues that the centre nations and the upper strata of the periphery have forged a common strategy designed to create consumer capitalism in the periphery. Such a strategy benefits the centre and transnational corporations because it allows them to take advantage of the increasing capacity of the periphery to absorb manufactured goods.⁽¹⁷⁾ Foreign investment thus creates limited manufacturing capacity in the periphery which is, in fact, what he has called "peripheral capitalism". Because of the unequal distribution of the surplus created both nationally and internationally, peripheral capitalism generates a very inadequate rate of capital accumulation and consequently lacks the dynamism to sustain the integral development that periphery nations need.⁽¹⁸⁾

Based on the flaws perceived by, amongst others, André Gunder Frank, Paul Baran and Theotonio Dos Santos in the developmentalist perspective of liberal political economy, a further analytical framework has been

devised with the purpose of explaining the "unequal exchange" thesis, "the accumulation of world capital", and the rise of a "single capitalist world economy",⁽¹⁹⁾ as part of their effort to focus attention on a unified global economy. The key to explaining this phenomenon, they argue, is to specify the different political and economic rôles which a state or geographic area plays within the overall system selecting - core/semi-periphery/periphery; core/periphery metropole/satellite, as their basic categories of analysis.

The most significant difference between the world systems approach as first designated by Immanuel Wallerstein⁽²⁰⁾ and the structuralist approach lies in the fact that the former takes the capitalist world economy as its primary unit of analysis. From his viewpoint all issues of international political economy are to be explained in terms of their consequences for both the whole of the system and its parts. Any conflict of interest in any given state, it is argued, can be explained as "efforts to alter or preserve a position within the world economy which is to the advantage or disadvantage of particular groups located within a particular state".⁽²¹⁾ Despite the disagreement amongst the various world systems theorists who have thus far been unable to agree on an exact number of geographical areas corresponding to determined economic activities, the direction of their generalisation is a clear indication of the way in which their approach should be interpreted. Political actors act not for their immediate concrete interests, but because the system dictates that they act.⁽²²⁾ Wars, colonialism, imperialism from such a viewpoint are but reflections of the unstable relationships between competing and expanding capitals within the core and the crises of depression and stagnation that are created. A set of fixed exploitative relations that ignores the internal conflicts of interest which disrupt the operations of the mechanisms of expansion are left without adequate explanation. The capacity of the world systems theory to explain social changes is further impaired by the imprecisions stemming from the attempt to put forward a conception of the world's economic changes based on an abstraction of the conflicts of interest that produce these.

Despite the drawbacks contained in both the world systems theory and the structuralist methods of analysis, their contribution to the

understanding of international economic, political and cultural factors that characterise given nation states and/or regions is based on their avoidance of the imprecisions contained in the concept of national interest used for the purpose prior to their appearance. As a framework, structuralism especially, offers the analyst the opportunity of analysing both the nation state and the differing interests within it. The conflicts between centre and periphery nations and within nations between centres and peripheries, in consequence, receive a more integral treatment than under exclusively political or exclusively economic analytical methods. In view of the untapped wealth of information regarding the creation and expansion of economic, political and cultural linkages that have contributed to the creation of Colombia as a nation state and of the dearth of studies concerned with it, this study has been based on structuralist concepts as well as some of the concepts utilised by political scientists interested solely in foreign policy. In order to avoid some of the imprecisions produced by structuralist terminology, as much as to emphasise the belief that the nation state as a unit of analysis has still more to yield, specific names of countries will be used throughout. Constant attention is also given to the fact that the rôle of the state is that of acting as the main allocator of resources and is, in the last instance, the most powerful bargaining force in international relations.

To the analyst of Colombia's economic, political and cultural development, it comes as no surprise to discover that as recently as the 1960's and '70's, evidence of the shattering events which threatened its disappearance as a sovereign state at the beginning of the century, could still be found. Besides expressing their disapproval of the crippling side effects that the management of the conflicts of interest by policymakers were having on large sections of their society, the founders of the virtually independent republics of El Pato and Marquetalia, among others, were also demonstrating how deeply rooted in their society the European concept of the sovereign state has been. "... sitting, with oscillating confidence, upon highly disparate regional subcultures"⁽²³⁾ the members of the central government in Bogotá had, since the beginning of Colombia's independent life, also tried to find the means to surpass

such a rôle to gain unchallengeable hegemony instead.

By 1900 the most influential members of several regional leaderships, who regarded themselves as Spaniards marooned in hostile environments⁽²⁴⁾ with the duty of improving the living standards of their respective societies, challenged the notion of Colombia as a nation state, with some success. In Chapter 1, a description and analysis of the historical circumstances leading to the successful outcome of the separatist efforts of the Panamanian leadership is presented. The chapter also includes an analysis of the economic and political linkages between public officials and influential private citizens, especially in Bogotá and Panamá City, and private citizens in the U.S., Britain and France. In view of the glaring inequality between the bargaining power at the disposal of these groups of public officials and private citizens at the respective ends of such linkages, attention is paid to the causes of this inequality. As the first milestone in the study of Colombia's foreign policy, the economic and political consequences of the secession of Panamá which, soon after, would produce a sharp increase in the degree of official dependency on customs receipts⁽²⁵⁾, warrants exploration.

The long term objectives of Colombia's policymakers to provide the country with an outlet to Europe through the Amazon is dealt with in Chapter 2. Although the material repercussions of their success following several decades of tenacious struggle have yet to yield the desired results, the Leticia conflict of 1933, which was the direct result of such policies, constitutes another milestone in Colombia's diplomatic history. For this reason the political and legal elements at the basis of Colombian official thinking in this matter are included as well as a succinct description of the diplomatic manoeuvres executed by influential citizens in the absence of a structured diplomatic service.

The relentless advance of U.S. investors, characterising the international financial scene of the 1920's is discussed, especially as it affected Peruvian politics. How it affected Colombian politics and the economy is treated at greater length in Chapter 3. The Colombian government's gradual change from a predominant dependence on

customs receipts to a dependence on revenues generated by foreign investments in public services is introduced in this chapter, but more fully developed in Chapter 4. However, the protracted tripartite negotiations amongst Colombian, Panamanian and U.S. officials which culminated in the signature of the Thomson-Urrutia Treaty between Colombia and the U.S. in 1914, and its ratification in 1922, constitute the kernel of Chapter 3. Such protracted negotiations gave ample opportunity to most members of the Colombian Executive and Legislature to assimilate the reasons why an understanding with the U.S. government should become central to Colombia's foreign policy - hence the acceptance of the 'respice polum' (looking towards the polar star) doctrine of Marco Fidel Suárez.

Besides dealing with the introduction of dependency on foreign investments, Chapter 4 covers the reasons that made those investments necessary in the minds of Colombian leaders. It examines the initial social and economic effects and the decisions taken by the leadership in their attempts to solve the acute transport difficulties, while striving to diffuse the concept of nationhood throughout the entire Colombian territory. After forestalling any separatist attempts with the curtailment of municipal and departmental powers to raise foreign loans during the 1920's placing the country unambiguously in the U.S. financial sphere of influence, the overt recognition of the U.S.'s cultural and political preponderance became an imperative during the following decade.

Chapter 5 presents an analysis of the way the political changes on the international scene affected the economic and political future of Colombia. President López's efforts to formulate a foreign policy based on the strengthening of political links with other Latin American countries, especially with the Bolivarian republics without hampering economic ties with the U.S., are also analysed. The eventual formulation of the 'neutral but not indifferent' doctrine of President Santos for the purpose of aligning Colombia with the Allies, despite pressures to the contrary from sectors of the Conservative party, and even from some prominent Liberals, completes the chapter. The relevance of this doctrine is not only to be found in the fact that it developed as the logical conclusion to a political process which anteceded and was

strengthened by the 'respice polum' doctrine of Marco Fidel Suárez, but because it also marks the commencement of the 'respice similia' (looking towards equals) doctrine, as a coherent if complementary orientation to Colombia's foreign policy.

In view of the significance of this new departure, undiminished despite its sanctioning by the governments and financial élites of the centre powers - the U.S. and Europe - in the re-arranged post-war economic and political international scene, Chapters 6 and 7 have been included to analyse two manifestations of this departure. While Chapter 6 covers the contributions of prominent individuals towards the fulfilment of integrationist ideals at a sub-regional level and the opening of new commercial and cultural channels with other than the centre powers despite the continuing absence of a well structured and adequately financed diplomatic apparatus for several decades, Chapter 7 concentrates on relations with Venezuela. The constant economic, social and political problems resulting from the complementary nature of the economic activities of the two countries are discussed in chronological order from the beginning of this century.

In the final chapter an analysis of the consequences for Colombia's foreign policy of the country's grudging but overwhelming reliance on coffee exports for the hard currency required to import raw materials, capital goods, technology and latterly oil, is presented. As the pivotal economic activity, the coffee industry has been not only the constant factor shaping the nature and scope of the decisions adopted by all Colombian governments during this century but, to a large extent, it has also moulded the thinking of the majority of Colombians whose opinions influence the political process. Through their acceptance of such directives they have strengthened the idea that the management of coffee should be left outside the scope of political rewards. Similarly they have ensured, and are likely to continue to do so, that the interest of the economically active members of Colombian society will be seen to be best served by the strengthening of links with the coffee importers in the centre powers in particular, and with their counterparts in other periphery nations to a lesser extent.

INTRODUCTION - Footnotes

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some revenue to cover the expenditure of their impoverished government. It must be recognised, however, that there were a few influential citizens who upheld an interpretation of the concept of sovereignty which clashed with the official one, and who were, in consequence, prepared to act following the current trends in international affairs. Equally, it must be recognised that even amongst the members of the isolationist élite, there were those who were willing to come to some arrangement with the other countries on the Pacific coast to use Colombia's corner house position for the benefit of all.

11. Towards the opening of the canal - historical background.

The idea of taking maximum advantage of Colombia's geographical position was even older than the country itself. Soon after the arrival of the Spanish conquistadores in the early sixteenth century, the isthmus of Panamá had been sighted as a possible point through which the Atlantic and Pacific oceans could be joined. By 1524 Hernan Cortés, Conqueror of Mexico, had written to the Emperor Charles V telling him that the building of a waterway between the oceans could be more costly than the conquest of Mexico itself. Faced with the insurmountable cost of the project the Crown was content to use the Isthmus for the transshipment of goods and minerals to and from Peru. Based on sounder studies than those carried out at the beginning of the sixteenth century, a group of Flemish engineers tried to convince Philip II that the project was already viable. To their reasoning the Emperor replied "that man will not tear apart that which God has joined"⁽¹⁾. Whether this reply was given out of genuine religious belief or out of political convenience is not clear. What is clear, however, is that it was given by a man who had almost certainly not had any maritime experience and who, as a result, might have overrated the prospects of communications by land.

A century later (1694) William Patterson, a Scottish settler in the Darien region close to Panamá, tried to awaken the interest of the British Monarchs - William and Mary - in an interoceanic waterway; he wrote

"it would guarantee the keys of the whole world, thus enabling its holders to take possession of both seas and become the arbiters of world wide commerce."

International awareness of the need to join the two oceans increased steadily and was not always based on sound estimates of the costs and risks involved. The project became an international dream bringing together the commercial aspirations of the powers thought to have the expertise and finances required and the aspirations of those who held the various strips of land thought to be suitable for the purpose. The internationalised dream eventually brought the involvement of the United States which, by the end of the eighteenth century, was as yet incapable of taking decisive steps, but whose leaders even then wanted to adopt it as a dream of their own. In 1786 Thomas Jefferson, then representing the U.S. in Paris, thought that a canal across the isthmus would be "a work much less difficult than some even of the inferior canals of France", since a small opening would soon be widened by the tropical currents.⁽²⁾

With the loss of most of the Spanish colonies during the early nineteenth century, Britain acquired a more important commercial rôle in Latin America which was to have at least two important side effects as far as Gran Colombia (New Granada, Venezuela and Ecuador) was concerned. On the one hand, British volunteers in the victorious Spanish American armies expanded their own influence and prepared the field for the now legal commercial and financial activities; on the other hand their presence provoked the apprehension of the U.S., and at the same time gave the government of Gran Colombia reason to believe that the question of the opening of the interoceanic waterway could be settled by arrangement with the highest bidder. Choice, the Gran Colombian government already understood, was not their exclusive privilege; Vice President Santander reminded Congress of the danger of being outstripped by the possessors of other routes.⁽³⁾

The number and quality of the studies submitted to the various governments interested in the venture increased rapidly as time went on and no agreement could be reached. At an international congress held in Paris in 1879 projects were submitted for the construction of a canal

TABLE 1-1

The total Shipping tonnage of the world and Great Britain's share of this tonnage, 1861-1890

YEAR	<u>WORLD SHIPPING</u>		<u>BRITISH SHIPPING</u>			
	SAIL IN MILLION NET TONS	STEAM IN MILLION NET TONS	SAIL IN MILLION NET TONS	% OF NET TONS	STEAM IN MILLION NET TONS	% OF STEAM TONS
1861	14.89	1.71	4.20	28.2	0.45	26.3
1870	12.90	3.04	4.58	35.5	1.11	36.5
1880	14.40	5.88	3.85	26.7	2.72	46.3
1890	9.17	8.30	2.94	32.1	5.04	60.7

Source: Stanley J. Thompson: The Impact of the French 'Challenge' in the Isthmus of Panamá on the U.S. Expansionism in the Caribbean, 1867-1881,
(The American University, Washington D.C. 1974), Table 2, p.169.

TABLE-I1France - Merchant Ships Registered

YEAR	NUMBER OF SHIPS		THOUSAND TONS	
	SAIL	STEAM and MOTOR	SAIL	STEAM and MOTOR
1861	14,738	327	911	73
1870	14,929	457	921	151
1880	14,406	652	642	278
1890	14,001	1,110	444	500

Source: B.R. Mitchell: European Historical Statistics
1750-1970, (London, 1975),
 pp.615 and 620.

TABLE-III

The Total Tonnage of the United States Merchant Marine Fleet
in 1860, 1879, 1880.

	(Tons)	
1860	1879	1880
5,353,868	4,169,601	4,068,034

Source: Stanley J. Thompson, (1974), Table 3, p.170.

with locks. One suggested its opening through Tehuantepec; four through Nicaragua; two through Chocó; one through Darién and the other via Panamá. Plans for four sea level canals were also submitted - one via San Blas, one through the Chocó, another via Darién between Acandí and the Gulf of San Miguel, and the last through the isthmus between the Bays of Limón and Panamá⁽⁴⁾. Despite the confidence shown by the engineers, financiers and diplomats of the U.S., Great Britain and France they found themselves engaged in an open race in order to obtain the most favourable terms.

11a) Equality/Inequality in negotiating strengths.

The political and economic circumstances of these three powers varied greatly. Table I-H demonstrates that the amount of goods the British fleet could transport was much greater than that of the U.S. or France. Furthermore this table shows that Britain's fleet was being modernised as seen in the fast growing steamship tonnage. An analysis of Tables I-I, I-II and I-III shows that the percentage of world tonnage was changing in Britain's favour. This should offer some explanation as to why there was a degree of rivalry between the U.S. and Britain over the securing of possible new sea lanes. Furthermore these indicators emphasise the overwhelming superiority of Europe and the U.S., taken as a total, in relation to the rest of the world and to Latin America in particular.

The immediate outcome of the commercial and strategic discrepancies existing amongst the big powers of the day was translated into a relative increase in the possibilities of choice which the small powers were able to exercise - in 1878 Luciano Bonaparte Wyse obtained a concession from the Colombian government to build the oceanic canal through Panamá. The Colombian government reached this decision after the legislature had refused to approve the treaties between Colombia and the U.S. of 1869 and 1870.⁽⁵⁾ Table I-IV illustrates the way in which the commercial balance of Europe and the U.S. was weighted in favour of the latter although the U.S. export figures were on the increase. The same table indicates that the three main, well established exporters were already being challenged by Germany which, after starting as an exporter of

TABLE IV

British, German, French and U.S. exports to destinations outside the Group and other than the Principal Protected Countries, 1880, 1885, 1890, 1895, 1900 and 1902.
(£ million)

YEAR	UNITED KINGDOM	GERMANY	FRANCE	UNITED STATES
1880	125.3	24.8	28.7	25.0
1885	126.5	27.9	26.1	30.4
1890	155.9	36.2	34.5	37.0
1895	129.7	37.2	30.0	37.7
1900	167.5	51.5	36.9	77.0
1902	176.8	51.7	37.0	80.8
Average 1880-1882	132.8	25.5	29.3	28.8
Average 1900-1902	172.7	50.9	36.9	78.1
Increase	39.9	25.4	7.6	49.3
Increase %	30	100	26	171

Source: D.C.M. Platt: Latin America and British Trade 1806-1914, (London, 1972),
Table V, p.100.

cheap, imitation products ranked third by 1902 and had challenged the U.S. for second place in 1895. Similarly Table I-IV suggests that U.S. manufacturers and exporters restarted applying pressure on their government - after the Civil War lull - for diplomatic intervention to redress the state of affairs.

With their resounding victory over Spain in the war of 1898 American drive received a further boost which led to a demand that the slowly progressing French canal should come under their control. To achieve this, however, the U.S. government had to approach Britain in order to obtain the necessary modifications of the Clayton-Bulwer treaty signed between them on April 19th 1850. "A treaty between the U.S. and Great Britain amending the Clayton-Bulwer treaty insofar as it applies to the proposed Isthmian Canal has been concluded. It was signed at Washington yesterday (February 5th 1900) by Colonel Hay (U.S. Secretary of State) and Lord Pauncefote" (British Ambassador in Washington).⁽⁶⁾ The premature disclosure and publicity of a matter of such importance provoked indignant reaction from the British, who were quick to foresee that vested American interest would soon move to extract more meaningful concessions. Britain's "magnanimity in treating this matter of worldwide importance"⁽⁷⁾ was going to create further complications. An explanation was in order: "... it seems that the Treaty was printed confidentially for the use of the Senators, and some one of them must have communicated it to the press."⁽⁸⁾

Hay's embarrassment serves to underline both the need felt by American diplomats to tread circumspectly to avoid setting the two commercially most powerful nations on a collision course, and the treatment that the same diplomatic machine had in store for the other protagonists in the canal negotiations. The weakness of the diplomatic apparatus organised by Colombia and Nicaragua - the owners of the two most likely sites under consideration - allowed the American Executive to select, without major preoccupations, both the site and time for the building of the canal. Furthermore, the complete absence of any pressure group to defend the interests of Colombia and Nicaragua from within the U.S., accentuated the disparity of the negotiating parties. American interest in Colombia had been declining steadily for the two decades preceding

the Hay-Pauncefote treaty, almost from the moment when the French Canal Company undertook the initiation of the work. "It is estimated that Yankee interests in Colombia reached the peak in 1881, with the total of U.S. \$14,000,000: Panama railroad U.S. \$8 million; loans U.S. \$3½ million; urban real estate U.S. \$1 million; miscellaneous U.S. \$1½ million."⁽⁹⁾

That American interests happened to be concentrated in the Isthmus is no coincidence for the commerce from the two coasts had been moving across it since the beginning of the gold rush in California. What was an unhappy coincidence for Colombia was that during the same nineteen years since the peak of 1881, its social, political and economic situation had undergone a period of rapid deterioration. Whether this deterioration worsened Colombia's opportunities of receiving more decorous treatment in her negotiations with the U.S. is not clear. What is beyond doubt, however, is that simultaneously with the deterioration of the social, political and economic sectors of the country, the Colombian leadership underwent a similar phenomenon.

11b) Conservatives - Liberals and the economy in late 19th-century Colombia.

The sharp drop in Colombian sales abroad of tobacco and quinine after the Civil War of 1876 produced a severe balance of payments deficit as capital continued to leave the country to pay for goods imported to satisfy the demand for foreign manufactures consumed by the more affluent sections of society.⁽¹⁰⁾ The Conservative backlash against the effects of the 1863 Rio Negro constitution, which divided the country into nine federal states, provoked the drawing up of a new constitution with the purpose of investing the President with wider powers to enable him to withstand the frequent challenges to his authority from the governments of the nine states. The 1886 constitution also revoked a series of decisions approved under the Rio Negro constitution, amongst which were those dealing with the adoption of new financial practices, and the reorganisation of education on more confessional lines.⁽¹¹⁾ Ironically, it was the educational methods of the Liberal governments which made many tradition-loving families

send their sons to be educated abroad, in order to avoid their familiarisation with positivist ideas. This in turn had the two-fold effect of increasing the expenditure of Colombian gold, and of beginning what in the twentieth century was to be called the 'brain drain', as many professionals sought personal comforts through working for more developed economies. The taste for the study of philology, poetry and the like, however, was well entrenched in some of the most distinguished families of the interior. Easy flowing translations into Spanish from the classics were published by accomplished scholars. The 1880's won for Bogotá the nickname of 'the South American Athens' as a recognition by Spanish philologists and linguists of the achievements of Colombian scholars.⁽¹²⁾

The analysis of the political and social implications of the intellectual preferences of the Colombian leadership cannot be undertaken without delving into the colonial past. What cannot be denied is that the Colombian leaders of this period were no nearer an understanding of the social and economic needs of the population at large. Furthermore, it is not certain that the leadership itself had a clear idea of the methods needed to achieve their personal and partisan ambitions. In 1885, for example, General Pedro J. Sarmiento, President of the State of Boyacá, decided to join the revolutionary movement against Rafael Nuñez, President of Colombia, which started in the State of Santander. To preserve his honour intact, before joining his revolutionary movement General Sarmiento handed back to President Nuñez the large arsenal with which the latter had entrusted him.⁽¹³⁾

The idealism displayed by General Sarmiento is indicative of the fact that although the leaders of the Liberal party generally favoured free trade, and consequently greater contacts with Europe and the U.S.; the practical lessons that could be learned from such contacts had gone to waste. The efforts of the Liberal party to end the isolationist policies of governments which, until 1863, had followed a protectionist course, should be regarded as the basis for understanding the reasons for Colombia's internal strife, as well as for understanding the international leanings of the party regarding negotiations for the construction of the canal and the courses of the 1899 civil war. The Liberal move to organise Colombia's finances and politics on lines more

acceptable to the North Atlantic powers can be detected in both their decisions to introduce free trade, and in their desire to put the country's administration nearer the main lines of international communication. By 1863, during the Rio Negro Convention called to draw up a new constitution, several members of the party took the opportunity to suggest that the Colombian capital should be transferred to Panama.⁽¹⁴⁾ "Security considerations", however, made the upholders of the proposed change desist. How realistic the liberal intentions were is a question which is difficult to assess, but it can be suggested that, if the motion was not carried through, it was because most of the delegates to the convention understood that the political and economic centres of the country were firmly fixed in the relatively populated areas of the interior. Any security considerations must have had more to do with the party's desire to keep direct control of the centres of production and demand, than with their fears of an invasion by powers whose contact was being sought.

Dispersed pockets of settlers of mainly European stock had grown and organised their own patterns of agriculture, industry and commerce in North East Colombia, isolated from the North Atlantic merchants, partly because of decisions of the Spanish crown, but, above all, because of difficult communications. Despite their isolation these centres had survived to play a dual rôle in the life of Colombia as a whole. On the one hand they found the means to import the elements of the limited technology needed to manufacture the basic consumer goods absorbed locally; and, on the other, preserved enough cultural values to make them retain their European bias.

Western Colombia, while also dominated by predominantly European groups, due to the need to export the gold from their mines, grew more dependent on Europe for their supplies. In addition, they strengthened their links with Europe with their exports of quinine, indigo and tobacco.

Colombia thus was roughly divided in two halves either side of the Magdalena river - the eastern half, with self subsistent agriculture and industry; the western half based on an export economy.⁽¹⁵⁾ This division had developed from the moment the Spanish conquest began.

By the time the Liberals gained power in the second half of the

nineteenth century a new factor had appeared on the economic scene. The gradual expansion of the importing capacity of the more industrialised countries had created space for the importation of larger quantities of non-basic foodstuffs, coffee being one of them. European economic developments favoured the necessary conditions for the plantation of coffee.⁽¹⁶⁾ Because of the special circumstances which the association with coffee has created for Colombia as a whole, analyses of such circumstances will be carried out in the final chapter, and for the time being, it will only be emphasised that the expansion of its cultivation allowed a gradual incorporation of Colombia into the world economy. Coffee revenues began to have a significant impact on the Colombian economy by the middle of the nineteenth century, and, by this time, large numbers of 'campesinos' were already settling new areas, founding numerous towns on the flanks of the Andes. These social upheavals were translated into frequent civil wars, difficult to explain in a consistent way from a political point of view.

Social and political instability came accompanied by inconsistencies in the thinking of the leaders of the period. For a time poor economic performance was attributed to the centralist system of government. It was to improve the chances of better economic achievement and, above all, peace, that the 1863 constitution was drawn up. The United States of Colombia was thus created in the hope that a federal system would bring to Colombians the same fortunes as those brought by a similar system to the citizens of the U.S.⁽¹⁷⁾

As it happened, no political or economic relief came out of this step. The Liberal party became divided and politically motivated violence continued unabated. "Radicales" and "independientes" plotted against each other in their efforts to outmanoeuvre the faction in power, in order to dislodge it. In the ensuing confusion the ideological frontiers were obliterated and, at times, the nation's budget seemed to have been their only incentive.⁽¹⁸⁾ Eighteen years after the promulgation of the Rio Negro constitution the need for unity had become the central theme of Liberal rallies. On August 24th 1881, in his speech of thanks for his nomination, the newly appointed presidential candidate, Dr. Zaldúa of the "independiente" faction stressed the need to organise

the government on the basis of tolerance for all religious beliefs and strict legality in every act of government.⁽¹⁹⁾ Two days earlier José María Rojas Garrido, a prominent member of the radical faction and magistrate of the federal court had publicly stated that the Liberals should not leave a stone unturned in the country in their efforts to curtail conservative ambitions for power - Luis Martínez Silva, a respected Conservative journalist whose career was to take him to the foreign ministry, claimed political affinities with the members of the "independiente" faction of the Liberals.⁽²⁰⁾

An analysis of the political boundaries between the Liberal and Conservative sectors of the Colombian leadership in the second half of the nineteenth century is, as has already been stated, exceedingly difficult because of their shared attitude towards the cultural and political elements imported from abroad. This analysis is hampered still further because both sectors used their overseas acquired elements for the same purposes - that is, to enhance their possibility of success in the political control of the nation. Furthermore, the various sectors also shared common attitudes towards property and the state. In this respect the ownership of land and in particular of large estates, which is frequently taken as an indicator of whether public figures had Conservative leanings, is definitely misleading. Rafael Uribe Uribe, who by the 1890's had emerged as one of the outstanding figures of the Liberal party, was the owner of a large estate in Antioquia. The fact that shortly before the outbreak of the Thousand Days War of 1899 Uribe sold his large hacienda - Gualanday, can be understood as reflecting his fear that an eventual defeat in the rebellion in which he was about to participate could bring about the expropriation of his estate by his political opponents.⁽²¹⁾ During the same period another Liberal, Roberto Herrera, brother of the Archbishop of Bogotá, owned a 100 hectares coffee farm near Bogotá, but did not have the need to dispose of it because he did not take up arms against the government.⁽²²⁾

The social upheavals produced by the suspension of protectionist policies threw into disarray the Europeanised leadership of both Colombian political parties, creating in their wake a highly unstable situation where each protagonist had to attempt to keep some measure

of control through the ownership of property. With regard to the Liberal and Conservative interpretation of the rôle of the state, the five major revolutions fought between 1839-1886 serve as an illustration that both parties sought its control as a means of survival.⁽²³⁾ The crude inferences of this statement will be justified by a close examination of the rôles played by the various political figures in the direction of public affairs which culminated in the overt impingement upon national sovereignty, so dearly held by every member of the leadership - the secession of Panama.

11c) Conservatives-Liberals, their ideological struggle

Taking into consideration the existing confusion among Colombian leaders in relation to their rôle in the application of European and American political and cultural elements in the Colombian situation from the period when the civil wars began, it has to be underlined that the only point shared by everybody concerned was the need to own the actual or potential means of production. Conversely, their main point of disagreement was the ultimate destination of the products obtained by extraction, farming or manufacture because of the Europeanised political and cultural goals of the various leaders. It seems valid to suggest that in the scheme of things expansion of industry using European models was a high priority although the size and buying power of the isolated internal markets rendered such a goal meaningless. At the same time it seems legitimate to suggest that the perception of the international system held by the Colombian leadership must have been as distorted as their perception of the national environment. The desire of the Liberal party to strengthen the national economy by encouraging commercial exchange with Europe and the U.S. can be interpreted as a symptom of the party's desire to produce the wealth necessary to pursue Europeanised ambitions. A clash between the basic components of the Conservative party and those of the Liberal party can be seen as the struggle for the supremacy between incipient chauvinism and incipient integrationist ideals. The promulgation of the 1886 constitution provided the Conservative party with the means to obtain their most immediate aim - power. At the same time the promulgation of the constitution forced the Liberals to remain outside the Executive and

the Legislature. Only two representatives to the lower chamber of Congress were elected by the Liberal party between 1888 and 1904, and this was due, to a large extent, to the condescending attitude of some of the members of the party in government.⁽²⁴⁾ The Liberal party's virtual proscription from power did not bring about the desired results, for instead of submitting it to lasting surrender, in practice it provided it with the reasons to bid for power by extra-legal means. By 1895 the Liberals staged an armed "revolution" which, although unsuccessful, gave them the opportunity to measure their strength against the government's weakening position.⁽²⁵⁾ Only three years later members of the party were feeling confident enough to speak defiantly against "presidential authoritarianism" - "Affiliated to Liberalism by tradition and conviction, we will be resolutely opposed to the exaggeration of the notion of discipline, and we will censure anything that tends to convert it into a degrading submission that demands or offers the abdication of the will or mind, or exchanges spontaneous and reflective co-operation for dumb obedience."⁽²⁶⁾ This buoyant frame of mind of the Liberals was caused in part by their awareness of the shortcomings of the Conservative hierarchy, and in part by their perception of the country's international position. The two most prominent members of the Conservative party - Miguel Antonio Caro and José Manuel Marroquín, true to their intellectual calibre had amongst their limitations that of not having travelled outside the Colombian interior - lacking, in consequence, first-hand knowledge of the conditions existing in the region, and therefore unable to assess their own position in relation to that of neighbouring governments.

In the Liberal camp, however, there was a greater degree of interest in the policies adopted by neighbouring governments. By 1897 the leadership of the party seemed to be of the opinion that the Liberal governments of the area could be used as the means of helping them obtain their return to power.

Those who favoured the conquest of the Executive through violence decided to act independently, partly because they felt that the constitution of 1886 did not allow them to fulfil their objectives through legal means, and partly because, due to the deficiency in the

channels of communication amongst themselves, they tended to misjudge each other's strength. In order to ensure that no false moves would be made - "the National Directorate sent a commission composed of Luis R. Robles and Foción Soto abroad to procure arms and allies. At his own insistence, and despite the misgivings of the Central Directorate, Rafael Uribe Uribe joined the commissioners abroad ... A matter of primary concern to the Liberal envoys was the need to secure permission from the friendly Liberal governments of Venezuela and Ecuador to use their territory as a staging area for the invasion of Colombia."⁽²⁷⁾ That the Liberals' assessment of the political and economic situation in Venezuela, Ecuador, Nicaragua and Guatemala was faulty, can be deduced with the advantage of hindsight by their long-term failure and by their immediate limited success. Rafael Uribe Uribe, after visiting those governments, only obtained a positive reply from Jorge Reina Barrios, President of Guatemala.⁽²⁸⁾ Whether or not the Colombian Liberals received other than encouragement from the Liberal parties of the area is not clear. President Reina Barrios died before being able to fulfil his promise. It would be more difficult still to establish the quantity of any arms or ammunition made available to the Colombian Liberals via the Venezuelan, Ecuadorean and Nicaraguan frontiers.

The most immediate consequence of the contacts with certain Liberal leaders abroad was that of giving a sense of false security to the Colombian Liberals. The absence of an immediate positive response from the governments of the area should have provoked in the Colombian camp a reappraisal of their economic and ideological basis before engaging lightheartedly in an armed struggle against the Central government. The press reports concerning the dire economic situation published a few weeks before the outbreak of hostilities in 1899, should have been taken by the Liberals as a warning that the government would respond energetically to any challenge. The sharp drop in coffee prices on the international market, coupled with the fast depreciation of the national currency,⁽²⁹⁾ while making the government's position more untenable gave its members the determination to remain at their posts, for they knew that outside the service of the state there was nothing but uncertainty. "Thousands of our compatriots who are unable to

maintain their families without the distribution of public funds made by the government, now in the form of salaries, now in pensions and in other ways, are suffering real hardship."⁽³⁰⁾ These words of Marroquín in 1898 left no room for doubt as to his real intentions. It would be possible to argue conversely that because the Liberal party had fully understood that due to the lack of shared interests, both commercial and otherwise, with the Liberal governments of neighbouring countries, its only alternative was an attempt to gain control of the state.

11d) The Thousand Days Civil War , its implications.

The rapid disintegration of the Colombian economy and its social structures had by no means reached its lowest ebb at the end of the nineteenth century. On the contrary, such a process of economic and social decay was accelerated by the uncompetitiveness of Colombian products on the international market, caused to a large extent by the drawn out civil war which started in October 1899. Liberals and Conservatives severely depleted the numbers of agricultural workers still engaged in the production of coffee. At first the Liberals seemed to be getting the upper hand because their recruiting campaign was carried out by appealing to the goodwill of their following which gave them considerable numbers of volunteers. Despite their greater fire power, the initial stages of the war brought several major reversals to the Conservatives, mainly because their troops were made up of conscript Indian labourers often eager to desert.

Both poorly armed Liberal Volunteers and Conservative conscripts created a vacuum in the agricultural sector which brought coffee exports to a halt.⁽³¹⁾ An approximate idea of the magnitude of the conflict and its catastrophic effects can be deduced from the fact that by April 1901, 218 engagements had been fought, resulting in approximately 30,000 dead and 70 million pesos spent by the government in trying to suppress it.⁽³²⁾ These figures become even more alarming bearing in mind the population density of the country and also that an overwhelming percentage of the four million population were engaged in subsistence agriculture. This latter fact highlights the efficiency of the recruiting methods used by both sides in order to involve greater

numbers of people in the fighting who would risk their lives by heeding their leader's call to arms. By the time the final treaty of peace was signed on November 21st 1902, 100,000 Colombians had, according to some estimates, lost their lives⁽³³⁾, but no estimates can be presented for the losses incurred through the destruction of property, and for personal losses and injuries incurred during the struggle. "The advent of peace" British Vice-Consul Spencer Dickson reported, "leaves many questions to be dealt with, but the most serious of all lies in the fact that the government was to respond for over a thousand million dollars circulating in the country in the form of national bank bills."⁽³⁴⁾ His report continued, "This crisis is not an evil resulting solely from the present revolution. What the revolution has done is to lay bare the evils of previous corrupt administrations."

Whether such a steady decline in the economic performance of the country can be explained exclusively on moral grounds, or whether it should be attributed to genuinely misguided financial policies is a question that sheds more light on the understanding of the personal and professional integrity of the questioner than on the factors which led the government into the situation in which the question originated. However, for practical purposes the elucidation of this problem is of crucial importance because accepting a moral explanation not only clouds the issue being analysed, but brings with it an implicit recognition of the superiority of the person passing judgement. At the same time, it should be noted that if the issue in question is thought to be the result of mistakes, the existence of orthodox solutions is accepted and the explanation automatically reverts to moral grounds.

The significance of the analysis of the causes and effects of the Thousand days civil war in Colombia lies primarily in the fact that all the parties involved, directly or indirectly, understood that their positions had to be modified in order to avoid still graver consequences. For its part, the Liberal party had to admit that its only achievement was that of being regarded as a force to be reckoned with. The Conservative party had to concede, as it will be seen below, that Colombia could be kept isolated from international events, and the representatives of foreign interests understood that the time to step

up their investments in Colombia had not yet arrived.

After its debatable victory, the Conservative government of Vice-President Marroquín had to keep its attention on public order problems. "The Vice-President has publicly declared that, even though the war terminate, he cannot declare public order restored for some time after such event 'for administrative reasons'." (35)

The solution of the most pressing economic problems was not any nearer than it had been before the war - on the contrary they were growing larger with the aggravant that a considerable number of claims by foreigners would have to be faced. "As a free pardon was granted by the government to the Liberals," reported Vice-Consul Dickson, "the latter have been thereby exempted for all responsibility for their acts." (36) This decision by the government poses a question central to the understanding of the immediate outcome of the war and its long term consequences. If, as has been seen, the Liberal party's defeat was one which leaves room for suggesting that it was the best arrangement which both parties could obtain under the circumstances, it would be only natural to expect that after the government had demonstrated that it had the upper hand and that the authority of the state had been fully restored, for the sake of both parties the government should have started a power sharing process. Regarding the immediate outcome of the war, the government made no significant attempt to give posts of importance to the Liberals; and, on the contrary, it insisted on the use of force as demonstrated by the execution of Victoriano Lorenzo (hero to the Liberals, criminal to the Conservatives) which kept Liberal anxieties alive. (37)

The first inference which could be drawn from this is that the Conservatives' victory in mainland Colombia was indisputable, and that it could look forward to complete victory in due course in Panamá where the Liberal movement had its stronghold. Secondly, it could be suggested that the government's behaviour was connected with its strategy over the negotiations with the U.S. concerning the opening of the canal. Although the two inferences are not mutually exclusive, they are nonetheless worth making because, in the first case, the situation would have to be seen solely as an internal development, whereas in the second case it would have to be understood as one where the Colombian government sought

U.S. intervention on its behalf. The latter point will be discussed further later, but in the meantime it should be remembered that U.S. aid would not have been forthcoming for a government putting obstacles in the way of American nationalistic goals.

Regarding the long term consequences of the Thousand Days War, it can be observed that owing to the size of the claims of foreigners added to the existing foreign debt, the Government had to find a way to fulfil its undertakings, and that due to the stringent situation of the national economy the only resource which could be made available was the mortgaging of customs revenues. "Provision for payment of foreign claims" reported Dickson, "has been made by issue of 'vales de extranjeros' or foreign bonds, receivable in payments due to the Customs Houses, up to 8% ... It will take a long time for one million sterling to be cancelled by this 8% of the Customs receipts."⁽³⁸⁾

The government therefore was obliged to encourage, or at least endure an increase in the volume of merchandise entering the country. Although Law 27 of 17th October 1903 was approved by Congress with the object of organising the presentation of claims of debts by foreigners originated in loans, supplies, expropriations, or material damages suffered by their properties during the Civil War, the same Law in Article 3 sustains that the government would not accept responsibility for claims caused by the rebel forces.⁽³⁹⁾ The publication of this law marked the beginning of a long dispute with the foreign community as to whether the damages incurred by the Liberals should be included in the provisions of the law. Considering that the government had granted the Liberals "a free pardon" ... "The foreign claims, reduced to Colombian currency amount to \$500 million and that, according to the statement of the Colombian government, the whole amount of paper money in the country reaches the figure of \$700,508,865.30."⁽⁴⁰⁾ In the light of these figures the seriousness of the effects of the war needs no further amplification, but the effects of pressing the government to rely on Customs revenues should be examined further - at least tentatively - because of the general absence of adequate records.⁽⁴¹⁾

Any ambitions which the Nationalist faction of the Conservatives party might have contemplated regarding restrictions to the activities

of merchants would have to be postponed until more favourable conditions arose. This explains why the faction of the Conservative party connected with import/export activities took over the control of the Executive after the isolationist Marroquín government ended. It also demands an explanation as to why the various governments in office from 1886 to 1904 did not move quickly to abrogate the 1866 treaty of commerce and friendship with Great Britain. During this period Customs revenues remained as a source of income to sustain the state's officials, but it must be noted that in the 1890's and 1900's "there were few importing firms and little real competition; each importer had his pet connections in Manchester (textiles) and he stuck to them largely on account of credit and as an insurance against currency fluctuations, tariff changes and new regulations with which at any moment he might need assistance and accommodation."⁽⁴²⁾ "The prohibition contained in article 3 of the decree number 1,265 of the 11th November last (1901), which declares as null and void any contract that may be made in any other currency other than that recognised by the law, does not extend to obligations contracted by Colombians residing abroad, or in the territory of the Republic, but with commercial houses or private persons in a foreign country, when payable in that country or their representatives or powers of attorney in Colombia."⁽⁴³⁾ These attempts to discriminate against foreign merchants may have been intended primarily to maximise the state's revenue from Customs houses, but they gave the nationalist faction of the Conservative party sufficient grounds for claiming that it was defending Colombian interests.

The devastating economic consequences of the Civil War together with newly awakened nationalist feelings soon forced the government to reverse its tariff policies, but this time attempts were made to favour the import of British textiles to the detriment of American. Law 63 of 1903, according to which customs duties were to be paid by weight, pleased British textile merchants and their agents as their products, being finer than the American, would contain a greater number of actual pieces. At the same time, this law made transactions easier by establishing the gold dollar which was to be the equivalent of $2\frac{1}{2}$ silver dollars. In this way the merchants were allowed to forecast their needs in specie.⁽⁴⁴⁾

TABLE (-V)
TABLE OF FOREIGN EXCHANGE (PESOS of National Bank)
VALUE OF A DRAFT FOR £20.00 ON LONDON FROM JANUARY 1897 TO DECEMBER 1902

	1897	1898	1899	1900	1901	1902
JAN	236	272	335	814	1223	4400
FEB	240	263	337	876	1340	4500
MARCH	241	276	341	1093	1537	4400
APRIL	245	280	343	1216	1850	4300
MAY	242	284	360	1346	2259	4200
JUNE	243	285	393	1263	2172	4100
JULY	245	290	454	1079	2350	4500
AUG	249	304	512	1003	2450	5850
SEPT	253	314	488	892	3000	8500
OCT	261	309	502	1010	4500	16000
NOV	275	312	557	1066	4800	13200
DEC	252	317	650	1092	4500	9000

SOURCE: Report by Spencer Dickson on "Financial Crisis in Colombia, with exception of Isthmus of Panamá", Dec 10th 1902, (Enclosure with Mallet's Despatch No.32 to F.O. of 15th Dec. 1902) F055-409.

Table IV of Foreign Exchange (1897-1902) illustrates the reasons why merchants were obliged to seek government measures allowing them some form of order independent of the internal fluctuations of the currency. It also demonstrates that in the face of the challenge to its authority, the government decided to meet the increasing military and administrative expenditure by going to any financial lengths before seeking accommodation with the Liberals. The amount of inconvertible paper money in circulation up to 28 February 1903, on which date the emission of paper money was suspended by decree, was \$600,398,581⁽⁴⁵⁾ (£1,200,799). Economically and politically bankrupt, the Colombian leadership could not find effective solutions because of the complexity and severity of the situation; nor could it seek to delegate the task - in part, because penniless though the state was, it was the only means of maintaining power, and because no one could be certain that an alternative government would have acted more effectively.

The use of force, as a formula to impose the political will of the government was, in the circumstances, a virtual impossibility. This was not only because the Liberals had resorted to guerrilla tactics to make up for their deficiencies in armaments,⁽⁴⁶⁾ but especially because both Liberals and Conservatives had by then decided to follow European and American methods of selecting the government as part of their cultural and political heritage. Besides the shortage of qualified leaders to solve the economic and political problems, there existed a similar dearth of military leaders capable of creating an organisation independent of partisan control. The failure of the military authorities to quell the Liberal uprising at the beginning of the conflict caused indiscipline and lack of confidence to spread in the ranks of the army. Whether such anomalies were already latent in the army, or whether they were brought in by the growing number of men joining it at all levels, is hard to establish. Spencer Dickson's observations provide a good enough clue - "I am personally acquainted with 'private individuals', now well off, who, before the revolution, were in the most straightened circumstances. They are not regarded with disapproval in society, but rather with envy. It is merely a question of whose term will come next."⁽⁴⁷⁾

TABLE VI

EXPENSES OF THE COLOMBIAN ARMY FROM 1899-1904 (PESOS)

- 1) = Expenses incurred directly by War Office.
 2) = Expenses incurred by other military authorities.

<u>1st period, 1899-1900</u>	<u>2nd period, 1901-1902</u>	<u>3rd period, 1903-1904</u>
1) \$ 24,475,879	1) \$ 74,352,935	1) \$ 8,765,191
2) \$ 6,744,301	2) \$ 41,770,748	2) \$ 26,804,191
\$ 31,220,180	\$ 116,123,683	\$ 35,569,382
Average rate of exchange for 2 years = 749% or \$37.45£ = £1	Average rate of exchange for 2 years = 4,705% or \$235 = £1	Average rate of exchange for 2 years = 9,871% or \$493 = £1
∴ £833,650.	∴ £493,620.	∴ £71,138.

Source: Report by Spencer Dickson on Colombian Army, Dec 19th 1904,
 F055 - 421.

Besides the economic worries of the warring parties, their fear of losing their grip on economic, social and political power to the emerging class which drew its strength from war-related enterprises can be detected in "the pleas for peace drafted at different times by élite politicians of all persuasions"⁽⁴⁸⁾. An analysis of Table VI demonstrates that the appearance of increasing numbers of people 'living off' the War Ministry is supported by the facts underlined. Equally undeniable is the importance that the Ministry of War was acquiring, as it was given control of a larger portion of the total expenditure of the government - for the first two periods shown in the table. The decrease in real terms of expenses incurred by other military authorities from £180,088 for 1899-1900 to £177,747 to 1901-02, should be considered in the light of the nominal increase in pesos, as the latter reflects more accurately the economic intentions of the government.

The realisation that the country had moved a long way towards the supplantment of cherished civilian values was perceived by the leadership just in time to halt the growth of a militarist core capable of initiating a succession of military governments similar to those installed in other parts of Latin America, as was the case in Uruguay and Peru. Such a realisation, however, could do little to restore the nation to an economic climate where the moral and intellectual qualities of the leadership could be set free from the pressures of the nation's general insolvency; and to produce leaders equipped with the intellectual and moral gifts capable of handling the internal problems of the country.

11e) Economic constraints - manpower insufficiencies

There was an equally urgent need for men able to interpret correctly the current trends in international politics, and to assess Colombia's position in relation to such events. However, owing to the limited number on whom the weight of internal and external responsibilities could be placed, Colombia's position was manifestly weak. Paradoxically, frequent changes in the Ministry of Foreign Relations took place during the period immediately preceding what was to be the final settlement of the Canal negotiations. In contrast with what was happening in the U.S. where Secretary of State John Hay remained in charge of negotiations

- Carlos Martínez Silva, Antonio José Uribe, Miguel Abadía Mendez, Felipe, F. Paul, Carlos Cuervo Marquez and Luis Carlos Rico, occupied in turn the post of Colombian Minister of Foreign Relations between 1900 and 1903. Continuity, it is clear, could not have been one of the elements influencing the judgement of Colombian leaders handling such important negotiations. Even if communications between the Minister of Foreign Relations and the President had been satisfactory, each Minister would have interpreted from a different perspective the already voluminous material existing on the subject. An additional problem confronting Vice-President Marroquín and his foreign ministers as they sought to formulate solutions to the delicate political and diplomatic issues facing them, was the limited number of skilful officials supporting them. Decree No 271 of 1900 (Dec 12th) signed by Vice-President Marroquín and Antonio José Uribe (Minister of Foreign Relations) made public the appointment of Ignacio Gutierrez Ponce as Envoy Extraordinary and Minister Plenipotentiary of Colombia in London.⁽⁴⁹⁾ Until then, despite the relative importance of Colombia's commercial and cultural relations with Britain, Switzerland and France, a single Minister attended to relations with the three countries. Decree No. 273 of 1900 (Dec 21st) named Carlos Martínez Silva as Envoy Extraordinary and Minister Plenipotentiary, on a special mission to the U.S.⁽⁵⁰⁾ This indicates that the Colombian Executive had neglected its relations as much with its current most active partners, as with its strongest political and economic associate. Indeed the plight of Colombia's Minister was far from enviable on his arrival in New York. Almost penniless, Martínez Silva had to accept the hospitality of private Colombian nationals residing there.

One of the most noticeable weaknesses occasioned by the country's inability to tighten the organisation of the Ministry of Foreign Relations was the lack of both material and human resources to provide the leaders with intelligence about the activities of foreign officials working on matters of interest to Colombia abroad, and even at home. A copy of the Colombian proposals, for example, presented to the State Department (Washington) on 31st March 1902 was sent to Bogotá, with an explanatory note dated 1st April, but it was not received by the

Colombian government until the middle of May. Nor did an official cable containing important instructions for Minister Concha, despatched from Bogotá on 17th March 1902, arrive at its destination until 2nd April.⁽⁵¹⁾ On the other hand, during the same period Mr Beaupré, American Minister in Bogotá was kept informed of every important document being drawn up in the Colombian Ministry of Foreign Relations by Luis Halberstedt, Director of Protocol.⁽⁵²⁾

III The Canal - Crossroads between official and private interests

Amidst general economic and administrative insolvency the Colombian executive decided to resort to public opinion in the hope of finding some basis to justify the course of action decided upon. Minister of Government Aristides Fernández asked the press to debate the question of ratification of the treaty with the U.S. (Hay-Herrán). He explained his decision on the grounds that the Executive had intended to leave ratification of the treaty to the decision of Congress but "during the long revolution which has but lately come to an end, the measures employed by the Colombian government to prevent public discussion of affairs of state have had the effect of destroying anything like public opinion."⁽⁵³⁾ Contrasting with the low ebb experienced by the Colombian nation and its leaders during the opening years of the twentieth century was the buoyant mood of the government and people of the U.S., especially since their victory over Spain in 1898. The idea of the construction of an inter-oceanic canal, latent in the minds of the American government and people, received an awakening as they became aware of their economic and military strength. "That the construction of such a maritime highway is now more than ever indispensable to that intimate and ready intercommunication between our eastern and western seabords demanded by the annexation of the Hawaiian islands and the prospective expansion of our influence and commerce in the Pacific, and that our national policy now more imperatively than ever calls for its control by this government, are propositions which I doubt not the Congress will duly appreciate and wisely act upon."⁽⁵⁴⁾ The clear lead of the American President rallied Congress, which immediately set out to study the feasibility of McKinley's objectives backed by a barrage of publications

which maintained the public's interest in the official steps adopted for the accomplishment of such a goal. The climate created through the mutual trust between the American leadership and the nation made the opening of the canal a virtual certainty almost regardless of who acted as head of the Executive.⁽⁵⁵⁾ On March 3rd 1899 an Act of Congress was passed authorising the President to make an investigation of the Panamá and Nicaragua routes, "To enable the President to make the investigations and ascertainments herein provided for, he is hereby authorised to employ in said service any of the engineers of the U.S. Army at his discretion, and likewise to employ any engineers in civil life, at his discretion, and any other persons necessary to make such investigation, and to fix, the compensation of any and all of such engineers and other persons",⁽⁵⁶⁾ (the Isthmian Commission).

At about the same time that the U.S. was calling upon its military and civilian expertise, the Colombian government called upon J.T. Ford (a Jamaican), the manager of the railway from Cartagena to Calamar and also of a line of river steamers running in connection with the railway, "to draw up a report on the canal".⁽⁵⁷⁾ To establish a comparison between the importance attached to the canal project by its most immediate beneficiaries would emphasise still further the enormous difference in the resources available to the parties concerned for the achievement of their national goals, therefore stressing the obvious.

Bearing in mind however the disparity in the domestic means available to each, it would be of some significance to consider the conclusions each arrived at using such means as were available. The American side, the Isthmian Canal Commission initiated work in the knowledge that there were a considerable number of sites through which the U.S. could build a canal, and that consequently the selection of the final site would have to be made mainly on the grounds of economic advantage in the immediate and long term. The political obstacles were simultaneously being dealt with by the U.S. government. The first Hay-Pauncefote treaty of Feb 5th 1900 resulted in tension between the U.S. and Britain about the manner in which the neutrality of the administration of the canal would be observed.⁽⁵⁸⁾ "The months following the collapse of the Hay-Pauncefote negotiations were fraught with uncertainty. There was much loose talk in the U.S. of abrogating

the Clayton-Bulwer shackle outright, or of going to war to end Britain's thwarting of America's destiny. All this was profoundly disturbing to the British."⁽⁵⁹⁾ The U.S. leadership understood that owing to British commitments in other areas of the world the time was ripe to extract a final settlement. The second Hay-Pauncefote treaty of Nov 18th 1901 gave the U.S. the necessary freedom to seek regional arrangements, having obtained Britain's approval of its plans to defend the canal once it was built.⁽⁶⁰⁾

Free of major political constraints the members of the Canal Commission narrowed their possible choice and carried out detailed studies of the site on the Isthmus of Panamá, and the route through Nicaragua. On the former the construction of a canal had been started by the French, but owing to financial difficulties work had come to a halt - to a certain degree, this complicated the negotiations with Colombia, as the owners of the concession tried to rescue as much of their investment as they possibly could. In the case of Nicaragua only bilateral arrangements would have to be sought.

The conclusion of the commission showed that the total length of the Panamá route was 49.09 miles, the estimated time for a deep draught vessel to pass through was about twelve hours, and the construction costs were estimated at U.S. \$144,233,358 (not including the cost of acquiring the concession from the New Canal Company and the Colombian government). In the case of the Nicaragua route the findings were as follows - total length of route 183.66 miles, estimated time for a deep draught vessel to pass through about 33 hours, and the cost of construction was U.S. \$189,864,062.⁽⁶¹⁾ Taking these findings into consideration, the Commission was of the opinion that "the most practicable and feasible route" for an isthmian canal to be "under the control, management, and ownership of the U.S." was the Nicaragua route.⁽⁶²⁾

For its part, the Colombian government had already narrowed down its choices about the siting of the Canal to one by the time Mr J.T. Ford was given the task of drawing up a report. Prevented by the scarcity of material means from carrying out a study in the field, Ford based his deductions on the Suez Canal experience. Serving a total population of approximately 1,200,000,000, by 1900 the net income of the Suez Canal was calculated as £2,512,125 - 18 - 10. The proposed

Panamá Canal would serve a total population of only approximately 150 million - most of whom were already living on the Atlantic coast. The minimum cost of constructing the canal with locks, and including the cost of the French canal works and other contingencies would be about U.S. \$200 million (£40 million). In the hypothetical event that Colombia could raise a loan of U.S. \$200 million at 3% interest rate, and hypothetically using the Suez tonnage, Ford calculated that Colombia would run an annual deficit of U.S. \$1,540,187 (£308,037 - 8 - 0).⁽⁶³⁾ Ford's figures demonstrate that the Colombian government was not in the position to execute her national goal. Furthermore they demonstrate that in view of the unprofitability of the enterprise only a government (as opposed to private individuals) could take on the construction of the canal.⁽⁶⁴⁾

It is hardly surprising therefore that the Colombian government took steps to secure the construction of the canal through its territory; while deciding at the same time to extract the maximum number of benefits from the only government capable of taking on responsibility for the construction. If the governments of the U.S. and Colombia had acted solely on the advice of the experts chosen to settle the negotiations, the final outcome would have unquestionably taken the course determined by the diplomats, politicians and experts of the two. But the fact that U.S. diplomats, politicians and experts were bent on achieving their national objective in the shortest possible time and that their Colombian counterparts were bent on not letting such a source of income escape, allowed developments to run a course dictated, to a large extent, by the decisions of a number of private citizens who, although connected in various ways to the institutions in charge of such decisions, acted primarily to obtain personal gain. William Nelson Cromwell, who in 1896 emerged as the New Panamá Canal Company's agent in the U.S. and legal counsel for the Panamá Railroad Company; and Phillipe Bunau-Varilla who at the age of 26 had been chief engineer on the de Lesseps project in Panamá, and from 1893 had played a central rôle in the formation of the New Panamá Canal Company both joined forces with Republican Senator Mark Hanna of Ohio to procure sales to the American government of the New Canal Company's assets in Panamá.⁽⁶⁵⁾

On 28th June 1902, Republican Senator John C. Spooner of Wisconsin was instrumental in passing through Congress an Act - Section 4 of which stated "that should the President be unable to obtain for the U.S. a satisfactory title to the property of the new Panamá Canal Company and the control of the necessary territory of the Republic of Colombia ... within a reasonable time and upon reasonable terms, then the President, having first obtained for the U.S. perpetual control by the treaty, of the necessary territory from Costa Rica and Nicaragua upon terms which he may consider reasonable⁽⁶⁶⁾ ... would open officially the opportunity for the sale of the French assets and the survival of the Panamá Railway Company.

IV The Canal - where the Colombian parties meet.

The Colombian initiative to attract the U.S. government towards choosing Panamá for the construction of the canal received the support of the warring leaders of the Liberal and Conservative parties. The canal project, in practice, became the converging point of both political communities, and each in turn tried to offer the U.S. the most favourable terms. "Say what you like", wrote José Antonio Restrepo - agent of the revolution in New York, "the Americans are our natural allies and protectors, by the laws of fate which are stronger than man made barriers,"⁽⁶⁷⁾ - thus reflecting the thinking of the virtually outlawed Liberal party. In a more practical attempt to promote the same cause Carlos Liévano, another Liberal chief living in Bogotá visited the American Minister, trying to obtain U.S. backing for the rebel armies in exchange for guarantees for granting the canal site to the Americans. As it happened, the Minister also received similar visits from Senator Lorenzo Marroquín, son of the Vice-President, and Aristides Fernández, Minister of Government, who also sought American involvement on their side.⁽⁶⁸⁾ As can be expected, the Conservatives combined their semi-official efforts with official bidding presented to the State Department by their Minister in Washington. "If the people of the U.S. evince an earnest desire that their government apply its energies and treasure to the completion of the canal, Colombia not only will not place any obstacle whatever in the way of such a purpose

or keep her concessions within the bounds of those previously conceded to private enterprise, but will enlarge those concessions to such an extent as to renounce a demand for the ownership after the lapse of a number of years of operation as stipulated in the French Company's contract ... and lastly, foregoes a fixed participation in the proceeds of the canal, confining her demands to a fee or annuity for the price of the zone, the revenues of the railway, and the heavier expenses put upon the public administration in the Isthmus by the increase of population and traffic consequent to the work on the canal itself."⁽⁶⁹⁾

Despite the confusion reigning in the Colombian leadership as to the best method of obtaining a U.S. undertaking for the canal route, the idea that the concept of 'Fatherland' should come second to the concept of 'civilisation' emerges clearly.⁽⁷⁰⁾ For this reason, it is hardly surprising that the well briefed President of the U.S. calculated that the final settlement of the question of the canal route could be arrived at speedily. Furthermore the success of Cromwell and Bunau-Varilla in passing the Spooner Act gave President Theodore Roosevelt who had succeeded President McKinley the opportunity to interpret the word "reasonable" to suit his own plans. Aware, as the Colombian government was, that the Nicaraguan government was just as interested in opening direct negotiations with the U.S.⁽⁷¹⁾, it hastened its diplomatic procedures, and on Jan 22nd 1903 signed 'ad referendum' the Hay-Herrán treaty.

That the Colombian Executive misjudged, on the one hand, the strength of its internal opponents, and, on the other, the priority given to the canal project by the government and people of the U.S., can be seen in the final outcome of the negotiations. The Hay-Herrán treaty signed soon after the ending of the Thousand Days War, while the country was still under a 'state of siege', was submitted for its ratification to the Congress regardless of the fact that it had been in recess for several years. This decision, together with that of promoting a debate in the Colombian press seeking to enhance the democratic appearance of the government, released forces, which although not necessarily opposed to the ratification, believed that the time had arrived to settle old scores with Vice-President Marroquín's administration,

To worsen still further relations between the Executive and the Legislature, the U.S. Minister in Bogotá, Charles Burdett Hart, left his post leaving Arthur Beaupré as Head of the Legation. Beaupré immediately resorted to applying overt pressure on the Executive in order that it did likewise to Congress.⁽⁷²⁾ At the same time he initiated unofficial contacts with prominent Colombians in the hope that ratification could be accomplished as soon as possible. Through his contacts with General Reyes (one of the most distinguished members of the armed forces and a diplomat), Beaupré arrived at the conclusion that what the Colombians really wanted was an improvement in the financial terms of the Hay-Herrán treaty - although Congress did not mention this in its list of objections.⁽⁷³⁾

The culmination of the diplomatic process which had started amidst Colombian economic and administrative insolvency and American awareness of its unchallengeable strength, was reached on Nov 3rd 1903 when the leaders of the province of Panamá declared their independence from the government of Colombia.

V Panamanians and Colombians - mutual grievances.

The creation of Panamá as a political unit detached from the Colombian administration, was a direct result of the negligence shown towards it by the central authorities in Bogotá. Since 1863, during the period of Liberal triumphs when Panamá was considered as the possible site for Colombia's capital, succeeding administrations regarded this Province as their most valuable asset, although failing to award it the special treatment it required because of its special characteristics. The effects of the constant exposure of the Panamanians to direct contacts with foreigners passing through the Isthmus on their way to and from the U.S., which started with the Californian gold rush (1849), and was followed by the arrival of many engineers and labourers of all nationalities contracted by De Lesseps when he began the construction of the canal in 1878, could be seen in the emergence of a group of influential Panamanians ready to challenge the decisions of the central authorities. The revenues derived from tolls was absorbed by the central government and Panamanians were left to watch with disquiet the

luxurious living of Europeans working on the canal project,⁽⁷⁴⁾ and the affluence of American travellers. The disparity in wealth between the local population and the foreigners, combined with the covetousness of rebels, who as Liberals in opposition to the centralist Conservative government sought to gain control of the province, created frequent friction resulting in a stronger sense of regionalism than in the other provinces of Colombia. "The belief that Panamá should exist as a separate, independent country was neither artificially created suddenly in 1903 nor propagated in Washington before it took hold in Panamá City. The Panamanian nationalism of 1902-03 formed only one part of an ancient story ..."⁽⁷⁵⁾

The severe shortages experienced in mainland Colombia forced the government to attempt to extract the maximum sums possible from the funds entering Panamá, especially during periods of strife; and, at the same time made it forget that the use of force would produce unwanted results. Resentment against the Colombian military built up gradually as it became common knowledge that the posting of troops in the province was regarded as a bonus. "This regiment (the Batallón Colombia) has been, comparatively speaking, in clover here, for a considerable time, having been provided with good uniforms, boots etc. at the expense of the department, and presents a smart appearance, very different from the ragged hordes which usually arrive from the interior."⁽⁷⁶⁾

In addition to the two million pesos which the Central government owed to the Province of Panamá, by early 1903 Alfredo Vásquez Cobo (war minister) was applying as much pressure as he could master in order to obtain a further loan of 25,000 dollars silver in order to meet long overdue payments to his troops.⁽⁷⁷⁾ It was little wonder therefore that officers and men alike added their discontent to that of the local civilian leaders to produce the low state of morale in the army obvious at the outbreak of the separatist movement.

VI Colombian diplomatic limbo.

The low performance of the Colombian army manifested by its inability to defeat insurgents, exposed the country to external pressures which aggravated the economic situation still more. Ideological discrepancies with Venezuela seriously disrupted commerce in the border region essential to Colombia's internal lines of communication producing a tense situation, with mutual blames and counter blames, and the inevitable loss of customs revenues for both countries.⁽⁷⁸⁾ Rivalry with Nicaragua over negotiations with the U.S. for the siting of the canal, also provoked minor clashes as Nicaraguan sponsored forces threatened intervention in Panamá.⁽⁷⁹⁾

The ownership of the region in the south situated between the rivers Caquetá and Napo, contended for by Peru and Ecuador, was also giving the Colombian Executive cause for concern;⁽⁸⁰⁾ but, in this region, owing to the sparseness of the population and its physical characteristics, military weaknesses, common to the three countries involved, prevented armed solutions. Tension in the south brought about the diplomatic intervention of the Chilean government, which had its own grievances with Peru. Whether the involvement of Colombian diplomats in secret treaties with Chile was merely the outcome of their mutual border disputes with Peru will be discussed in the following chapter. But for the moment it is significant to state that owing to the grave economic, diplomatic and military situation of Colombia, an exchange of arms with Chile for rights of passage through the Isthmus was contemplated and registered in these secret treaties. The relief hoped for from these treaties with Chile created the opposite effect to that anticipated; they gave the American minister in Bogotá another cause for displeasure and prompted the Colombian foreign minister to explain that he was ashamed of the treaties, and the fact that his government had been tricked.⁽⁸¹⁾

The low performance of the Colombian foreign ministry, and the consequent quarrels with Peru, Venezuela, Nicaragua and the U.S., coupled with the sharp decrease in trade with Europe provoked by the Thousand Days War, curtailed every hope of projecting an acceptable international image or obtaining military or financial assistance.

Vice-President Marroquín's Message to the Nation of 1st Jan 1903 was a virtual recognition of Colombia's total isolation. In it "secret machinations in the countries of Europe and America, with the object of impeding the acquisition of munitions of war; of a foreign press placed at the service of the disturbers of order⁽⁸²⁾..." became the apologies for the miscalculations of the Executive. The ground was thus prepared for the pitiless demonstration of the harshness of international politics towards the beleaguered Colombian Executive. Before 1903 had ended, the U.S., France, Germany, Austria-Hungary, Russia, China, Denmark, Peru and Great Britain, had all recognised the independent government of Panamá.⁽⁸³⁾

The diplomatic collapse over Panamá, together with the effects of the Thousand Days War brought the Colombian leadership to the realisation that the era when Presidents such as Miguel Antonio Caro and José Manuel Marroquín, who had never left their native highlands⁽⁸⁴⁾, but who wanted to carve a place for their country among the nations of the world, had come to a close. Henceforth, the majority of Heads of the Colombian Executive were to be chosen from the leaders who had held the Ministry of Foreign Relations and/or ambassadorial posts, preferably in Washington or London.

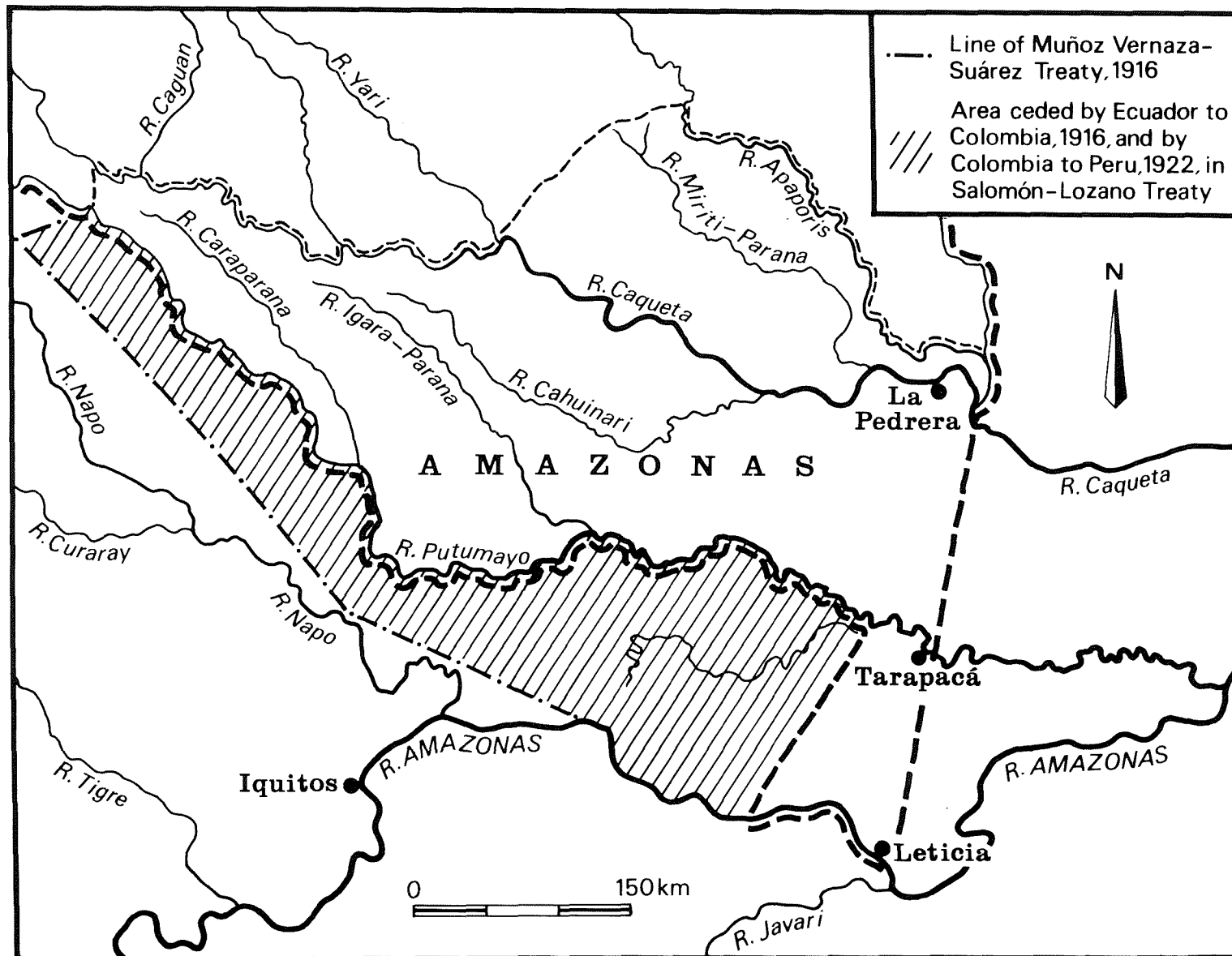
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The Leticia Dispute: Boundary and Treaty Lines

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CHAPTER II To Europe through the jungle: defining frontiers 1903-1933

1. "Uti possidetis juris" - theory and practice

The nationalistic policies stemming from the Conservative interpretation of the 1886 constitution gave rise in Colombia to an expansionist movement whose main manifestations were translated into agreements with the Roman Catholic Church, protestations of a more positive economic policy, and even threats of invasions of neighbouring states. Such a movement seriously threatened the observance of long established principles designed to regulate relations with the states of the region. The destabilising effects of Colombia's nationalistic position ranged from skirmishes with Venezuela and threats of invasion towards Nicaragua, to relatively frequent military and diplomatic incidents with Peru, which culminated with the seizure of Leticia by Peru in 1932. The economic insignificance of the region as a whole prevented the internationalisation and consequently the magnification of these local quarrels, not always attributable to a single regional government. Not even the heavy loss of life incurred during the Thousand Days War in Colombia moved the big powers of the time to intervene on the side of the constitutional government, or to grant belligerent status to the rebel forces.

The gradual expansion in the economies of the region during the first thirty years of the century however, combined with the accelerated financial involvement by the U.S., Great Britain, Germany and France, attracted, in earnest, diplomatic activity to prevent outright war between Colombia and Peru during their conflict of 1932. The relentless growth of international trade stimulated by technological developments, almost as much as by rivalries and war amongst the bigger trading nations, gave Colombia in addition to its strategic geographical importance, the opportunity of exercising sovereignty over any hydrocarbons which it might possess. The importance attached to Colombia's actual or imaginary oil reserves, combined with the desire to transform the country into a rapidly growing market for manufactured and agricultural goods of the North Atlantic nations, moved the Colombian leadership towards a gradual re-evaluation of the country's standing in relation

to Europe and the U.S. But, because the decisions adopted in this respect were so transcendental for Colombia, a separate analysis of Colombia's process of acceptance of the international realities of the period will be included in the next chapter. In the meantime, only an analysis of the motivations and results of Colombia's international goals, with regard to her closest neighbours, will be attempted.

Throughout the entire period of its politically independent life, Colombia had sought to settle all her border questions by the application of the principles embodied in the "Uti possidetis juris of 1810". Such principles had occupied a prominent place in the fundamental law of the republic - in 1819 the Captaincy-general of Venezuela and the Vice-Royalty of New Granada proclaimed, for the first time, the continuity of their border lines, as established prior to 1810 by the Spanish monarch. After the dissolution of the union with Venezuela and Ecuador, Colombia (under its various names) wrote the "Uti possidetis juris" doctrine into each of its several constitutions.⁽¹⁾

The strong centralist administrations which followed the promulgation of the 1886 constitution, while adhering in theory to the "Uti possidetis juris", were, in practice, gradually abandoning it, forced by unforeseen side effects of the constitution. Despite its inability to remedy the severe economic and political problems, by 1903 the Colombian government was considering military action against her neighbours. Victoriano Argüello, a prominent member of the Conservative party in Nicaragua, travelled to Bogotá with the object of gaining the sympathy and assistance of the Colombian government to overthrow President Zelaya and restore the Conservatives to power in Nicaragua.⁽²⁾ Had Aristides Fernández, Colombian Minister of War, had at his disposal the means to aid Argüello he would have despatched the 8,000 strong detachment of troops rumoured to have been ready in the department of Cauca. Although the troops were never sent to Nicaragua, Fernández's attitude towards Argüello proves that the Colombian executive could have become involved militarily in a situation which might have brought, as a result, the alteration of long recognised frontiers.

In its relations with Venezuela, as will be seen below, the Colombian government also showed that juridical doctrines would not

have been an obstacle to the fulfilment of ideological goals if material circumstances had not prevented the escalation of border incidents. The failure of the Colombian leaders to adhere wholeheartedly to the "Uti possidetis juris" constitutes evidence of a latent expansionist tendency. Such a tendency should be understood in the light of the international diplomatic events affecting the North Atlantic nations on the one hand, and the effects of these events on the Colombian leadership's perception of them, on the other. The ideological background of the leadership and its understanding of the concept of 'state' also bore influence on the tendency to adopt a more belligerent attitude towards other states.

The secession of Panamá awoke in the leadership at departmental level an awareness that it would be possible to maximise the benefits coming from the Central government by reshaping the geographical configuration of the country - "If the government wishes to keep intact the integrity of Colombia" wrote General Leopoldo Triana Caicedo, chief of Staff of the army in the department of Cauca to Alfredo Vásquez Cobo, "instead of attempting the task by the use of bayonets, it would do well to empower commissions to carry out the work diplomatically ..."⁽³⁾ Even the landlocked department of Boyacá was contemplating putting the final seal on the disintegration of Colombia, either by declaring its own independence or by joining Venezuela.⁽⁴⁾

Instead of displaying the strong formal power bestowed on it by the 1886 constitution, real weakness in the Central Executive became apparent with the propagation of wellfounded separatist rumours. The Conservative governors of the departments bordering Panamá, faced with the choice of either obtaining tangible advantages by joining Panamá in the creation of an "inter-oceanic republic", or remaining loyal to their traditional ideas concerning the Fatherland, began drifting dangerously near the former. No small degree of political dexterity had to be displayed by General Rafael Reyes (Marroquín's successor) in his thrust to bring to an end his governor's ambitions. By dividing "The territories of Cauca and Bolívar" and by weakening them thus he (Reyes) hoped that he would be placed "in a stronger position to deal

with any outbreak that may have for its objective the further disintegration of Colombia.⁽⁶⁾ U.S. unwillingness to co-operate with the aspirations of influential groups in the coastal departments,⁽⁷⁾ might have had as much, if not more, influence as the Colombian president's efforts to make the weak rule of his Executive prevail.

II. False solutions to real problems

"The fact is that there is no room for a dictator in this republic. The available forces are too small and the important centres of population too remote from each other and from the capital. The force of sectional interests is away from rather than towards Bogotá, and any determined local leader with a loyal gathering and a popular programme could easily maintain himself in spite of opposition from Bogotá. I believe, therefore, that only by means of conciliation and compromise on the part of a government engaging the respect of the whole country can the security of the position be assured."⁽⁸⁾ This prolonged weakness which became a characteristic feature of all the Conservative governments up to and including the one ending in 1930, underlines still further the discrepancies between what was desirable from an ideological point of view, and what was feasible bearing in mind the practical constraints creating such a weakness. The British Minister, Mr. E. Monson, in his diagnosis quoted above, indirectly suggests that the Conservatives would have closed the gap between their achievements and their goals had they been able to overcome the logistic problems of their scattered forces.

That deficient communications were the key to Colombia's political and economic malaise had been only too well known to Vice-President Marroquín. In his annual message of 1903, days away from the end of the Thousand Days War, he stressed the need for Colombians to channel their energy towards opening a railway network believing that it was by this means that Argentina, Chile and Mexico had prospered.⁽⁹⁾ Two months later, however, a diagnosis more in accordance with Colombia's transport needs and British commercial interests was prepared by the British Vice-Consul in Bogotá, Spencer Dickson, who wrote "it is not

construction that is needed but repair and keeping in repair". Mule tracks properly maintained, according to him, were a more viable and immediate solution than the Vice-President's ambitious ideas.⁽¹⁰⁾

While in the interior of the country troops were unable to suppress the enemies of the government and merchants were unable to expand their trade, in the Caribbean and the Pacific acute transport difficulties were also evident in the seizure and purchase of ships to carry soldiers for the purpose of restoring internal order, and to pursue thinly disguised punitive actions against Venezuela. The S.S. Ban Righ registered in Aberdeen, purchased by Mr Rudolph R. de Paula on behalf of the Colombian government on 26th October 1901, and fitted out on the Thames "for warlike purposes" was destined to become the means of carrying out operations against the Venezuelan government as part of the Colombian executive's policy of weakening its Liberal neighbour.⁽¹¹⁾ Whether the weak central government in Bogotá was directly involved in the Ban Righ affair, or if it was the result of plans drawn up by departmental authorities on the Atlantic coast is not clear. What is beyond doubt, however, is that the central government would have been exposed to reprisals from the British government if the subterfuges used in the transaction had damaged the latter's interests, and from the Venezuelan authorities against whom the steamship was used. The belief that Marroquín's government adhered unconditionally to international law in its dealings with other states is thus questioned by the activities of the Libertador (as the Ban Righ became known in Caribbean Waters) which was seen to be "carrying on hostile operations against the Venezuelan government, without a formal state of war existing between the two countries".⁽¹²⁾

Further doubts about the soundness of the Colombian government's position in international matters on the one hand, and the co-ordination of steps taken by it in the making of decisions liable to involve other governments on the other, are cast by the seizure of the British steamship Taboga at Panamá on 12th November 1900.⁽¹³⁾ For several decades, seizure of foreign vessels had been the means which the Colombian government and/or Colombian rebels had employed to solve logistic problems.⁽¹⁴⁾ It is intriguing therefore that the Colombian

authorities had not found a permanent solution to such problems by the beginning of the twentieth century despite the high costs involved in such practices, and the consequent diplomatic wrangles provoked. Regarding the Taboga incident it should be emphasised that the departmental government of Panamá sacrificed observance of the law for the sake of questionable military expediency. The steamship, described by her owners - the Pacific Steam Navigation Company - as a mail steamer of 348 tons, and by the Panamá authorities as a vessel chiefly used for the transportation of cattle along the coast, was requisitioned by departmental decree signed by the Governor, General Alban, without the knowledge of the central government.⁽¹⁵⁾ The ship was subsequently armed with guns and sailed for Buenaventura and Tumaco with the Governor and a body of troops on board. General Alban managed to achieve his military objectives allegedly due to his use of the British ensign. However, it is possible that he had consulted the Foreign Ministry in Bogotá before signing the decree, and that the latter might have denied any knowledge of it in order to avoid granting belligerent status to the Liberal rebels. The "revolutionists", for their part, had seized the Cisterna belonging to the Canal Company and threatened to capture the Quito and the Manavi plying in the Pacific and belonging to the English Company, which was subventioned by the Government - thus aggravating relations between Great Britain and Colombia.⁽¹⁶⁾

Steamships, because of their comparatively high costs, were the main cause of friction between Great Britain and Colombia during this period, especially since the latter regarded them as the only means of implementing its economic and military functions. With this also in mind Colombia refused to renounce the right of angary,⁽¹⁷⁾ thus setting a precedent of unwillingness to let foreign investors in Colombian services have unrestricted use of their assets.

In addition to diplomatic difficulties with North Atlantic powers in which the Colombian government lost prestige and risked reducing even further the flow of capital from such sources, the seizure of ships belonging to other countries in the region, involved the government in further diplomatic wrangles. In January 1902, the

Chilean steamer Lautaro was sunk in Panamá Bay. After protest from the Chilean government, negotiations over compensation began and the Chilean minister, Señor Herboso, took these as an opportunity to attempt to obtain support for his government in its disputes with Argentina and Peru.⁽¹⁸⁾ Herboso quickly understood that he would be able to press the Colombians into signing a treaty of friendship, commerce and navigation by offering them further assistance in solving their transport problems. The 2nd class iron clad cruiser Pinto thereupon became the subject of negotiations between the two governments and Colombian ex-foreign minister Abadía Méndez travelled to Santiago to hasten its delivery in order that it could be used to defeat Liberal rebels on the Pacific coast. In the end, the Pinto was not delivered. The Colombian foreign minister admitted to the American minister in Bogotá that he was ashamed of the treaties with Chile and on April 17th 1903 the Colombian government was due to pay "the first of three instalments of £20,000 ..." for the loss of the Lautaro.⁽¹⁹⁾

Once the Thousand Days War came to an end, the Colombian government believed it no longer had the need to requisition vessels for transport purposes, and soon afterwards it reverted to its former neglect of seafaring activities. Pressed by internal commitments the Executive, by Presidential Decree No 942 of 4th August 1905, ordered for sale by auction the warships Cartagena, Pinzon, Marroquin and Bogotá.⁽²⁰⁾

III. Where civil and ecclesiastic interests converge

The absence of clearly defined policies regarding transport and communications in the settled interior and its repercussions on defence and commerce produced equivalent disruptions in the Colombian littoral, leaving foreign entrepreneurs to enjoy unchallenged supremacy in the ownership and management of the transport services. An unambiguous policy in matters concerned with the occupation and settlement of all its territories was displayed, in contrast, by the Colombian government. Such a policy was the direct result of a process started long before political independence from Spain, and before the convergence of interests of the Colombian State and the

Roman Catholic Church.

The evangelisation of the Indians dispersed throughout Eastern and Southern Colombia was the main objective of several Roman Catholic communities which sent their missionaries to those remote regions from as early as the second half of the sixteenth century. Particularly successful amongst these were the Jesuits who, before their expulsion from his dominions by Charles III of Spain, had not only managed to teach the Indians the rudiments of European civilisation, but had already introduced into their three main areas of colonisation a "convenient division of labour".

Under Jesuit supervision, the Casanare mission became the centre of production of textiles which dominated the commerce of the region. The supply of beef was organised from the Meta mission, and from the Orinoco exports of cacao, vanilla, cinnamon and vegetable oils produced the currency required to stimulate commerce.⁽²¹⁾ Had the Spanish Crown identified itself with the Jesuits' vision of the world, commerce between Europe and S. America would have been expanded, using the rivers of the Amazon Basin as the main channels of communication, and the entire development of the S. American continent could have been carried out from the interior.⁽²²⁾ That the Jesuit approach to evangelisation was not completely divested of deep political significance was a fact which stimulated the minds of Colombian statesmen long after independence, and which reassured them in the hope of the unity and grandeur of their nation. The riches dormant in the remote regions of the Amazon, Putumayo and Caquetá and many other river valleys one writer predicted would "open in the not too distant future" opportunities for the immigration of Europeans, ... Colombia to commerce and connect it with the rest of the Continent and with Europe through the main river systems.⁽²³⁾

To hasten their political goals as well as to encourage the evangelising mission of the Roman Catholic church, Colombian legislators agreed to finance - subject to the constraints of the national economy - a new programme destined to integrate the Indian inhabitants of the most distant regions into civic and ecclesiastical life, "the government of the Republic, as just compensation for the sacrifice realised by

missionaries, in evangelising the Indian inhabitants of the national territories, recognises the solemn obligation of continuously providing the means that such missions require for their livelihood and expansion, as permitted by the resources of the country".⁽²⁴⁾ The 75,000 pesos per annum stipulated by this convention appears at first glance a modest sum, especially if one bears in mind the rapid depreciation of the peso which had been caused by high expenditure and the disruption of commerce during the Thousand Days Civil War. However, the significance of such an allocation lies in the fact that, with this, the Executive was making public its will to maintain the undertakings signed by its predecessor in 1887.⁽²⁵⁾ In exchange for the government's financial outlays the Apostolic Vicar accepted the responsibility of opening settlements in the border regions with Brazil, Peru and Ecuador.

The strength of the Colombian leadership's desire to give a definite shape to the national territory is further stressed by the fact that, despite its wish to comply with democratic ideals as understood in N. Atlantic countries, Congress was dispensed with as conventions between Church and State did not require its approval. Significant progress in the implementation of frontier policies, however, was hindered by the confusion inherent in the geographical imprecisions embodied in the "Uti possidetis juris" doctrine of 1810, as much as by the severe economic and military weakness of the central government. Any advance in this direction was due to the accumulated experience of the Church in founding and running settlements, to its efficient use of manpower and material resources, and to its evangelical zeal. Political and evangelical singlemindedness in the event proved to be slow but effective instruments in overcoming resistance created against the State and the Church by the inhospitable conditions of the region where their agents had to act, and by the effects of the activities of ruthless competitors moving into it from neighbouring Peru.

IV. Overlapping claims in the Amazon region (Peru, Ecuador, Colombia)

With the conclusion of the War of the Pacific (1884) a new phase in Peruvian export programmes had been initiated. Sugar and cotton from the coast, copper from the Sierra and rubber from the Amazon region were shipped abroad; new powerful groups emerged in the various regions where production was concentrated and their political importance began to tell on the policies of the Central administration. The pressures of urbanisation and "the emergence of these regional élites and working classes on the national political scene fundamentally altered the nature of Peruvian politics and the position of national government".⁽²⁶⁾ Despite the noticeable improvement in communication such élites were, by and large, capable of exercising privileges without the supervision of the authorities in Lima. It was particularly true of the rubber exporters who, in order to maximise profits, resorted to the application of practices harmful to the interests of the Indian tribes recruited to extract and transport the latex, and the Barbadian labourers imported to boost the labour force. According to some estimates between 40,000 and 50,000 Indians lived in the region best endowed with rubber trees before the "rubber boom" began in earnest, although "bands of Colombians" had entered it in the 1880's. "Lying within a square formed by the Equator, 5 degrees south latitude, and 70 degrees and 75 degrees west longitude"⁽²⁷⁾ the Putumayo region was the area where Colombian and Peruvian interests overlapped owing to the imprecisions of the "Uti possidetis juris", and where the two governments, aided by their allies protagonised a long and bitter diplomatic battle marred by violent incidents of varying magnitude. While the respective foreign ministries were engaged in the planning of intricate diplomatic manoeuvres to settle the pending questions in the Putumayo region, the labour force was suffering a sharp decline, and in Great Britain and the U.S. the ruthless methods of the rubber entrepreneurs gradually came to the public's attention.

Finding former pacts with Peru unacceptable, Vice-President Marroquín annulled them and immediately initiated negotiations with the Peruvian Plenipotentiary, Hernán Velarde, in order to replace them. On 12th September 1905, under the Presidency of Rafael Reyes, the

Colombian foreign minister Clímaco Calderón and Luís Tanco Argaéz, Plenipotentiary ad hoc, signed three pacts with Peru - a General Treaty of Arbitration, another of arbitration specifically regarding frontiers, and a modus vivendi. By the second of the above, Pope Pius X was proposed as arbitrator. The arbitration treaty between Colombia and Peru had a provisional character pending the results of the arbitration treaty between the latter and Ecuador signed in 1887.⁽²⁸⁾ A further element in this diplomatic equation was introduced by the Ecuadorian position which was generally favourable to Colombia as seen in the Treaty of Friendship, Commerce and Navigation (Isaza-Valverde) signed on 10th August 1905. An explicit alliance between Colombia and Ecuador, ratified by both legislatures, gave Peru reasons for concern. In the event the Colombian Executive headed by President Carlos. E. Restrepo stopped short by declining to exchange the relevant instruments with the Ecuadorian government. For its part, the Peruvian Legislature then refused to ratify the 1905 pacts with Colombia producing a virtual stalemate which, in practice, encouraged the economic activities of its nationals in the disputed area.

In the meantime, a relentless deterioration in relations between the advancing Peruvian rubber traders and the scattered Colombian settlers and Indians in the Putumayo area was producing a steady number of victims amongst the latter group, who, unable to defend themselves, had been left without protection by the Colombian authorities. The involvement of a British firm in a rubber exploiting venture in association with Peruvians, coupled with the complaints of Barbadian citizens working for companies already established there, resulted in the appointment of Roger Casement, British Consul-General in Rio, to investigate what in Europe and the U.S. became known as the "Putumayo Atrocities".

By the end of 1909 the Anti-Slavery and Aborigines Protection Society brought these charges (concerning the atrocities) before the British Foreign office which entered into communication with the British company concerned and also with the government of the U.S.⁽²⁹⁾ The British and American public continued to read such reports, while in the British Parliament a satisfactory end to the Putumayo

irregularities was being pressed for. While pressing for a thorough investigation of the involvement of British investors, efforts were made to seek U.S. intervention, thus underlining preconceptions that British parliamentarians and the public in general had of the low capabilities of Peru, and of the high standing of U.S. influence in Latin America. Simultaneously several Protestant missionary societies considered sending their missionaries to the Putumayo region, but uncertainty as to whether the Peruvian constitution would allow the government to grant entrance to Protestants prevented any decision on the matter.⁽³⁰⁾ The position of the Roman Catholic church on missionary matters, however, seems not to have been entirely understood in England or in Peru, for while the British and Foreign Bible Society claimed that they had been approached "by members of different Peruvian Cabinets with a view to extending of Protestant missions on the upper waters of the Amazon, including its tributaries, the Ucayali, the Putumayo, and the Marañon",⁽³¹⁾ other groups claimed that British subjects could not settle in "a sort of no man's land without knowing under what flag they are working, what Power to obey or appeal to, or what their rights and obligations are in the matter of religious worship".⁽³²⁾

Further British involvement in the settlement of border problems between Colombia and Peru was prevented by the decline of the rubber trade in the region, as plantation rubber production in the Far East began to increase; and by the overwhelming superiority of their investment in other parts of the country, especially through the British held Peruvian Corporation.⁽³³⁾

V. Missionaries, diplomats and generals: one goal - varied contributions.

The clash between Colombian historical claims to sovereignty over considerable areas in the Amazon region and similar Peruvian claims, based on the economic activities of strong regional groups began to decline in intensity with the failure of Peruvian nationals to expand markets for their products or to reduce costs of production. However, negotiations between Bogotá and Lima were kept high on their list of

diplomatic priorities due to the continuation of skirmishes in which the Colombians seem to have suffered a greater number of casualties. On April 21st 1909, the two governments signed the Tanco Argáez-Porras Agreement to strengthen friendship between them, to register mutual regrets for acts of violence against persons and properties on both sides, and to establish a mixed commission to investigate violence in the region between the Caquetá and Amazon rivers. On April 13th 1910 a further agreement (Calderón-Tezanos Pinto) amplifying the terms of Article 1 of the agreement of 21st April 1909, was signed.⁽³⁴⁾

The Colombian Executive combined diplomatic negotiations with constant pressure to increase the number of nationals settling in the disputed areas. A month after the signing of the Calderón-Tezanos Pinto agreement, the President approved Decree No.208, which encouraged Colombians to evangelise Indians of the region as well as to exploit its natural resources.⁽³⁵⁾ That the President was not alone in the formulation of a positive frontier region policy can be seen in the active support offered him by a group of Generals - "... the undersigned infantry generals of the Colombian army request the establishment of military settlements to the south of the Caquetá river, our Republic's border with Peru. The purpose of these would be threefold - to ensure the maintenance of our sovereignty in that region; to exercise our right of occupation there; and to enforce effectively Colombian laws in an area which, to a certain extent, has been abandoned by Colombians and as a consequence has been left to the abuses of foreigners. We gladly volunteer to our fatherland our services in order to pursue such important objectives." ⁽³⁶⁾

While the Executive declared in no uncertain terms its determination regarding the Amazon region, other events beyond its field of influence conspired to bring its goals nearer. "In 1910 delegates from 159 European and N. American missionary societies met at the Edinburgh conference to discuss missionary policy, administration, and possible means for ecumenical co-operation on a worldwide effort. In deference to the Catholics ... who for the first time were attending an interfaith missionary meeting ... the Congress ruled out Latin America as an area for Christianisation activities."⁽³⁷⁾ Uncertainty over missionary

activity in the Latin American continent as a whole and whether the Peruvian Constitution would allow the entrance of Protestant missionaries in particular, made the observance of what had been agreed upon between the Colombian Roman Catholic Church and the Government in Article 25 of the 1887 Concordat, more urgent. In Article I of the Urrutia-Ragonesi Convention of August 4th 1908 however, the sum of 116,000 pesos per annum which the government had undertaken to pay to the Roman Catholic church by the 1887 Concordat for the implementation of missionary programmes was cut to 82,000 pesos per annum. Both parties therefore recognised the need to readjust their aims to the constraints imposed by the prevailing financial situation. By 1910 the total revenue of the government amounted to 10,827,568.87 pesos compared with the 10,821,014.11 pesos of 1906 and 10,117,092.62 pesos of 1909, proving that the conditions which made such cuts indispensable, reflected chronic economic malaise which would impede the satisfactory progress of Church - State programmes for some time to come.⁽³⁸⁾

The zeal displayed by the Roman Catholic Church in fulfilling, on the one hand, its own evangelisation programmes, and, on the other, its desire to comply with the stipulations of the various conventions entered upon with the Executive, can be best seen in its achievements in the region it undertook to evangelise and to bring under Colombian sovereignty. With the 20,000 pesos given them under Law 52 of 1911, in addition to funds gathered by the Archdiocesan Commission, the missionaries under Father Fidel de Montclar, Apostolic Prefect of the Caquetá region, expanded agricultural centres and stock rearing, as well as establishing 26 schools for approximately 1,200 children. In his letter to the Foreign Minister dated 20th June 1911, referring to the most recent addition to the list of settlements on the Putumayo, Father Montclar wrote - ' "During the closing days of last month, I paid a visit to the Puerto Asís settlement and was astonished at the state of development which has been attained there in such a short time. Until recently, all that could be seen was thick jungle; today beautiful orchards are to be found. In the regions which were inhabited only by poisonous snakes, it is now possible to behold 150 workers, under the direction of the missionaries, combating the

obstacles posed by the wild vegetation. I found 20,000 banana trees planted there, in addition to 30 hectares of sugar cane, 40 hectares of corn, 20 hectares of yuca etc. Subsequently, I was informed that a further 4,000 banana trees have been planted as well as another substantial quantity of yuca and corn. I can assure your Excellency that in the near future Asís will be an area of great importance, providing a solid foundation from which Colombia will be able to exert great influence in the Amazon world, from which it has hitherto been detached. In order to give your Excellency some indication of the favourable location of Puerto Asís, I have taken the liberty to include below the distance from Asís to Pasto, and to the regions in Colombia disputed by Peru and Ecuador; I have also given details of the facility with which communication with Europe and the U.S. can be established from Puerto Asís. -

Distance from Pasto, by horse, six days. Distance from Yuvinetto (where 40 Peruvians and a military launch are to be found), by launch, going down the Putumayo, two days. Distance from Campuya, five days. Distance from Caraparaná, five and a half days. Distance from La Chorrera, eight and a half days. Distance from Igaraparaná, eleven days. Distance from Cotué, thirteen days. Distance from the confluence of the Putumayo and the Amazon, fifteen days. Distance from Manaos, sixteen days. Distance from Belén, i.e. from the sea, nineteen days. Distance from a European port, Lisbon for example, thirty-one days. In order to reach Iquitos it is necessary, having reached the Amazon via the Putumayo, to proceed for three days up the former river. Taking Puerto Asís as a point of departure, it is possible to reach the Aguarico - a tributary of the Napo - in three days using a newly opened track, and Iquitos can be reached in eight days by steamer. It is possible for Colombia, by taking Puerto Asís as its base, to take advantage of her rights on the left bank of the Napo with ease." (39)

Stress should be placed here upon the fact that the Apostolic Prefect reveals in his letter that the Roman Catholic Church continued firm in its belief that the strategic value of the Amazon Basin should not be neglected by the Government. Equal stress should be given to

the fact that during this period influential members of the Liberal party were prepared to co-operate with the Church as much as were the Conservative members of the government - the above letter was addressed in 1911 to Enrique Olaya Herrera, the then Minister of Foreign Relations and a prominent Liberal.

It is clear that Colombian political leaders allowed the Church authorities to play such an important rôle in educational and missionary matters as a result of their conviction that thinly populated areas such as the border regions were of little importance to them.⁽⁴⁰⁾

But, as has been implied above, the civil authorities would not have continued to pay such relatively generous grants to the Church if they really looked upon those regions in such a way.

Afflicted by the severity of the financial constraints, but encouraged by the continuous support of Army Generals and high ranking Church officials, the Colombian leaders took positive steps to have Colombian sovereignty in the disputed area recognised internationally. On November 28th 1910, the Colombian government approved a plan to send an expedition to the Caquetá under General Gamboa, consisting of about 100 men. The aim of this modest force was to reinforce a customs post in La Pedrera - a small port on the Caquetá. Logistic difficulties, however, made their progress exceedingly slow, while news of their imminent arrival provoked swift preparations on the part of the Peruvian garrison based in Iquitos. On 10th, 11th and 12th July 1911, a few days after their arrival in La Pedrera, the Colombian force came under siege and finally withdrew from the post leaving several victims, as the result of a surprise Peruvian attack led by General Oscar Benavides with a better equipped detachment of troops.⁽⁴¹⁾ In vain did Gamboa and his men await the arrival of reinforcements coming via Manaus under General Carlos A. Neira.⁽⁴²⁾ In a letter dated 26th August 1912 the Colombian Consul in Manaus, Santiago Rozo, blamed General Neira for the disaster at La Pedrera. According to him, Neira abandoned urgently needed military equipment in the steamship "El Pará" and instead took a consignment of Panama hats which he hoped to sell in Manaus, before proceeding up the Amazon.⁽⁴³⁾

On July 19th 1911, the Olaya Herrera - Tezanos Pinto agreement

was signed in Bogotá to halt all military hostilities between the two countries until a modus vivendi could be agreed upon. According to Article 1 of the agreement the troops despatched from Puerto Colombia via the Amazon 'were to halt their progress in Manaus or wherever they happened to be'. For its part, the Peruvian government undertook, according to Article 2, to cease hostilities against Colombian nationals in La Pedrera. However, neither government recognised the sovereignty of the other over the region.⁽⁴⁴⁾ Whether this virtual stalemate was caused by General Neira's wilful neglect of his duty or by the logistic problems he was trying to overcome, the fact that the Colombian authorities were overstretching their forces remains clear. The Finance Minister, Tomas O. Eastman, in his report to the Cabinet on January 12th 1911, had already warned the Executive that it was not possible to defend the sovereignty of the country with high sounding legalistic arguments; it was necessary to save sufficient resources to finance the defence of the borders, as well as to ensure that the forces in charge of guaranteeing public order could carry out their duties without restrictions imposed by shortages.⁽⁴⁵⁾

VI. Stalemate in the Amazon.

Despite the commitment of the army and the Church to enhance the objectives of the Colombian diplomatic machinery, the achievements attained up to the La Pedrera incident can be fairly described as negligible. The chronic military and diplomatic constraints imposed on the Executive by inadequate finances were as acute in 1911 as they had been at the beginning of the century. In vain the leadership attempted to secure international recognition for the validity of their claims, and on the contrary, it could be alleged that only the modesty of such claims prevented diplomatic entanglements from being transformed into serious military reversals.

In an attempt to strengthen its military and diplomatic position the Colombian Executive again tried to exploit the old rivalry between Peru and Chile; and Chilean army experts were brought into the country to provide the basis for the organisation of the army on a professional footing. However, by September 4th 1913 General Montero,

head of the Chilean military mission, tendered its resignation, fixing the 23rd January 1914 as the date for its departure.⁽⁴⁶⁾ Colombian hopes of an alliance with Chile during the peak of the tension with Peru in 1911, were disappointed by Chile's realisation, through its advisers, of the general state of unpreparedness of the Colombian army.

Chilean entrepreneurs were also considering the possible construction of an interoceanic canal between Cupica Bay and the Gulf of Darien and by 1908 had sent their engineer - Senor Uñdurraga - to survey the Chocó region, but such a plan never developed into a serious proposition.⁽⁴⁸⁾ The financial support for the project allegedly offered by a powerful British Company disappeared under pressure from the British Foreign office, which, although not opposed to private enterprise, feared that British involvement might force the U.S. to involve the Monroe Doctrine.⁽⁴⁹⁾ That a project of such magnitude was even considered by members of the Colombian leadership reflects not so much Chile's ambitions, as it does the idealism of certain Colombian groups.

Other exploratory manoeuvres carried out by Colombian diplomats in order to form an alliance with Ecuador, seemed designed to put maximum pressure on the Peruvian government; but, owing to Ecuador's own weakness, any prospective alliance could not have borne other than limited diplomatic results.⁽⁵⁰⁾

The precarious position of Colombian diplomacy in relation to these small regional powers is comparable with the lack of interest that it provoked in a wider international context. Support for Colombia from its most important trading partner during the period would not have been forthcoming, even in the event of an official request - 'We have not been approached by Colombia and if we were, of course, could not favour her against Peru.'⁽⁵¹⁾

Had Peru adopted a more intransigent posture regarding its friction with Colombia in the border area, the outcome of the La Pedrera incident of 1911 could have been settled in its favour. However, because this incident coincided with the peak of interest over the Putumayo atrocities in the British and U.S. press, any advantages Peru might have enjoyed were seriously undermined. Repercussions in

Colombia created by the Olaya Herrera-Tezanos Pinto agreement of 19th July 1911, took on an entirely internal significance despite the growing anti-Peruvian public feeling, which came to a head on 4th October of the same year. After attending a solemn church service in which the Archbishop of Bogotá took part, an excited mob attacked the Peruvian Legation in Bogotá, desecrating Peru's national emblems. Instead of declaring war, as was feared, the Peruvian government declared itself satisfied with an apology.⁽⁵²⁾

Changes in the international balance of power taking place while Peru and Colombia quarrelled over the demarcation of their frontiers, produced alterations in the pattern of allegiances in the region towards the powerful nations of the N. Atlantic. While Britain and France showed more interest in Peru and provoked a shift of Chile's policy towards Peru, Colombian diplomats devoted serious consideration to the settlement of their differences with the U.S. At the same time, Germany's attention to its relations with Colombia became noteworthy. The number of German consulates in Colombia increased. German nationals acquired land in the Urabá region of N.W. Colombia, seemingly to promote the cultivation of bananas (the Hamburg-Colombian Banana Company)⁽⁵³⁾; and the vacuum created by the withdrawal of the Chilean military mission was filled by a German mission.⁽⁵⁴⁾ As could be expected, foreign observers in Bogotá pondered over the implications of the involvement of German nationals in the region - the Panamá Canal, under construction at the time, was thought to be the object of German ulterior motives.⁽⁵⁵⁾

Considering the size and number of obstacles encountered by Colombian frontier policymakers, it is not surprising if their persistence in looking for an Amazonian outlet for the country is interpreted by some as more of a manifestation of a psychological need than a strategic one - "... although it opened no route for the export and import of goods to Colombia, it provided to that state a cartographical point on the continent's greatest river and so gave to Colombia, however tenuously, the coveted status of an Amazonian power."⁽⁵⁶⁾

The La Pedrera incident can be regarded, on the one hand, as a major contributing factor for the overwhelming popular support accorded

to several consecutive governments in their efforts to secure an Amazonian outlet; and, on the other, as a diplomatic rehearsal of the strife between Peru and Colombia two decades later.

VII. U.S. Financial drives in S. America.

a) In Colombia

Changes in trade patterns dictated by the outcome of the First World War in Europe, and the U.S. provoked necessary adjustments in their financial and commercial relations with the many countries, whose governments depended on them through customs revenues.

The reaffirmation of the U.S. as the undisputed leader in the American continent, coupled with the emergence within the U.S. of powerful groups who saw "foreign trade and loans as a key to domestic prosperity and growth"⁽⁵⁷⁾ soon brought about fundamental changes in the interpretation of the concept of economic growth prevalent in Latin America.⁽⁵⁸⁾

In Colombia, as well as in Peru, such an interpretation was incorporated in changes to existing laws regarding foreign investment, and in the general acceptance of the need to speed up economic growth through such means. In Peru however, this process was more readily welcomed, whereas, in Colombia the prolonged diplomatic quarrel with the U.S. over the secession of Panamá was successfully used to extract better concessions from the Americans, thus delaying the influx of dollars into the country.

Despite the aggravations of the intractable diplomatic problems suffered by the country at the beginning of the century through the influence of several Colombian leaders without international experience, by 1918, the Conservative party was again prepared to elect to the Presidency another man, who like Miguel Antonio Caro and José Manuel Marroquín, had not travelled outside Colombia. It is not surprising therefore that Marco Fidel Suárez's candidature did not inspire confidence in the future of the country. "It is felt that more is required for the advancement of this backward country than the leadership of an astute party leader who has never been abroad, who has travelled but little within the Republic and whose interests are

mainly centred in his books and in his farm."⁽⁵⁹⁾

Insistence on international travel as a prerequisite for executive efficiency betrays the conviction that learning is possible only through first hand experience and should be taken seriously when coming from someone who already enjoys it; but, as proved by Marco Fidel Suárez, it is also feasible to arrive at the best available conclusion by using sound, theoretical knowledge. During his term of office President Suárez unambiguously advocated a frank rapprochement with the U.S. for which he felt deep admiration. "The Polar Star" as he referred to the U.S., was to be the means by which "the Colombian ship of state was to be guided in the international sea".⁽⁶⁰⁾

Unfortunately for the President economic and political constraints thwarted his ideals; the only testimony of his policies towards the U.S. was of having brought to culmination the negotiations initiated by previous governments over the settlement of the Panamá question (as will be seen in the next chapter). However, while openly recognising the need to come to an arrangement with the U.S. government, President Suárez was, at the same time, prepared to lay the foundations of a coherent policy regulating foreign investments in the country, much to the annoyance of various groups in the U.S.

As, at the beginning of the century, continuity in the perception of international political problems was hampered by the frequent changes of high officials in charge of advising the President on foreign policy matters. Between 7th August 1918 (his inauguration) and November 1921 (date of his resignation) Suárez appointed as foreign minister - Jorge Holguín; Pedro Antonio Molina; Hernando Holguín y Caro; Pomponio Guzmán, Laureano García Ortiz and Antonio Gómez Restrepo⁽⁶¹⁾, through this demonstrating the low priority given by high ranking politicians to foreign policy. Such instability in the tenancy of the foreign ministry and other important posts, underlines the deep divisions in the Colombian leadership which, in the face of economic recession, resorted to frequent personal attacks on each other. For his part, the President endeavoured to find a solution by approaching the British government to ask for a British financial adviser, and the assistance of the Bank of England or another, to launch a Bank of Emission in Colombia.⁽⁶²⁾

In the absence of an immediate response from the British government, the President resorted to smoothing the path for a settlement of pending matters with the U.S.; and simultaneously, he seems to have sought the intervention of the Roman Catholic Church, with the purpose of speeding the arrival of badly needed American dollars. Relations between the Executive and the Church seemed even closer than during the preceeding period. Shortly before Suárez's election to the Presidency, the British Minister in Bogotá observed that "... in the likely event of Don Marco becoming President his administration will be entirely subject to clerical influence and the real power in the Republic is likely to continue to rest with the Archbishop of Bogotá."⁽⁶³⁾

Judging by the arrival in Cartagena on 15th June 1921, of a mission composed of Senators Lorimer and Underwood and the Reverend Fathers Callaghan and Stewart with two legal advisers, it is possible to suggest that the close relationship between the President and the Church was about to bear the results of the intervention, undertaken by the Catholic Church on Colombia's behalf, amongst U.S. financiers. Talking about the mission the British Commercial Secretary, G.W. Rhys-Jenkins reported that "until a few days ago, the mission appears to have been under the special guidance of Dr Julio Betancourt, late Colombian Minister to the U.S., Venezuela and Spain. Dr Betancourt has been a well known figure for many years in Colombian public affairs, as a man of strong influence and a very great supporter of the Catholic Church Conservative party here. He no doubt carried great influence with the Church authorities, but unfortunate for this project he was taken ill coming up the river and died a few days ago. It is said that his death will be a serious loss to the particular object of this mission."⁽⁶⁴⁾ According to Rhys-Jenkins, Senator Underwood could have been the head of a powerful U.S. Roman Catholic financial syndicate prepared to invest some U.S. \$500 million in the development of Colombia.⁽⁶⁵⁾

The magnitude of the projects considered by the purported syndicate, coupled with the economic and political influence of its members, suggests that its objectives transcended the limited Colombian

possibilities and were, instead, to involve a continent wide Roman Catholic supported movement. The electrification of Colombia would have been undertaken by a Mr C.C. who, although not the owner was the "managing director of 75% of the electric light producing companies in the State of Illinois". Ex-Governor F. of Oklahoma was "able and ready to open oil wells in Colombia", and Mr I.I. of the "I. Packing Company" of Chicago was "mostly interested in the farming and cattle raising possibilities of Colombia".⁽⁶⁶⁾ The impressive list of entrepreneurs included in the letter sent to the Bishop of Cartagena "apparently written by an Ecclesiastic of high rank in the U.S., possibly a Cardinal, or at least a Bishop or Archbishop",⁽⁶⁷⁾ did not include the expansion of agriculture or communications in the Amazon region, in their plans. Thus it is legitimate to suggest that because the settlement and development of this area was central to the interpretation of the country's needs as seen by the Roman Catholic Church, the purported U.S. syndicate was primarily a manifestation of the emerging American outlook on overseas investments, referred to at the beginning of this section. As far as the Colombian government was concerned, its harmonious relations with the Church hierarchy provided it with both the indispensable moral support to formulate a coherent border policy, and invaluable co-operation for the actual settlement of several areas.

It comes as no surprise therefore, that the treaty giving Colombia the Amazonian outlet coveted by several generations of her leaders, was made a virtual reality under the leadership of President Suárez.

b) In Peru.

While in Colombia the new American thrust regarding investments abroad was patiently wearing down official resistance, in Peru the rise to power of Augusto B. Leguía in 1919, ensured prompt adjustments to satisfy the demands posed by the transference of financial allegiance from Europe to the U.S.⁽⁶⁸⁾ Leguía's desire to develop his country led him to undertake a vast programme of investments, financed almost entirely from the U.S., and to take advantage of the U.S. concern for hemispheric economic prosperity.

The conclusions of the second Pan-American Commercial conference held in 1919, provided both countries with the necessary basis to improve their economic relations by promoting the growth of commerce through the use of credits.⁽⁶⁹⁾ However, overestimation of the actual range of opportunities created for them throughout the continent led U.S. bankers to unleash forces detrimental to the recipients of their loans in several countries of the hemisphere, but particularly in Peru. Such misjudgements have been summarised in the following five points - "1) Officials of the U.S. Departments of State and Commerce encouraged lending, and the state department (knowingly or unknowingly) helped the bankers build up unwarranted confidence in S. American securities; 2) investment bankers of New York made a profit on unsound loans and were able to do this even while the American investor suffered heavy losses; 3) the bankers withheld a portion of the capital which they obtained by means of bond flotations, and for this reason the borrowing nations did not receive the full amount of credit which the loan contract specified as the principal figure; 4) Wall Street bankers were guilty of unethical practices in dealing in S. American securities; 5) Peru's poor debt record and general fiscal situation did not merit the heavy credit which New York bankers extended it."⁽⁷⁰⁾

Leguía's presidency, which at its inception seemed so favourable to the fulfilment of the ambitions of U.S. and Peruvian entrepreneurs alike, soon gave rise to a situation where the latter, confronted with their inability to satisfy popular expectations, had to resort to the former to finance military expenditure as a means of quelling civil unrest.⁽⁷¹⁾

Prominent Peruvians however, remained adamant that American finance and expertise was the solution to the country's needs. "The Peruvian President continued his policy of appointing U.S. citizens to important governmental positions, including Air Force Chief, Director of Commercial Aviation, Customs Chief, Director of Education, and other regional and national positions in the field of education."⁽⁷²⁾

"... Here at least is one S. American country which wholeheartedly is friendly to the U.S. ... Here in Peru we are greedy to have better acquaintance with you N. Americans ..."⁽⁷³⁾ remarked Leguía to demonstrate that his words matched his actions.

Neither Presidential enthusiasm nor fast flowing American dollars were able to prevent the collapse, after eleven years, of Peruvian developmentalist policies, thus bringing into question the assumption that favourable investment conditions could have solved the country's complex ailments.

The concentration of American capital in Peruvian regions, where mineral and agricultural products were relatively accessible, resulted in the gradual neglect of the Amazon area where a long process of economic decay had set in after the rubber boom of the beginning of the century. Despite its decline, the area continued to be of crucial importance as, on the one hand, the Peruvian Executive remained aware of the fact that the pockets of hardened frontiersmen had a rôle to play in the enhancement of Peruvian supremacy in the area, and, on the other, that these men, isolated as they were from the mainstream of the national economy, could pose serious challenges to the central authorities.

VIII. The Lozano-Salomón treaty - a case of multilateral secrecy.

Ten years after the La Pedrera incident and the Putumayo atrocities, and almost twenty since the heyday of the surrounding area, this part of the Amazon Basin remained the object of disputes between the same countries which had squabbled over it for almost a century. Negotiations amongst the interested parties proceeded ponderously, despite the importance granted by all to the prospects of determining how much control of the fluvial communications network each was to have. By 1908 a Treaty of Friendship, Treaty and Navigation (Tanco Argáez-Río Branco) was signed between Colombia and Brazil. Eight years later Colombia and Ecuador signed the Suárez-Muñoz Vernaza border treaty.

To judge by the impressive list of negotiators appointed by Colombia - Marco Fidel Suárez (Foreign Minister); Nicolás Esguerra; José María González Valencia; Hernando Holguín y Caro; Antonio José Uribe and Carlos Adolfo Urueta - it is beyond doubt that the Colombian leadership remained consistently devoted to the national goal of acquiring the status of an Amazonian power. From the Ecuadorean point of view, the strip of jungle ceded to Colombia by the treaty was intended to serve

as an insulator, shielding the country from Peruvian expansionist ambitions. For Colombia however, the treaty was to be used as a stepping stone to reach, once and for all, the coveted bank of the Amazon.

On becoming President, Mario Fidel Suárez carefully studied the means to continue his Amazonian policy and appointed for the task of negotiating with the Peruvian Executive Fabio Lozano Torrijos, a member of one of the most distinguished Colombian families. While in Lima, in his capacity as Colombian Plenipotentiary, Fabio Lozano diligently engaged the attention of Melitón F. Porras in 1920, and subsequently that of his successor in the Ministry of Foreign Affairs, Alberto Salomón, at all times endeavouring to win the attention of the Peruvian President. In Bogotá, in the meantime, Laureano García Ortiz, the Colombian Minister of Foreign Relations, took the diplomatic initiative by abstaining from making any criticism regarding the lack of co-ordination between the Peruvian Foreign ministry and their Minister in Bogotá, Pedro M. Oliveira. However, in an exchange of notes of March 28th-April 12th 1921, the Peruvian government undertook to send instructions to its minister in Bogotá, in order to set the diplomatic process in motion.

While this was going on a handful of influential frontiersmen in the Peruvian Amazonian department of Loreto, headed by Julio C. Arana who had become a millionaire during the rubber boom, put all the pressure they could bring to bear on President Leguía and Congress to impede, at any cost, the sale of land to Colombia in the disputed area. On August 5th 1921, Captain Guillermo Cervantes staged a military uprising in Loreto, which was to last for over six months, and which received the strong backing of the local population.⁽⁷⁴⁾ Simultaneously, the Peruvian government offered proof of its willingness to continue negotiations, by letting the Colombian Foreign Ministry know through Antonio Gómez Restrepo (Secretary General of the Ministry) on August 16th 1921 that Peru was considering the possibility of accepting the settlement of boundaries through direct negotiations. On 24th March 1922, amidst the greatest secrecy, the arduous negotiations resulted in the Lozano-Salomón border treaty.

Contrary to expectations, the signing of the treaty became a source of annoyance for the two governments involved from the internal, as well as from the international point of view. Instead of putting an end to the dispute, the Treaty sparked off a series of events which seriously threatened the stability of the entire region.⁽⁷⁵⁾ The secrecy shrouding the negotiations leading to the signing of the treaty became a source of conjecture for politicians and other interested parties living at the time, as much as for historians and analysts who, in vain, have since tried to discover its meaning. Colombia's desire to prevent the divulcation of the deal with Peru is comparatively easy to understand, as for Colombian negotiators secrecy was of the utmost importance if good relations with Ecuador were to be maintained, at least until the Colombian and Peruvian Legislatures had ratified the treaty. Besides the loss of reputation through exchanging the territory ceded to Colombia by Ecuador in 1916 for a strip of Amazon bank, Colombian diplomats feared that the Ecuadorean government could forestall the clinching of the Amazonian deal, thus setting the diplomatic clock back to the pre-1916 era.

For its part, to explain its approach to the negotiations, the Peruvian government appears to have had in mind a more complex set of arguments. President Leguía's belief that "a country which had not defined its frontiers was not a nation but the 'foetus of a nation'" led him towards a total commitment to the definite demarcation of Peru's boundaries. With the benefit of hindsight, it is possible to attribute to Leguía the intention of re-opening Peru's prospects of acquiring a larger area of the disputed region through provoking the abrogation of the 1916 Treaty between Colombia and Ecuador. Because the port of Leticia was of little importance, consisting only of 30 or 40 huts, and the area to be ceded to Colombia was sparsely populated, Leguía might have thought that consultation with the local population was a risk not worth taking.⁽⁷⁶⁾

Undue stress on the circumstances under which the Lozano-Salomón Treaty was conducted distracts attention from the elements which can yield an adequate understanding of the significance of the events sparked off by the Treaty. Leguía's total commitment to the development of Peru through U.S. investments,⁽⁷⁷⁾ combined with the Colombian leaders

growing admiration for the U.S. led the two governments to seek American diplomatic assistance in order to secure Brazilian approval of the treaty, bearing in mind the latter's direct interest in the future of the area.

The prospects of ironing out differences between Peru and Colombia, obviously dangerous to the stability of the continent, provoked a speedy and favourable reaction in the state department. "The peremptory desire on the part of Secretary Hughes to be a peacemaker resulted in speedy and slapdash diplomacy ending in the signing on March 4th 1925, Hughes' last day in office, of an agreement between Brazil, Colombia and Peru that resolved all difficulties and cleared the road for Peruvian ratification of the Treaty in 1928."⁽⁷⁸⁾

Delays in the approval and ratification of the 1922 Treaty between Peru and Colombia aroused suspicions which preoccupied the governments concerned, but like the secrecy of the negotiation of the Treaty, the explanations of such a delay have since been a constant source of speculation. Once the government of Brazil had agreed to remove its objections to the Treaty, the Colombian government proceeded to speed up its approval in Congress. This it finally obtained on 5th October 1925. The Peruvian government however, did not reach their decision until 20th December 1927, partly because Senators from Loreto opposed it, and partly because it seemed probable that the approval was directly connected, in Leguía's mind, with the final settlement of the Tacna-Arica question.⁽⁷⁹⁾

IX. Obstacles to the implementation of the treaty.

The imposing ceremony on Monday 19th 1928, when the instruments of ratification of the Lozano-Salomón treaty were exchanged seemed a perfect culmination to the laborious and often disheartening negotiations initiated six years previously. "Peoples in a state of development, conscious of their worth, do not stake in one day their fortune nor entrust to the hazard of unconsidered adventures the prosperity and dominion which God has reserved to them," said Carlos Uribe, Colombian Minister of Foreign Relations, in his speech after the signature of the relevant documents, in an attempt to underline the importance of the

negotiations, as much as the region over which they had been conducted. As the British Minister observed Colombia and Peru were thus to "seal their irrevocable friendship, promote peace between nations of common origin and offer the world a high example of patriotism, mutual respect, and political wisdom."⁽⁸⁰⁾ This verbal lavishness matched the honours bestowed mutually through the exchange of the highest decorations which the two governments could award.

a) Internal problems

To comply with the stipulations in Article 2 of the Lozano-Salomón treaty, the Colombian government proceeded to appoint the members of the Commission to demarcate the frontiers between Colombia and Peru, thus giving the appearance that the goodwill generated at the signing ceremony was indeed having the desired effect. No sooner had the selection of the members begun than disagreement arose about its composition. Buenaventura Reinales, the accountant appointed by the Ministry of Foreign Relations to the displeasure of the Military, suggested that Colonel Velilla and Major Diago would probably not be able to travel due to financial constraints. For its part, the War Ministry was of the opinion that it was in Colombia's interests to match the better endowed Peruvian Commission.⁽⁸¹⁾

"I gather from conversations with the head of the Capuchin mission here ... as well as with the Secretary of the Peruvian Legation "reported the British Minister in Bogotá, Mr E. Monson, "that Fray Gaspar is likely to be the most useful member of the mission; at any rate there is no doubt that their comfort, and even their safety among the wild Indians will largely depend on his influence in a region where, so far as Colombia is concerned, the Church in this case the local Capuchin mission, is the only effective authority."⁽⁸²⁾ Monson's observations, while casting doubts on the efficiency of the other members of the mission, underlines on the one hand, the loyalty and dedication of the Church through its missionaries, and on the other, gives a veiled warning that the Colombian civil authorities might encounter difficulties in the area.

On 1st September 1932, the difficulties envisaged by the British

Minister four years earlier came to a head when the inhabitants of Iquitos (Peru) received a 'wireless message' from Leticia (Colombia) asking 'when does the steamer 'Adolfo' sail?'"⁽⁸³⁾ This was the pre-arranged message to advise that Leticia had been occupied by armed Peruvian citizens, some of whom had left Iquitos by the river steamer São Salvador on August 27th.

The Amazon port of Leticia and its surrounding district, which in 1930 was inhabited by 309 Peruvians and over 1,000 Indians,⁽⁸⁴⁾ was in fact ceded to Colombia through the Lozano-Salomón treaty. The paramount importance accorded it by successive Colombian governments should have prompted the newly installed administration of Enrique Olaya Herrera who received it from Peru, to allocate the necessary resources to assert Colombian sovereignty in a manner corresponding to the efforts realised in acquiring it. But in practice, the Colombian authorities failed to take into consideration that a period of transition in which the local inhabitants could have adjusted to the new administrative arrangements, especially in the absence of resources to establish a military presence, was essential if the independent minded frontiersmen were to be made to accept such changes. Similar haste was displayed by the Peruvian government which also began an abrupt programme of implementation of the terms of the treaty.

Not surprisingly therefore, the handful of frontiersmen faced with both the intense "Colombianista" campaign waged by the new school teacher appointed to Leticia, and the irreparable damage to their incomes stemming from the payment of customs duties to take their products to what had been their traditional market in Peru, decided to take the solution of their problems into their own hands, as they had done many times in the past.⁽⁸⁵⁾

The absence of a clause in the Lozano-Salomón treaty providing for a period of transition in the Leticia area, reveals at best a paradoxical lack of understanding of local conditions by both Executives involved in the negotiations, especially bearing in mind that the officials involved had occupied high executive posts, and had been acquainted with the sporadic irregularities occurring in the border regions. This inconsistency in the means chosen by the Colombian Executive to implement long term strategies was still further accentuated by its

inability to convey the aims of such a strategy to the U.S. and British governments, as the parties most interested in the stability of the area. "The idea of having a war over these movable villages seems fantastic ..."⁽⁸⁶⁾ was the opinion of the British Foreign Office on learning of the imminent escalation of the conflict between Colombia and Peru.

The inadequacy of the resources put at the disposal of the Colombian officials in charge of securing an Amazonian outlet for the country, contrasts sharply with the language in which such ambitions had been expressed for several decades. At the outbreak of the Leticia conflict, the Colombian army consisted of 6,000 men, 10 aeroplanes and 4 river boats,⁽⁸⁷⁾ all of which were dispersed throughout the more densely populated areas of the interior and the coasts, and incapable of moving into the conflict area due to the total lack of communications - the only canons in the service of the army had been donated by public subscription after the La Pedrera incident twenty-one years earlier.⁽⁸⁸⁾

Lack of an adequate financial allocation also reduced the effectiveness of the Ministry of Foreign Affairs. By 1929, the Colombian Legation in London consisted of an official, attending to his duties from a hotel, with the assistance of a shorthand typist paid out of his own pocket, but without a filing system or library service.⁽⁸⁹⁾ The volume of business carried on between Britain and Colombia, in addition to the importance of the former as a centre of economic, military and diplomatic activity, should have prompted the latter to enhance its possibilities of success in international affairs by making adequate provisions for its representation in London.

Aware of the shortcomings in the organisation of the Ministry of Foreign Affairs, President Olaya Herrera initiated, immediately on assuming the Presidency, a programme of reform designed to promote the expansion and efficiency of the Ministry especially in matters related to commerce.

b) External Implications

By 1932, Olaya Herrera's diplomats were interested primarily in studying Colombia's trade - commerce with the U.S. for example, showed a healthy balance in favour of Colombia; whereas commerce with Britain was "substantially" in favour of the latter.⁽⁹¹⁾ Stress on commercial relations undermined on the one hand the ability of Colombian diplomats to convey non-related goals and, on the other, seemed to have blurred British understanding of Colombia's ambitions. "The natural interpretation suggested by a glance at the map," according to P.M. Roberts of the British Foreign Office, "would be that it was intended to serve as a corridor to the Amazon, this river being better suited for an outlet for Colombian commerce, as being more navigable than the Putumayo. The recent hostilities between Colombia and Peru have, however, shown this theory to be fallacious, since the Putumayo is evidently at least as navigable as the Amazon, if not more so."⁽⁹²⁾

Commercial considerations played a crucial rôle in the developments designed to solve the Colombian-Peruvian crisis. In 1911, British officials had been caught by having to choose between backing Colombia's position and endangering their investments in Peru; and in 1933 there was the added aggravant of upholding the sanctity of an internationally recognised treaty.⁽⁹³⁾ For its part, the U.S. government's attitude to the conflict was decided upon while simultaneous efforts were being made to come to a commercial agreement with Colombia, which was to act "as a model and pattern for the subsequent agreements with other southern countries."⁽⁹⁴⁾

The coincidence of the Leticia conflict in 1932 with the Chaco War between Bolivia and Paraguay, and the militarist outburst in São Paulo was interpreted as an upsurge in military activity in S. America.⁽⁹⁵⁾ Frantic efforts to purchase military hardware threatened a complete collapse of the chronically weak economies of the area. The military balance at the beginning of the Leticia dispute weighed heavily in favour of Peru.⁽⁹⁶⁾ Besides its "2 cruisers, 4 submarines, an auxiliary cruiser transformed into a submarine tender, one destroyer, a sailing ship and 3 gunboats on the Amazon river,"⁽⁹⁷⁾ the Peruvian government was receiving a steady flow of aeroplane deliveries, destined to

strengthen its position either in the case of an all out war with Colombia, or at the bargaining table.⁽⁹⁸⁾

For its part, the Colombian government placed orders for Curtiss light bombers, reconnaissance planes, fighter planes and training aircraft from the U.S., and Dornier heavy bombers and hydroplanes from Germany;⁽⁹⁹⁾ in addition to the purchase of two gunboats - the Bridgetown (from the U.S.) and the Eduardo Dato (from Spain).⁽¹⁰⁰⁾ To meet these expenses and others incurred through preparations for war, the Colombian Congress approved a 10 million pesos emergency loan which, owing to the critical conditions of the country's general finances, became the centre of discord between Esteban Jaramillo, Minister of Finance, and Laureano Gómez - leader of a Conservative faction in Congress. The earmarking of this money for military expenditure, while strengthening the military, had the opposite effect on those who sought to alleviate the critical situation by taking advantage of intense nationalistic feelings produced by the conflict.⁽¹⁰¹⁾ Laureano Gómez's intervention in Congress helped to weaken the effects of the ardent appeals launched by prominent leaders - "'Let the Finance Minister know that we are prepared to grant him the necessary authorisation to provide for the defence of our frontiers... We are irrevocably committed to contract debts for our children and our children's children if need be. In the same way that we have gladly serviced the debts incurred by the founders of our nation in gaining for us our independence, the coming generations will pay the debts we may incur in making our Fatherland great.'" ⁽¹⁰²⁾ Had President Olaya Herrera not had Dr Gómez's assistance in bringing the leadership to its senses, his task of managing the crisis would have forced him to tender his resignation or to declare war on Peru.

X. Summary

With the official closure of the Leticia dispute on September 27th, 1933, a prolonged period of adjustment to the circumstances prevailing in the regional political environment came to an end for the Colombian leadership. Despite continuous restrictions on the officials in charge of handling relations with her neighbours stemming especially

from the scarcity of resources and the fragmented understanding of internal and external realities; they managed to achieve for the country the Amazonian outlet, which had been present in the minds of several generations of Colombia's policy makers. At the culmination of this period however, progress in the attainment of elements capable of guaranteeing future successes for the country were almost imperceptible.

As at the beginning of the century, when the government had been unable to implement its objectives in Nicaragua or Venezuela, in 1932-33, it found itself dealing with identical constraints. Regarding the use of the army as a potential instrument for the pursuit of aims affecting neighbouring states, it has to be observed that although the number of men was greater at the beginning of the century because of the Civil War, in 1932 it still played an equivalent rôle. Therefore, contacts sustained during the period with various foreign military missions had produced no tangible change in the interpretation of the army's rôle. Continuous protestations from army chiefs to support the frontier policy of the government during the period, instead brought sporadic outbursts of general approval for government plans which neither enhanced such policies, nor gave the army possibilities of growth.

The inability of the government to undertake the construction of a communications network connecting the border regions with the administrative centres rendered harmless official intention of exercising sovereignty throughout the country. Not only did the army fail to serve as a deterrent against incursions by Venezuelan rebel forces and Peruvian frontiersmen, but it also left the door open for the abuses of other nationals who wanted to profit from the army's lack of knowledge of their own 'back yard'. Such was the case of Colonel James P. Strong, representative of the Curtiss Aeroplane and Motor Company, Inc. who attempted to convince the Colombian government that he was in the position to solve the army's logistic difficulties with vast quantities of his company's equipment. No less grandiose was the scheme of a Chilean, General Diaz, who also attempted to take advantage of Colombia's military needs. (103)

Although the church provided the Colombian leadership with the vision of an Amazonian outlet, and through its missionary projects contributed to the achievement of this, it was the civil authorities,

which by careful budgeting and constant observation of the various Church/State conventions, made this a reality. Constant interest in the attainment of the Amazonian outlet was sustained throughout the period in spite of frequent changes of officials in the Ministry of Foreign Affairs. Such interest was maintained unflaggingly due, in part, to the comparatively small size of the social group from which Ministers were elected, and in part, to the traditional reliance on the application of law. This latter point explains more clearly how a government, bedevilled with military and economic weaknesses, managed to secure one of its goals, despite the military and economic superiority of its opponent.

Peru's own internal difficulties during the period preceding the Leticia dispute should be underlined here, as well as those which threatened the unity of the country during the months in which the conflict lasted. The uneven development of the Peruvian economy allowed the growth of a group of self confident frontiersmen who, owing to their almost complete isolation from the rest of Peru, managed for several decades to obtain varying degrees of covert support from the central authorities for their pioneering efforts. By re-enacting the La Pedrera incident and the 1921 military rebellion, in 1932 the Loretano leadership demonstrated that their regional economic interest could distort the policies laid down by the central authorities, regardless of the decisions decided upon by them. The confused reaction of the central government in Lima, which oscillated between taking advantage of the new situation to consolidate its weak position, and obtaining the revision of the Lozano-Salomón treaty,⁽¹⁰⁴⁾ illustrates the fact that the government failed to understand the nature of the changes taking place at an international level.

The Leticia dispute illustrates the way a conflict between two weak powers displaying similar characteristics was finally settled with the co-operation of newly established international organisations. Peru's relatively strong position in the area under dispute gave the central authorities in Lima sufficient grounds to hesitate over the course that they should pursue.

Paradoxically, Colombia's chronic weakness made it imperative that

the Executive should seek an unambiguous position regarding the observance of law. The awareness of such weaknesses, at the same time, had transformed the antagonism towards the U.S. characteristic of the beginning of the century, into frank admiration at the outbreak of the conflict. As if to reinforce Suárez's position regarding the U.S. at the time when the latter and Colombia were still distant, President Olaya Herrera amidst the difficulties created by the Leticia conflict, openly stated that "the only moral force in America which can preserve peace in this case is the U.S."⁽¹⁰⁵⁾

The appointment of Olaya Herrera to the Ministry of Foreign Affairs in 1911 under a Conservative régime, followed by an uninterrupted career which took him to Washington as Colombian Minister, and subsequently to the Presidency of the Republic, demonstrates that, on the one hand, there were no significant cleavages in the Colombian leadership, and, on the other, that the latter was prepared to allow the rise to power of the men best suited to lead the country into the prevailing international trends.

CHAPTER II - Footnotes

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CHAPTER III Finding a financial anchorage - the Thomson-Urrutia Treaty

I. Introduction.

If a considerable degree of self assurance was maintained by the Colombian leadership regarding the pursuit of clearly established policies towards neighbouring states - particularly towards Peru during the late nineteenth and first half of the twentieth centuries, it would seem that the opposite was true regarding its attempts to find a satisfactory position in relation to a wider international context, and above all with Britain and the U.S. Although an unconditional adherence to the dictums of international law can be observed on the part of the Colombian leadership in their negotiations to settle the physical configuration of the country up until 1933, in subsequent chapters a more exhaustive analysis of the circumstances leading to the signing of border treaties with Ecuador, Brazil and Venezuela will be undertaken simultaneously with possible projections into the future of the effects of such border treaties for the stability of the region.

For the moment, however, emphasis will be placed on the study of the various initiatives undertaken by four consecutive governments in their relentless efforts to bring the country to an acceptance of the new international realities created by the secession of Panamá, and by the sharp increase in the quantity and intensity of activities undertaken throughout the continent by U.S. citizens at official or private level.

Because the consequences stemming from the secession of Panamá and the economic and cultural expansion of the U.S. could not be related by the Colombian leadership to previous experiences, the temptation to attribute the delay in the formulation of new policies to deal with the effects of these consequences can easily subtract importance from the frequent political adjustments carried out to seek a compromise. In the absence of generally accepted guidelines as to the best way of enhancing the country's economic interests, the leadership remained adamant throughout the period (1903-1922) in the conviction that attaining financial redress was compatible with the maintenance of a traditional standing regarding its adherence to lofty idealistic principles.

In the political turmoil following the secession of Panamá, the Colombian leadership managed to preserve the required degree of composure

to ensure that a successor to President Marroquín was found within the terms established by the constitution. This meant that such a successor would be acceptable to the Colombian electorate as well as to the foreign governments interested in the settlement of issues arising from Panamá's secession.

Whether the Presidential candidates were selected to comply exactly with the requirements set out above is not altogether clear as can be seen by the stalemate created after the counting of the votes for the two Conservative candidates in the Presidential election of 1904. The procedure employed to determine the winner between the ultra-conservative candidate backed by the Jesuits - Joaquín Velez, and Rafael Reyes - favoured by foreign observers⁽¹⁾, indicates however, that the selection of the latter gave the edge to the members of the leadership favouring a prompt solution of the Panamá question.

The importance attached by the Executives of the three countries involved in the negotiations of the Panamá issue can be deduced from the prolonged period of time that it took the various generations of negotiating teams to reach a settlement, and by the sporadic outbursts of acrimony generated by the reluctance of each party to make significant concessions. During the early stages of the negotiations the respective positions adopted by each team can be easily defined, since each country involved pursued a set of concrete goals coupled with a desire to promote the observance of principles regarded as fundamental by each.

Construction and defence of the inter-oceanic waterway was the immediate aim of the U.S. government; international recognition of the new status quo, as justification for its involvement in the developments leading to the secession of Panamá, was their concomitant goal.

For their part, Panamá's negotiators strove after assurances that their territorial integrity would be guaranteed, and that the group they represented would be endowed with the economic and political advantages required to govern effectively. These were coupled with the ambition to demonstrate to all the governments which had so promptly granted official recognition to the new Republic, that their action had indeed been warranted⁽²⁾. The early recognition of Panamá's political independence, while leaving Colombia's bitter protestations unstifled, reduced its possible actions to the pursuit of financial redress for the loss of the

Panamá Railway, and the denunciation of the United States' violation of the Treaty of Peace, Friendship, Commerce and Navigation of December 1846.

Concern over the need to place the national economy on a sounder footing following the catastrophic Thousand Days War, however, compelled the Colombian leadership to leave all possible avenues open, even if this meant adjusting internal political arrangements in favour of dialogue with the U.S. This explains why the Colombian Foreign Minister heeded the advice of the Dean of the Diplomatic Corps in Bogotá - Monsignor Vico, Apostolic Delegate, and instead of handing back the U.S. Minister's passport on learning of the United States' rôle in the secession of Panamá, opted for a more prudent attitude.⁽³⁾

To preempt any attempt by the Colombian authorities to intervene, directly or indirectly, to frustrate Panamá's independence, the U.S. government, in addition to sending naval forces to intercept any ship carrying troops from Colombia to the isthmus, promoted internal arrangements in Panamá designed to enhance the acceptance of the new 'status quo'. This is why William Buchanan, first American Minister to Panamá, came down in favour of replacing the army with a national guard whose officers were to be armed solely with hand weapons, as part of the Constitution being drawn up under his council.⁽⁴⁾ As part of U.S. efforts to secure its objectives, W. Buchanan also promoted contacts between his government and Colombia's, by creating a friendly relationship between Secretary of State, John Hay and Rafael Reyes, while the latter was still Colombian Minister in Paris.

The degree of success realised by W. Buchanan in maintaining open communication channels among the three countries during Colombia's initial outburst of hostility against his government, can be judged from Reyes' complimentary remark - "I think yet that you will be of great value to your country and to mine, and to Panamá, in order that they settle in a fair and honourable way the pending questions about Panamá." Notwithstanding Reyes' goodwill towards the U.S. he was soon to realise on becoming President that a settlement between the two countries depended as much on Colombia's ability to finance government expenditure, and to meet the country's external obligations, as on the United States' will to admit to its abuse of power regarding the Panamá issue.

11. Colombian finances and the foreign community.

On becoming President, General Rafael Reyes was confronted with a host of difficulties which put his diplomatic skills to the test in negotiations with Britain and the U.S. over the settlement of the foreign debt and the all-important issue of Panamá; and his political judgement was similarly tested when adjudicating the order of priorities of internal problems waiting to be solved. The extreme complexity of the issues awaiting his attention placed Reyes at a disadvantage as neither the foreign community nor his political rivals felt able to offer him the time that anyone in his position required to analyse the functions a President was expected to perform to satisfy internal and external demands.

"It is well known of late years the great powers have declared it to be their right to intervene in the internal affairs of weak states in order to enforce the maintenance of peace and order and for the protection of foreign industrial enterprise," said Reyes in his inaugural speech. "... That we are generally regarded as a state of inferior civilisation is shown by the fact that, when through an infamous act, assisted by the disorder and anarchy prevailing throughout the country, we were robbed of the Isthmus of Panamá, the crime was not only approved but was considered as an act of general benefit towards the progress of civilisation."⁽⁶⁾ Thus his concern was to keep public indignation alive in the hope that the more nationalistic members of the political leadership would grant him the opportunity to organise solutions to pressing domestic problems.

However genuine Reyes' initial anti-American standing was, it becomes immediately apparent that for the sake of expediency he would soon have to be prepared to attempt to use his experience as a diplomat, combined with his influence as President, to procure a global settlement between the two countries. The negotiation of a new treaty with the U.S. was, in his opinion, the next step after settling, through arbitration, the problem of the recognition of Panamá - the central issue in the Colombian - U.S. controversy. Such a global agreement should yield, according to Reyes' proposals, £3 million sterling equivalent from the sale of the islands of San Andrés and Providencia,⁽⁷⁾ which was destined to alleviate the chaotic post-war Colombian economy. Reyes' realisation of the

seriousness of the situation led him to undertake a programme of economic measures designed to provide the government with the means necessary to carry out the functions imposed on it by the current emergency.

Since most of the Government's revenues derived from import duties, Reyes decided to enlist the services of a respected businessman with connections in Europe, Senor Enrique Cortés, in order to gain the confidence of European and American merchants, and of the business community at home. "The rent of the emerald mines of Muzo and Cosquez, from the mines of Santa Ana, La Manta, Supía, and Marmato: from the pearl fisheries of the Republic: from the produce of harbour and lighthouse dues, tonnage etc."⁽⁸⁾ - these were earmarked by the President, in one of his earliest laws, for the redemption of the vast amounts of paper money in circulation.

As part of the struggle to gain control, for the government, of sources of revenue, Reyes launched an attack on the National Council of Amortisation "composed of the most honourable merchants of this city" (Bogotá) by sanctioning Law 11 on October 3rd 1904, according to which the administration of the emerald mines was to pass into the hands of the government. Such action, in the opinion of British Minister, Welby, "is much to be regretted" as "by their (members of the council) careful administration of these funds" this was "gradually causing the exchange to fall from its present high rate, thus giving a more substantial value to the notes at present in circulation."⁽⁹⁾ The Minister's observations, while praising the activities of the business community, are more eloquent about the current ideas regarding the functions and efficiency of the government. The economic strength of the Council of Amortisation dated from the signature of a contract of February 27th 1904 with the Muzo syndicate "of 18 persons, consisting of some of the well known businessmen of the country", including Enrique Cortés. By Article 5 of this contract "emeralds extracted from the mines shall be classified, exported, and sold under the supervision of agents of the Council of Amortisation". By Article 7 of the same contract the Council was to receive monthly advances of "twenty-five thousand dollars Colombian gold (£5,150) or its equivalent in other currencies", from the Muzo syndicate.⁽¹⁰⁾

The export of emeralds had for some time been at the centre of

friction between private citizens and officials who hoped to sell them on the government's behalf. In 1901, at the height of The Thousand Days War, emeralds valued at £20,000 had been deposited in the British Legation, awaiting shipment to Europe. This was not possible for some time because of the interference of Lorenzo Marroquín (Vice-President's son) and Marceliano Vargas (Vice-President's son-in-law) who were trying to sell their own emeralds.⁽¹¹⁾

Not surprisingly, private exporters were anxious to preserve their privileges under Rafael Reyes. But, by April 1905, the President felt confident enough to pass Law 40, enabling the government to take over control of the production and sale of emeralds.⁽¹²⁾ Although the volume of emerald exports can be regarded as modest, it was nevertheless sufficiently large to constitute the guarantee for a loan being negotiated in London. Reyes' decision to nationalise the emerald mines, while bringing temporary relief to his administration, produced dissatisfaction against his government from the business community at large.

The retroactive character of Law 40 provoked a protest from the British Legation over the case of Christopher Dixon who, prior to the approval of this Law had held concessions over three emerald mines. The Legation interpreted the affair as a case of expropriation which should receive compensation.⁽¹³⁾

With the nationalisation of the emerald mines, the President's welcome to office by the foreign community and their sympathisers came to an end. A rift was opened between Clímaco Calderón, Colombian Foreign Minister, who supported a policy favourable to foreign interests, and the President who "has lately adopted a markedly hostile attitude to all foreigners and foreign enterprises" except towards the U.S.⁽¹⁴⁾ Earnings derived from the nationalisation of the emerald mines, however, proved to be a mere palliative considering the estimated deficit of £2,290,103 for the biennial period 1905-06. For this reason the Executive resorted to an increase of 70% in the customs duties, and to a system of monopolies on cigarettes, tobacco, matches, hides, alcohol and liquors.⁽¹⁵⁾

To demonstrate that the government was sincerely convinced of the need to put the country's finances on a sounder footing, within two months of his inauguration Reyes had reduced the army by 6,000 men. In

September 1905, the government issued a decree reducing the salaries of all government employees - those earning £30 a month and over by 25%, those earning under £30 by 20% to 15%, leaving those earning £8 a month and under exempt.⁽¹⁶⁾

Bearing in mind that the rate of interest paid by industrialists and merchants had reached 120% by September 1904 in Medellín, and in Bogotá, interest on paper loans ran from 48% to 72% and on loans in gold from 36% to 48%,⁽¹⁷⁾ Reyes' decision to cut official salaries has to be understood as the embodiment of his determination to bring inflation to a halt, as well as for its more overtly political value. More important than the transitory relief felt by the public finances and the predictably adverse reaction from the business community to Reyes' economic policies,⁽¹⁸⁾ was the long term effect that such policies were to have on the incipient industries which were compelled to adopt import substitution programmes.

The short term effects of Reyes' policies cannot be dismissed lightly since, on the one hand, the internal divisions in the leadership came to the verge of producing new political upheaval, and on the other, Reyes' efforts to settle the Panamá question were weakened as much by the lack of internal consensus as by the apprehensions of the country's foreign creditors. Strong resentment against the President came to a head on December 19th 1905 when Luis Felipe Angulo (former Colombian Minister in London), Luis Martínez Silva and General Moya Vásquez were captured after their attempt to assassinate Reyes had failed; the reported involvement in the conspiracy of other prominent members of the Conservative party - Joaquín Vélez and Ramón González Valencia, exemplifies the gravity of the situation.⁽¹⁹⁾ However, fortunately for the leadership, the country was spared a new round of political violence.

For their part, foreign creditors had interpreted Reyes' desire to attain financial solvency for the government in preference to servicing of the public debt, as an unwarranted action, stemming principally from the constraints placed by official policies upon the two agents of the foreign bondholders - Solomon Koppel (Manager of the Bank of Bogotá) and Tulio Mallarino. Still more important than the frustrations of the creditors produced through prolonged public maladministration, was their disregard for the internal economic and political situation, combined

with the unabated belief that countries like Colombia were there to enhance the profits of powerful trading nations. "The (Colombians) are very much like the mules employed on the roads for the carrying of merchandise, and unless a good driver is constantly behind them urging them on, but little progress is made."⁽²⁰⁾ British Minister Welby's frustration-riddled simile adequately described the current perception of the rôles to be played in international relations by nations displaying as wide a gulf between them as Britain and Colombia. Beside President Roosevelt's own metaphor ("jack rabbits")⁽²¹⁾ of 1904, chastising the Colombians for hindering his policies and expounding the civilising aims of the U.S., the British Minister's simile was undoubtedly an improvement, since at heart it acknowledged the fact that Colombians engaged in commerce constituted a productive force.

III. Colombia's performance as a debtor

Much to the annoyance of the foreign bondholders of the Colombian foreign debt, the secession of Panamá in 1903 created a situation where instalments, due as payment of interest on the debt, were held up by the Colombian government, thus forcing them to participate actively in the tripartite diplomatic wrangle which followed Panamá's formal independence. Additional strain on relations between foreign nationals and their Legations and the Colombian administration was generated by the uncertainty as to whether the former would be able to obtain compensation for damage to their interests incurred during the Thousand Days War. By Law 27 of October 1903, the Colombian government had made provisions for the payment of such claims by the issue of "Vales de extranjeros" or foreign bonds "receivable in payments due to the Customs Houses, up to 8%." However, the British Vice-Consul, Mr Spencer Dickson, was quick to point out that "... under the most favourable circumstances, claimants are bound to suffer great loss through this means of payment."⁽²²⁾ Considering that the foreign claims amounted to £953,072.10.0 (500 million pesos) and, that according to a statement made by the Colombian government, there were 700,508,865.30 pesos of paper money in circulation, it is not difficult to understand why, after a prudent period of waiting on the part of the claimants, they began to show anxiety in their dealings

with the government. Similarly, the President's decision to give priority to the administration's own economic needs becomes understandable. Furthermore, it is legitimate to suggest that in anticipation of the pressure that the government's creditors might exert, it was in the latter's interests to adopt delaying tactics over the official acceptance of the *fait accompli* over Panamá.

Barely a fortnight had elapsed from the declaration of Panamá's independence when the representatives of the bondholders began to intervene diplomatically to put their minds at rest, in the knowledge that their interests were not going to be neglected. On November 16th 1903, U.S. Assistant Secretary of State Loomis received Mr Arthur Raikes, British Chargé d'Affaires, who asked him whether "the question of a fair and equitable position of the Colombian debt being taken over by the new state of Panamá had been considered by the U.S. government". In reply, Mr Loomis said that "the U.S. government would be quite willing to let Colombia receive a part of the money to be paid for the Canal, but he did not know how the new government of Panamá would regard such a proposal, and he thought that in any case they would not agree to relinquish to the Colombian government a considerable portion of the sum to be paid."⁽²³⁾

Despite Panamá's recognition of her duty with regard to the debt, her diplomats were instructed not to make any overtures towards Colombia, but instead were encouraged to stimulate any contacts sought by Colombia. These contacts were promptly initiated in Washington under the auspices of the U.S. government "in response to pressure brought to bear by foreign holders of Colombian bonds, who have the sympathy if not the active support of the British government."⁽²⁴⁾

Besides creating a favourable climate for negotiations in Washington, American officials were seen to be playing a more active rôle - it was alleged that William Buchanan encouraged Panamanians to "secretly purchase Colombian securities from European bondholders at 5% and convert them at face value to discharge the former Province's share of the Colombian debt."⁽²⁵⁾

Aware of the significance that the settlement of Colombia's foreign debt had in the eyes of European creditors, the new government of Panamá sought a diplomatic advantage by refusing to "enter into any arrangement

relative to the Colombian debt" while "the Republic of Colombia does not recognise the independent existence of the Republic of Panamá."⁽²⁶⁾ Bondholders worries that by losing the Isthmus, Colombia had forfeited money which the U.S. government were prepared to pay her for the Canal concessions, emphasises their doubts about Colombia's solvency in the face of lost revenue which previously had come from tolls on the Isthmus.

The original foreign debt had been contracted by Colombia in 1820 when an arrangement was made for the issue of transferable debentures to certain creditors of the Republic. In "1873 a conversion of the debt took place with the consent of the Bondholders, the principal of the debt being reduced from £6,630,000 to £2 million ...". By "1896 a fresh arrangement was concluded with the Bondholders, when the principal and arrears of interest outstanding were reduced from about £3½ million to £2,700,000 and the rate of interest changed from 4½% rising to 5%, to 1½% rising to 3%."⁽²⁷⁾

Although Colombia's chequered history as a debtor would offer some justification for the disparaging remarks of foreign diplomats about the country as a whole, two important inferences can be drawn from their analysis. The first is that until the independence of Panamá, the exploitation of Colombia's natural resources had not been taken seriously by British and U.S. entrepreneurs. With the independence of Panamá, foreign entrepreneurs and Colombian leaders had to undergo a period of transition in their relations which, with the benefit of hindsight can be understood as a new departure in the development of the country. A further analysis of the significance of the foreign debt to Colombia at that juncture will show that consecutive generations of Colombian leaders failed to transform this new departure into an instrument evenly to develop the economic, social and political sectors of the country, because of the effect that the servicing of the debt was having on the economy. Comparing the £57,509/annum that Colombia was paying as interest on her foreign debt with the £150/annum allocated to the Roman Catholic Church by the government to carry out its missionary programmes, it becomes clear immediately that despite the government's determination to implement a coherent programme of territorial assertion, its inherited commitments towards foreign bondholders precluded any such realisation.⁽²⁸⁾

IV. President Reyes and the Root-Cortés-Arosemena treaties

President Reyes, who was aware that to preserve Colombia's identity as a political unit it was imperative to make necessary adjustments, unambiguously declared three years after his inauguration that the political parties "will either change into coincident forces for doing good or they will have to disappear, for the nation can no longer tolerate within its strong organism any disrupting and opposing forces to its progress and well being under the name of political entities."⁽²⁹⁾

Faced with the choice of adjudicating between preserving a democratic exterior for his administration with the advantages that this would bring him from an international point of view, and taking effective measures to prevent the breakdown of the country, President Reyes, realising that Congress was proving unco-operative, chose the latter. On March 15th 1905, a new extra-legal congressional body - the National Assembly - was convened as an instrument to prevent disintegration. In his drive to gain the political stability he judged necessary, as one of his first acts the President reorganised departmental and municipal boundaries. At the same time he altered the duration of his presidential term of office to run from Jan 1st 1905 to Dec 31st 1914; and "by abolishing the office of Vice-President and reserving the right to name his own successor he eliminated the possibility of a coup similar to that by which his immediate predecessor Vice-President Marroquín had seized power in 1901."⁽³⁰⁾

Despite Reyes' departure from "democratic" governing procedures and the initial hostility shown him by the diplomatic community, his determination to overcome administrative obstacles gradually won him a certain degree of recognition, and in the opinion of officials in Washington "it was a matter of prime importance to the Washington government that General Reyes should retain his hold over the country."⁽³¹⁾ As a pragmatist, President Reyes did not overlook the fact that if his administration was to obtain durable results from the political concessions made in his favour in Colombia and abroad, a prompt solution to the all prevailing financial difficulties facing his administration should receive priority.

In addition to the new customs duties and the establishment of state monopolies already mentioned, President Reyes gave instructions to

encourage the flow of foreign capital into the country. The leasing of the emerald monopoly for a period of 20 years was taken by a London syndicate in early 1909 at a minimum annual rental of £250,000.⁽³²⁾ However, the limited financial support for Reyes' administration from abroad proved to be totally inadequate for the fulfilment of his programmes. In early March 1909, it became obvious that the man who until then had exercised widespread control throughout the nation, and who had established his own legislative body, was rapidly losing his grip. On March 13th British Vice-Consul Huckin cabled the Foreign Office that the President had resigned.⁽³³⁾ The following morning however, Bogotá "woke to find Reyes in the Presidency, a state of siege declared, machine guns placed commanding the central plaza, the police and troops armed with Mausers, and ... the three most dreaded Generals in the country, in command."⁽³⁴⁾

Whether Reyes' resignation was a carefully staged manoeuvre to draw out his enemies or if his sudden change of mind was due to his fear of leaving the country to plunge into anarchy is not altogether clear. What is certain however, is that the economic solvency of his administration was one of the most important factors influencing his decisions. By July the President had abandoned Bogotá "clandestinely" hoping to visit King Edward VII and to raise a loan in London, which if obtained would boost his political image. On learning that Reyes was concealing the true state of his country's affairs, London financiers avoided committing themselves and Reyes proceeded immediately to Paris where he began negotiations for a 60 million francs loan; and, by September, he was informed that the Colombian Congress had finally accepted his resignation.⁽³⁵⁾

Throughout his five year long battle to strengthen the financial position of his government, Reyes had hoped that at any time a settlement of the Panamá question with the U.S. might have offered him the anxiously sought diplomatic victory which would consolidate his standing as a reformer. From the outset he sought to strengthen Colombia's relations with the U.S. by demonstrating his willingness to give members of the business community the opportunity to influence international relations. The appointment of Senor Enrique Cortés, as Reyes' first foreign minister, and his subsequent transference to Washington as Colombian Minister, was

part of the President's strategy to win for Colombia the goodwill of the U.S. business community. Similarly, the appointment of Clímaco Calderón to occupy the vacancy left by Cortés and his promotion to the post of "designado" (official who takes charge of the Executive power in case of a vacancy, either temporary or otherwise)⁽³⁶⁾ in the face of stiff opposition from the right wing faction of the Conservative party headed by Gerardo Pulecio (Minister of Government) demonstrates President Reyes' intentions to create a climate favourable to the improvement of relations with the U.S. To emphasise the paramount importance given to the settlement of the Panamá question, by mid-1905 the President had engineered the resignation of Diego Mendoza, then Minister in Washington, by allowing the publication in the "Correo Nacional" (Bogotá) of a report to the effect that Diego Mendoza "had received orders to close the Legation in the U.S. and retire from that country, on the 1st July next, should no satisfactory settlement of the Panamá controversy have been come to by that date."

While proving with this manoeuvre that he was prepared to reawaken the nation's interest in the Panamá question, Reyes had also proved his determination to show the U.S. government that despite his favourable disposition towards it, nevertheless he was still prepared to drive a hard bargain. In order to test both the American will to come to an arrangement with Colombia and its ability to influence the Panamanian government and the Panamanian's interest in gaining recognition from Colombia, President Reyes' negotiators proposed to the Panamanian government that it should undertake to pay the sum of six million dollars as its share of the foreign debt. "Panamanian officials refused to approve any treaty which demanded such an outrageous sum. Not until July 1907, one full year after negotiations had begun, did Panamá agree to a monetary settlement. And then, Panamá relented only after Colombia had reduced its demands to $2\frac{1}{2}$ million dollars."⁽³⁸⁾

While in Washington Colombia's representatives endeavoured in vain to obtain tangible results, in Bogotá, American Minister Barrett tried to exploit rumours of "the threatened secession of the departments of the Cauca, Antioquia and Bolívar to convince the Colombian government of the advisability of the frank recognition of the fait accompli on the

Isthmus",⁽³⁹⁾ These rumours, coming as they did shortly before U.S. Secretary of State - Root - was due to visit Cartagena (this had been arranged in Rio de Janeiro with General Rafael Uribe Uribe, Colombia's representative there)⁽⁴⁰⁾ leave room to suspect that they were part of a well orchestrated effort to enhance the signature of a new treaty of friendship and commerce between the two governments. Faced with the virtual Liberal takeover of the country's diplomatic machinery and with Secretary Root's imminent visit, the enemies of the government resorted to spreading rumours to the effect that the U.S. had established naval stations at Cartagena and Buenaventura, and taken control of certain coal mines near the latter in exchange for 6 million dollars.⁽⁴¹⁾ After denying these rumours in no uncertain terms, Alfredo Vásquez Cobo, Conservative Foreign Minister, met Secretary Root in Cartagena on September 24th 1906. Publicly the meeting appeared cordial but the two leaders gave no indication of the status of their private discussions, although Minister Vásquez Cobo had taken new Colombian proposals with him as a basis for a treaty. At the conclusion of their meeting, Root verbally agreed in principle with these proposals and expressed his willingness to enter into formal treaty negotiations with the Colombian envoy in Washington. Urged on by the unstable political situation Vásquez Cobo acknowledged during the meeting that his government recognised that Panamá's independence was irreversible.

At this turning point Colombian diplomats judged that the time had arrived to extract maximum benefits from a settlement with the U.S. and Panamá. According to Vásquez's proposals the U.S. would guarantee the free passage of Colombian ships, troops and war materials through the Canal at all times; would levy on Colombian merchandise and mails a duty no higher than that levied on similar U.S. items; and would charge Colombia for its use of the Isthmian railway routes no more than it had paid before the 1903 revolution. In addition, Colombia requested the establishment of a differential tariff allowing its molasses and sugar to enter the U.S. at a much lower rate.⁽⁴²⁾ However, Minister Vásquez's proposals underlined the stress under which Colombian diplomats had undertaken this round of negotiations. On the one hand, the rift between President Reyes and his enemies became unbridgeable; and on the other, the Colombian government had intensified its efforts to put new pressure on the Panamanian and



U.S. governments.

Not surprisingly Secretary Root did not agree to the granting of a differential tariff as this would almost certainly have produced hostile reaction in the U.S. Senate, nor would he guarantee a positive response from the Panamanian government, since Panamá's commercial relations lay outside American jurisdiction. Confronted with unexpectedly stiff resistance from the Panamanians to accept the proposed share of the foreign debt despite pressure from the American and Colombian governments, President Reyes decided to seize, by force of arms, part of the territory (the Juradó region) included in the border negotiations between Colombia and Panamá.⁽⁴³⁾ As part of a concerted strategy to convey a sense of urgency to the U.S., the Colombian government opened a Legation in Japan, while in Bogotá, rumours circulated that a treaty with Japan was to be negotiated, according to which "the cession ... of a coaling station on the East and West coast of Colombia in the event of a war ... between Japan and the U.S." was being considered.⁽⁴⁴⁾ Owing to the sensitive nature of the news from Bogotá, Secretary Root warned President Roosevelt that "Colombia as our enemy is a source of vital danger if we have any other enemy."⁽⁴⁵⁾

President Reyes' reliance on the strategic importance of Colombia seemed to have had some effect. In dealing with the protestations of the Panamanian government over the occupation of the Juradó region, Second Assistant Secretary of State Alvey A. Adee adopted a more friendly attitude towards Colombia by alleging that "I do not see that Article 1 (of the proposed treaty) obligates us to land force (s at) Panamá to settle a boundary dispute in Panamá's way. We guarantee Panamanian independence, and one of the sacred rights of Spanish American independence is the privilege of scrapping with neighbouring states."⁽⁴⁶⁾ Besides revealing the importance accorded by the American administration to Panama's claims, Adee's memo shows that there was a serious rift between the U.S. and Panamanian governments as the Panamanians tried to obtain maximum possible benefits from the Hay-Bunau-Varilla treaty of 1903.

After an exhaustive study of the respective internal and external considerations, the governments of Colombia, the U.S. and Panamá reached the conclusion that the best way to settle their differences was by

signing three bilateral treaties, and an understanding to the effect that if one of the three treaties was not ratified by the respective Legislature the other two would be automatically invalidated. Whether the adoption of such a solution was solely attributable to the pressures which the Colombian Executive was putting on each of the other two parties or whether, as it seems more likely it was the identity of interests of the three governments which made it possible, is not entirely clear. What is certain is that by entering into this arrangement each of the three governments implicitly accepted undergoing a test of its popularity at a national level.

On January 9th 1909, U.S. Secretary of State Root, Colombian Minister Cortés and Panamanian Minister Arosemena, Affixed their signatures to each of the treaties as the culmination of months of strenuous negotiations. By late January 1909, the Panamanian Legislature had approved both the treaties with the U.S. and Colombia; and, by early March, the U.S. Senate had approved both the treaties with Panamá and Colombia. The ultimate fate of the three treaties lay therefore in the hands of the Colombian National assembly.

Although the Root-Cortés-Arosemena treaties provided primarily for "1) Colombian recognition of Panamá, 2) the advancement of the initial annuity date such that Panamá and the U.S. would pay Colombia \$2.5 million over a 10 year period and 3) preferential treatment for Colombia in the Canal as related to military, commercial and postal movement,"⁽⁴⁷⁾ and it therefore seemed that the Colombian government had obtained the material goals necessary for its survival, it soon became clear that Reyes and Cortés had severely misjudged sentiments in Colombia. Owing to the lack of precision regarding the settlement of the Panamá/Colombia border, the fact that Colombia accepted total responsibility for the foreign debt of the two countries until 1903, and that by signing the treaties Colombia conceded to the U.S. all rights derived from concessions made for the construction and exploitation of the Canal as well as for the Panamá railway,⁽⁴⁸⁾ the government's opponents launched a well orchestrated campaign against approval of the treaties by the Legislature. The intensity of anti-government sentiment came to a pitch with the March 1909 riots already mentioned and the

eventual departure from office of the President.

Through this it became immediately clear that despite President Reyes' efforts to rally the nation around his leadership, and despite his efforts to give members of the Liberal party the opportunity to exercise their influence at a national level, at the end of his Presidency the Colombian leadership was still far from united, and even the Liberal party had not decided on a course of action.

V. The emergence of lawyers as an influence on government

Lying just beneath the surface of any ideological differences between the leaders of the various factions of the Colombian political spectrum and the chronic malaise of the national economy, the continuing differences of opinion in how best to solve the problem of the foreign debt were to be found, creating personal animosities and producing the first symptoms of a division of Colombian society according to professional occupations. Even before the official acceptance of President Reyes' resignation by Congress in 1909, Conservative caretaker President, General Jorge Holguín, had come under attack from members of his own party. Some of them, alluding to the interim President's participation in the signature of an alleged agreement - the Holguín-Avebury agreement - did not hesitate to denounce in an article entitled "La deuda exterior, el gran misterio" in the Gaceta Republicana of July 31st 1909 "... the distinctive feature of the Holguín-Avebury agreement: everything for the foreign creditors, nothing for Colombia."⁽⁴⁹⁾ For the year 1910, the sum of \$619,650 had had to be paid in respect of the consolidated foreign debt and by then many influential Colombians, including members of the Liberal Party who previously had been particularly concerned with Colombia's credit abroad, were beginning to consider the effects of such payments on the Colombian economy, the article went on. The "legal validity of the agreement," its authors even argued, suffered from "incontrovertible" defects, citing as the basis for this argument the opinion of respected jurists.⁽⁵⁰⁾

Hesitancy over the wisdom of preserving a creditworthy image notwithstanding, the newly inaugurated President Carlos E. Restrepo, obtained permission from Congress to tap, yet again, the international

money market in London. Law 85 of November 30th 1910 authorised the Executive to raise a loan in London of £300,000 to be paid for by not more than 3% of customs revenues and a sale of emeralds.⁽⁵¹⁾ President Restrepo was thus authorised to re-enact the course adopted by Rafeal Reyes almost six years earlier. Like his predecessor, President Restrepo was also authorised to reduce the salaries of public officials who earned 300 pesos or more a month by 30%, 250 to 300 pesos by 25%, and 250 pesos or less by 20%; the salaries of legal functionaries were, however exempted.⁽⁵²⁾ It seems that, unlike Reyes, President Restrepo had to succumb to pressure exerted by members of the legal profession.

Whether the creation of a pressure group formed by members of the legal profession came as a response to the need to defend the country's interests regarding foreign creditors, or whether it was in fact the first symptom of the emergence of a professional class, cannot be deduced with certainty considering that many lawyers were also members of the economic and political élite and vice versa. What is beyond doubt however, is that it provoked a hostile reaction from the members of the foreign community against the lawyers as a group. "If as a last resort a company should apply for the help of its Legation, the result is, as a rule, unsatisfactory. The Minister becomes involved in a mass of legal subtleties and is often obliged to refer the company to the law courts, though he well knows that the remedy is illusory."⁽⁵³⁾

The attention granted to the members of the legal profession in general by representatives of the foreign community in Bogotá was coupled with a closer examination of the background and attitude of the agents sent abroad by the Colombian government to obtain loans to finance official projects. "It is difficult to believe" wrote the British Minister, Mr Young, referring to the envoys sent to London to arrange a loan of £600,000 on behalf of the municipality of Bogotá "that these men will subordinate their hope of personal gain the shape of commission to any consideration of the real interests of either contracting party, and, least of all, of the country to which they do not belong."⁽⁵⁴⁾

A partial answer to the serious doubts of the British Minister is to be found in President Restrepo's acknowledgement of the need to organise the diplomatic and consular careers to promote the efficient

management of the country's international affairs. In his message to the nation of 1911 he referred to a decree providing for the sponsorship of Colombian law graduates to study for higher degrees in European and U.S. universities to enable them to attain internationally recognised diplomatic skills.⁽⁵⁵⁾

Presidential recognition of existing shortcomings in the organisation of the Foreign Ministry was however a far cry from any actual improvements, to judge by the meagre means at the President's disposal - the budget for the Ministry for 1910-11 was only 182,806 pesos.⁽⁵⁶⁾ The absence of clearly defined ideological positions in their attitude towards the problem of the foreign debt in particular and the management of international affairs in general, combined with the stringent economic circumstances which forced them to accept pay cuts, indicates that during this period the members of the leadership did not depend at all, or depended only partially on their official salaries. Echoing Mr Young's sentiments it is reasonable to suggest that the malfunctioning of Colombia's public administration was due, in part at least, to the inability of the members of the leadership to be unbiassed when adjudicating on matters which, directly or indirectly, would affect their personal interests. The partial direct dependence of the leadership on the government for survival also explains why, in the face of severe cash shortages and lack of cast-iron promises of forthcoming contracts, the Colombian leadership did not contribute towards the settlement of differences with the U.S. resulting from the secession of Panamá.

With the appearance of a group of lawyers strong enough to force the government to have their special interests left undisturbed, a new era in the history of Colombian public administration was initiated. Whether these lawyers were members of the existing economic and political leadership in a process of expansion, or whether they were lawyers seeking to gain influence equal to that of the established leadership is a question which is difficult to answer in view of the blurred areas of influence existing between the economic and intellectual élites. The expanding influence of this legal group and the further familiarisation that several of its members were to have with European and U.S. institutions, was not only to affect markedly Colombia's relations with the centre

powers of the North Atlantic in connection with a settlement with the U.S., but it must also be considered in relation to the subsequent influx of foreign capital into the country.

VI. Consolidation of Liberal influence in Colombian, and U.S. commercial expansion

Despite the full incorporation of prominent members of the Liberal party into the service of the predominantly Conservative governments, and despite their arduous efforts to reach an overall settlement with the U.S., it was not until the inauguration of the Democratic administration of Woodrow Wilson that the Colombian government was put in the position of having to accept the advantages and disadvantages of actively participating in the swiftly changing international order.

With Colombia's failure to ratify the Root-Cortés-Arosemena treaties in 1909, the stage for future negotiations was changed from Washington to Bogotá. With this change, the rôle of the Colombian foreign minister in the negotiations increased in importance. The Liberal, Enrique Olaya Herrera, who was later to become one of the most fervent admirers of the U.S., became President Restrepo's appointee. By 1911, Foreign Minister Olaya Herrera had directed his endeavours towards urging the U.S. government to seek a solution to their differences with Colombia through arbitration. Even if the arbiter ruled against Colombia, Olaya Herrera would still recognise the rights already acquired by the U.S. in the Canal Zone. "Hopefully Panamá would be reunited to Colombia, but should this fail, he expected the U.S. to grant his government special privileges in the use of the Canal and that Panamá would additionally agree to pay its share of the Colombian debt and to adhere to a boundary as defined by Colombia."⁽⁵⁷⁾ Much to President Taft's dismay, Theodore Roosevelt, in an apparently unpremeditated speech, reinforced Colombia's case for arbitration - "If I had followed traditional methods" Roosevelt argued on March 23rd 1911 - "I would have submitted a dignified state paper to Congress and the debate would have been going on yet. But I took the Canal Zone and let the Congress debate, and while the debate goes on the Canal does also."⁽⁵⁸⁾

Ex-President Roosevelt's explicit claim for the U.S. of a leading rôle in the secession of Panamá was tantamount to an admission that the 1846 Mallarino-Bidlack treaty with Colombia had been violated. Swift action on the part of the Colombian Executive to exploit Ex-President's Roosevelt's speech would have been of crucial importance in bringing Colombia's grievances to American attention. In the event however, it was not until May 31st 1911 that the newly appointed Conservative Colombian Minister in Washington, General Pedro Nel Ospina, presented his credentials at the White House and six months later made a formal appeal for arbitration over the Panamá question. This had by then little effect as the State Department failed to acknowledge it.

Ospina's appointment seems to be explained by the attitude of the Colombian Executive towards the distribution of important posts between the two main parties. The incident reveals that the State department felt more confident negotiating with Colombian Liberals than with their Conservative counterparts. While refusing to acknowledge Ospina's formal appeal for arbitration, the State Department sent Mr James T. DuBois to Bogotá in November 1911, and decided to include Cartagena as one of the stopping points on the itinerary of Secretary of State Philander C. Knox's tour of Central America and the Caribbean in early 1912. On learning of this visit, Minister Ospina immediately informed the American press to the effect that the Colombian government had not invited the Secretary of State - thus creating the publicity for Colombia's grievances against the U.S. which he had failed to generate earlier.⁽⁵⁹⁾ Whether Ospina's hasty rebuff of Secretary Knox's overtures towards the Colombian government originated as a result of his failure to obtain a reply from the State department in 1911, or whether he had been chosen as a propitiatory victim of the Colombian Executive's desire to obtain a speedy settlement is open to conjecture. What is clear however, is that his immediate removal from his post enabled the Colombian negotiators to press for more favourable conditions as a result of the publicity surrounding the case. Furthermore, it is possible to speculate that the rift between Liberal and Conservative members of Colombia's leadership regarding relations with the U.S. had not disappeared completely, and that the Executive would still have to engage in delicate political

manoeuvres in order to secure the consensus needed to obtain ratification by Congress of a future treaty.

Aware of the continuous changes in the highest posts of Colombia's diplomatic organisation, and conscious of the changes taking place in the attitude of the U.S. government towards Latin America, Secretary of State Knox imparted precise instructions to DuBois in Bogotá, to ensure that any forthcoming decision received the approval of the President of the Republic. A plan was to be submitted by DuBois in which he should first try to obtain the government's assent to the Root-Cortés-Arosemena treaties, without any modification. If this was refused, as was expected, he was to offer certain inducements to obtain that approval. The U.S. would agree to pay 10 million dollars for an option to construct a canal along the Atrato river, and for coaling privileges on the Colombian islands of San Andrés and Providencia. Despite the fact that such a route was no longer being considered by U.S. army engineers, it would eliminate the possibility of the construction of a canal by another power; but, more importantly, it would allow the U.S. to pay Colombia 10 million dollars without appearing to pay the indemnity for which the latter long had argued.⁽⁶⁰⁾ At the same time, with such a payment the possibilities of any internal instability would be diminished, as well as the danger of Colombia becoming heavily indebted to any extra-continental power.⁽⁶¹⁾

Important though Colombia's rehabilitation was in the eyes of U.S. policy makers, especially since it would allow the Monroe doctrine to be upheld in a most sensitive area, the decision to inject 10 million dollars into the Colombian economy was adopted more to comply with the U.S.'s global strategy than with the desire to appease the Colombians for the loss of Panamá. "'If this government is really to preserve to the American (i.e. U.S.) people that free opportunity in foreign markets which will soon be indispensable to our prosperity even greater efforts must be made (to promote foreign trade)'" stated President Taft in his final annual message to Congress - "'otherwise the American merchant, manufacturer and exporter will find many a field in which American trade should logically predominate preempted through the more energetic efforts of other governments and other commercial nations.'" ⁽⁶²⁾

The fact that Colombian commerce had trebled during the 10 years

following the devastating Thousand Days War was interpreted as a symptom that the potential of her market was worthy of the attention of U.S. entrepreneurs. Furthermore, if U.S. enterprises were to expand throughout the continent, a settlement with Colombia had to be found as evidence that stability and prosperity for all was the ultimate aim of U.S. foreign policy. The erosion of the value of sovereignty which had taken place throughout the region as a result of expansionist U.S. pursuits had therefore to be reversed, and there was hardly a more suitable country than Colombia to initiate such a new trend. "'The confidence and trust in the justice and fairness of the U.S. ... has completely vanished'" was the conclusion arrived at by Minister DuBois after a year's residence in Bogotá, "'and the maleficent influence of this condition is permeating public opinion in all Latin American countries,'" ⁽⁶³⁾ thus emphasising the fact that a satisfactory U.S. financial policy at a continental level would be hampered without incontrovertible evidence that the need for a change of tactics had been perceived by American policy makers. Although several Americans were aware by the end of Taft's administration of the disadvantages of a hard line standing towards Latin American countries, especially with regard to their prospects for commercial expansion, a considerable number of high ranking politicians remained adamant that regarding a settlement with Colombia - "'the government of the U.S. will not for a moment consider the use of any language which would impugn in any way the past attitude, acts, or motives of the U.S. in connection with this matter'" ⁽⁶⁴⁾ - thus reasserting the fact that for the remainder of Taft's administration and despite the inclinations of Taft and Knox themselves, the 'big stick' policy was to have priority over the demands of big business in its infancy.

"An age which would witness the transformation of Latin American scepticism, doubt and hostility into trust, confidence, and friendship", was hoped for by U.S. politicians as much as by Latin Americans in general, and Colombians in particular, with the inauguration of President Woodrow Wilson on March 4th 1913. The appointment of William Jennings Bryan as U.S. Secretary of State was interpreted by Latin Americans as a sign that the hopes they had pinned on a Democratic government would soon be transformed into policies redressing the imbalances of the previous

administration. No sooner had Bryan taken office than he started advocating that the cultivation of Latin American friendship should be placed high on the administration's agenda, disputes should be settled peacefully, since constitutional, economic and social reform in Latin America was imperative, and morality rather than expediency should be the guide to U.S. foreign policy.⁽⁶⁵⁾

As a substitute for the strong arm methods of the preceding Republican administrations, an onslaught spearheaded by suitably qualified experts in commerce and finance was 'launched' as part of the new administration's foreign policy. An awareness that the withdrawal of British, German and French bankers and merchants from Latin America during World War I would be temporary and that the moment had arrived to strengthen industry at home and business methods abroad, set the administration in motion towards the achievement of a new goal - education would henceforth become the means of "'making each student the most effective industrial unit that it is possible to produce.'" ⁽⁶⁶⁾ The emphasis of the new U.S. administration is best expressed in Colonel Henry L. Kincaide's metaphor reflecting a synthesis of international developments and the U.S.'s new outlook -

"'The world's a battleground for all
Go forth and conquer if you will
But if you win or if you fall,
Be each, please God, a gentleman.'" ⁽⁶⁷⁾

VII. Effective strengthening of the Executive

Barely three days before the inauguration of President Woodrow Wilson and his sympathetic Secretary of State Bryan, bilateral relations between Colombia and the U.S. underwent a further setback in an already lengthy chain of reversals with the publication of Secretary Knox's report on Colombia in one of President Taft's last messages to Congress of March 1st 1913. Following the publication of this report, the American press gave vent to a wave of indignation created by the rumour that "Germany opposed a U.S. settlement with Colombia so that it could obtain a canal site along the Atrato route and other concessions!" ⁽⁶⁸⁾ Outgoing Secretary of State Knox had had at his disposal, for almost six

months, information sent from Bogotá by Minister DuBois, that a German concern, Hamburg-Colombian Banana Company, had been granted a valuable concession of some 10,000 acres in the Atrato region, observing that with known coal deposits and wharfage facilities it would be an excellent naval base for the German empire in the event of war, within easy reach of the Panamá canal.⁽⁶⁹⁾ Knox's disquiet regarding Colombia's position as a source of nuisance, if not actually as a danger to the security of the U.S. had been aggravated by other reports from Bogotá linking President Restrepo's past as representative of German firms in Medellín, with the arrival in Colombia of a German mission to assist army training.⁽⁷⁰⁾

After allowing the new administration a settling in period, the new Colombian Minister in Washington Julio Betancourt wrote to Secretary of State Bryan on May 3rd urging arbitration of the problems existing between the two countries. On July 18th, Bryan replied pressing for direct negotiations rather than arbitration as the means of settling the problems. A month later Colombia withdrew its arbitration proposal and agreed to direct negotiations in Bogotá, rather than in Washington.

Adjustments permitting more flexible approaches to the problems posed by international politics had also been put into practice by the Colombian leadership. An advisory Commission on foreign relations matters was created in 1913 with the approval of Congress, and its members were chosen from among the small group of politicians sufficiently familiar with international law. The then designate to the Presidency, Marco Fidel Suárez was appointed as its Head with Nicolás Esguerra, Rafael Uribe Uribe, José María González Valencia and Antonio José Uribe (President of the Chamber of Representatives) as its members.⁽⁷¹⁾ The creation of this commission however, came as a natural development of the consultative commission formed by an Executive decree of 19th December 1911, rather than as the result of an explicit desire to match the Democratic American team with predominantly Liberal Colombian negotiators.

These developments taking place in the higher échelons of Colombian diplomacy, while constituting a ratification of the trend already begun under President Reyes, coming as they did, were tantamount to a situation where expediency became the predominant feature in Colombian international

politics, and thus mirrored developments induced by Woodrow Wilson's administration.

Contrary to the expectations stemming from the belief that the new U.S. Executive would apply a rigorous method of selection when appointing its diplomats to the Latin American Republics, a paradoxical situation is discovered on examining the circumstances of the appointment of the new American Minister to President Restrepo's government. A 60-year old Texan lawyer, Thaddeus A. Thomson had been considered for an Internal Revenue collectorship but, since that position had already been promised, Thomson was appointed to the vacancy in Bogotá. "Upon learning of Bryan's choice, the President wondered, not about Thomson's diplomatic skills, but whether or not too many persons from the Austin, Texas area were receiving government positions."⁽⁷²⁾

Notwithstanding Thomson's lack of diplomatic training, President Restrepo showed willingness to open serious conversations with him shortly after he arrived. Besides the overwhelming need to settle, once and for all, differences with the U.S., President Restrepo also felt ready to test the new flexibility of his Executive since the recent shift in control of foreign relations from Congress to the Executive. Both the President and the advisory commission felt that the first offer of 20 million dollars, presented to them on October 1st 1913 by Minister Thomson did not meet their expectations, but they decided to leave open all channels of communication. Although Secretary of State Bryan had had in mind for some time the figure of 25 million dollars as the U.S.'s real offer of indemnity to the Colombians, he decided to encourage a narrowing of the gap between the two governments by instructing Thomson to give the Colombian Executive the idea that their negotiating skills had won them a further 5 million dollars. For their part, the Colombians pledged to use the money "for improvements in public works and public health" and gave an assurance that "American firms would be invited to bid for the work involved on equal terms with those of other nations."⁽⁷³⁾

A tacit acceptance from the Colombian government that U.S. financing of works of infrastructure in the country was indeed indispensable was a far cry from making such an acceptance politically safe for an

Executive which, although stronger than its immediate predecessors, was nonetheless vulnerable to the attacks of aspiring politicians. In any event, if President Restrepo and his advisers wanted a significant improvement in their chances of a settlement of the Panamá question, they had to demonstrate to friends and foes alike that the U.S. was genuinely interested in opening a new chapter in their mutual relations. A multifold strategy was therefore formulated embracing immediate tangible benefits represented by the 50 million dollars which the Executive had chosen as a negotiable figure; long term tangible benefits from special canal concessions, especially exemption from canal dues for all Colombian ships; and symbolic concessions, such as the inclusion in the treaty under negotiation of a clause containing an expression of regret on the part of the U.S. for its involvement in the secession of Panamá, and the promise that a Colombian vessel would be the first to use the canal.⁽⁷⁴⁾

Whether this advance in sophistication in the negotiating techniques used by the Colombian team primarily obeyed a developed ability to understand the postures of the opposing team, or whether it was simply the result of having such negotiations conducted in Bogotá without the irritation produced through unreliable communications between the Executive and its agents abroad, is not altogether clear. What remains apparent is that the President and his advisers, while striving at strengthening their political control, failed to demonstrate their understanding of the wider U.S. political sphere of influence.

Confident that their strategy regarding the immediate tangible benefits (indemnisation) would represent no insurmountable obstacles due to the flexibility adopted by both governments, the Colombian Executive embarked upon the selection of the text for the proposed treaty expressing American regret, which would yield it maximum political gains. After several drafts had been found unsuitable by both parties, the Colombians put forward counterproposals to the effect that the U.S. "'sincerely regrets and invites the government and people of Colombia to forget anything that may have occurred to mar or to interrupt (their) close and long established friendship.'" On Janaury 17th 1914, however, the Colombian government agreed to a clause

drawn up by John Bassett Moore, a State department counsellor, which stated that "' the government of the U.S.A. ... expresses ... sincere regrets that anything should have occurred to interrupt or to mar (our) relations of cordial friendship ...'" (75)

Although not an outright apology, the Colombian team declared the text satisfactory and proceeded to invest Foreign Minister, Francisco José Urrutia, with the necessary powers to conduct negotiations for the new Colombian/U.S. treaty through its final stages; and on 6th April 1914 it was signed by Foreign Minister Urrutia and American Minister Thomson, leaving the respective Legislatures to decide on its ultimate fate.

At the end of 40 days of arduous debate in the Colombian Senate, in which only the objections raised by General Carlos José Espinosa, endangered its ratification, on 9th June 1914 the Senate raised it to the category of a law of the Republic. (76) Much to the disappointment of the Colombian leadership, for the following 7 years the U.S. Executive failed to obtain the statutory two third's majority in the Senate, thus delaying the arrival in Colombia of the long awaited influx of American investments designed to promote lasting stability.

VIII. Ratification of the treaty

Anxious as the Colombian leadership was to carry on negotiations with the U.S. with the maximum political decorum possible, several months before the signing of the Thomson-Urrutia treaty, foreign observers had become aware that Colombian accommodation to prevailing international trends was imminent, especially since by then the State Department "Counsellor's impression was that Colombian government are now more anxious for the cash than for political or commercial concessions." (77) Consequently, American potential investors, stimulated in part by their desire to exploit the new financial drive approved by the U.S. Democratic administration, and partly to ensure that their East-West lines of communication through Panamá would not be threatened by any collusion between Colombia and their enemy (Germany), began to look for business opportunities, Colombian reticence notwithstanding.

Until the beginning of 1913 international investors had largely ignored the possibilities of profit from Colombian petroleum, with the exception of the attention given to the considerable reserves in the Barranca-Bermeja region by Germans in the latter half of the nineteenth century, and a Canadian company which began drilling in 1908.⁽⁷⁸⁾ Uncertain as to the right course of action to follow regarding the exploration and exploitation of oil contracts, by November 1913 the Colombian leadership had decided to adopt a cautious attitude by approving on the 15th November an important oil law. This law "... provided 1) that the nation should reserve the proprietorship over all petroleum beneath the public lands of Colombia and 2) that only temporary concessions of the right to develop this petroleum could be made until the passage of a more maturely considered and general law."⁽⁷⁹⁾

Necessary as the breathing space sought by the Colombian authorities was, the significance of such a law is to be found in the need felt by them to speed the delivering of the indemnisation from the U.S., and to find the means to extricate themselves from the multi-purpose negotiations then being held with the British. Since early 1913, representatives of S. Pearson and Sons, a British concern best known for its exploitation of Mexican oil, had persistently sought to extract from the Colombian government a concession for the expansion of their oil business into Colombia, and/or the right to build "railways, docks, quays, and canals, installing telegraphs and telephone systems and everything necessary for the exploration of oil deposits".⁽⁸⁰⁾ As the contract stood "in lieu of all taxation they (S. Pearson and Sons) were to pay a royalty of 18 cents/ton on oil taken from public land and of 5 cents/ton on oil from private land ..."⁽⁸¹⁾ to the Colombian government. The uncertainty inherent in these terms regarding the inflow of revenue, coupled with the uncertainties produced by an entanglement with citizens of an extra-continental power who, although claiming that they were "simply a contractor looking for good business" with "no political axe to grind"⁽⁸²⁾ could nevertheless resort to official assistance if the need arose, ultimately determined the lack of interest demonstrated by Congress and the final withdrawal of the contract by Lord Murray - Pearson's envoy to Bogotá.

With the indefinite postponement of any final decision regarding oil concessions to foreign entrepreneurs, and with the transference to the rising United Fruit Company of Boston of the Hamburg-Colombian Banana Company's concession in the Gulf of Urabá area⁽⁸³⁾, the way was opened for an intensification of commercial and political relations between the U.S. and Colombia. Bearing in mind that by 1913 Colombia imported merchandise from the U.S. to the value of U.S.\$7,629,428.88, it becomes apparent that the progress made by American firms in Colombian markets was also connected with the Colombian leadership's reluctance to irritate the U.S. which was already one of their main indirect contributors of revenue from import duties, lighthouse and port dues, consular fees and other sources.

If, by 1913 Britain, France and Germany had come 2nd, 3rd and 4th respectively as Colombia's most important commercial partners, with a combined total higher than that for the U.S.⁽⁸⁴⁾, the disruptions provoked by the first World War forced the already strong Pro-American lobby to make the adjustments necessary to place commerce with the U.S. in a new perspective.

Despite the refusal of the American Senate to ratify the Thomson-Urrutia treaty under the terms agreed in 1914, a growing number of prominent Colombians were of the opinion that "Colombia should forget her past grievances and should follow the lead of the U.S. in throwing in her lot with the allies". In any case the country could ill afford to lose "her means of foreign trade through the removal of ships for war purposes and that it is within her power to become possessed of four German vessels - 15,372 tons of shipping - which unless early action is taken may be seized by the U.S."⁽⁸⁵⁾ Nor later, could Colombia afford to leave unquashed the rumours circulating in the U.S. in early 1917 that a possible alliance with Germany was being considered. Foreign Minister Marco Fidel Suárez, a known admirer of the U.S., personally visited the British Legation to deny these.⁽⁸⁶⁾ The severity of the fiscal situation as a result of the War was emphasised by President José Vicente Concha in his message to Congress of July 20th 1917. 442,866 dollars of Customs revenue/month were being lost because of the sharp decline in European commerce creating an equivalent deficit in the national budget

estimated for the year 1917-18 at 17,106,061 dollars. Amidst such worsening economic prospects the leadership saw no other alternative than to come down formally on the side of the U.S. and hope that through arduous efforts consensus would be reached to approve the necessary legislation to grant to U.S. investors "a large oil concession in return for a substantial money payment".⁽⁸⁷⁾

Financial relief however, was not forthcoming despite the crucial importance attached to the control of oil resources by U.S. firms bent on maintaining and hopefully expanding the commercial advantages won while the European powers were at war. Although also anxious to obtain sources of oil, because of the economic effects of the war the British were reluctant to make any cash available to the Colombian administration. In vain did Dr. Suárez approach the British Legation looking for either a direct loan from the British Government or British mediation to raise 200,000 pounds in gold to "arrest continued depreciation of foreign exchange".⁽⁸⁸⁾ In vain also, Ignacio Gutierrez Ponce, Colombian Minister in London tried to speed approval by the American Senate of the Thomson-Urrutia treaty through the intercession of His Majesty's representatives in Washington. Not even President Wilson's appeal to the American Senate on December 2nd 1918, in which he reaffirmed his wish for a prompt ratification of the treaty with Colombia - "'I believe'" he stated "'that the stage of affairs is now set for such action as will be not only just but generous and in the spirit of the new age upon which we have so happily entered'"⁽⁸⁹⁾ - could produce the moves desired by the Colombian authorities.

For its part, the U.S. government did not act due to its inability to find common ground with the Republican majority still determined to admit no blame; while, from the British side inaction was explained by saying that in the absence of trained officials in Colombia, His Majesty's government could not assist even in the setting up of a team to organise Colombia's finances.⁽⁹⁰⁾

In the meantime, signs of stress were becoming more apparent in the ranks of the Colombian leadership; on the one hand, a tendency to smooth the path towards finding political stability by increasing the nation's revenues with the adjudication of oil concessions to foreign

investors became a virtual certainty; on the other, isolated outbursts of dissension amongst the military ranks conditioned, to a large extent, the course of Colombia's future international relations. Both oil legislation which, as from June 1919, became the subject of intense political and diplomatic activity, and the granting of mail-carrying contracts to a Colombo-German firm later to become one of the main irritants to U.S./Colombian relations, will be analysed in the following chapter.

After a short period of relief to the hard pressed Suárez administration through the importation of American gold, and an increase in customs receipts which had risen from approximately 300,000 dollars in March 1919 to 631,000 dollars in May 1919, the economy plunged again into a financial and trade depression which came as a further reminder to the authorities that the government could not continue carrying out the functions assigned to it by the Constitution solely on customs revenues. "The failure of various well established Colombian firms in Medellín" reported the commercial secretary of the British Legation in December 1920 "has brought down many others in the Province of Antioquia and for the past six weeks reports of failure and suspension of business have been a matter of daily occurrence. Matters reached a crisis in the capital on November 27th when the Banco López found that its clientele were making a run on its cash."⁽⁹¹⁾ Futile were President Suárez's efforts to raise funds through establishing an income tax system, as were also his hopes that the first payment of the indemnisation would be forthcoming from the U.S. To avoid graver consequences stemming from the increasingly hardened positions adopted by various factions in the two parties, the President abandoned office after only three years of his term.

Whether Suárez's political sacrifice had originated in his failure to adapt his policies to the rapidly changing post-war conditions, or whether it was due to the persistent divisions in the American Senate, where the Republicans remained unwilling to ratify the treaty with Colombia made under Wilson's presidency, is open to conjecture. However, as far as Suárez's handling of domestic politics is concerned, it is worthy of note that a new shift in power towards the Legislature

can be observed early in his term of office.⁽⁹²⁾ In consequence, it is legitimate to suggest that one of the repercussions of such a shift in power was the presidential inability to induce a change of mind among Republican Senators in the U.S. whose standing was not entirely adverse to ratification of the treaty in exchange for concrete concessions from the Colombian government. Ultimately, under prodding from the new Republican President Harding and his Secretary of State Charles Evans Hughes, the stiff Republican opposition collapsed on April 20th 1921 by a vote of 69 to 19 as a result of "enough commercially-minded Republicans and conscience-stricken Democrats" being mustered "to defeat the Roosevelt-worshipping Republicans and the anti-Wall Street Democrats."⁽⁹³⁾

The hardening attitudes of Congressmen in Colombia, however, casts doubts about whether the modifications to the original 1914 Thomson-Urrutia treaty approved by the American Senate would comply with the requirements deemed necessary by the Colombian leadership. To dispel any danger of further delays, the still predominantly Conservative government had to rely on the persuasive skills of members of the Liberal party to prevent the strengthened Congress from defeating a hesitant Executive. With the sanction of the Liberal party, Dr Olaya Herrera "was allowed temporarily to take office in the Conservative government with the express and only purpose of supporting the Treaty".⁽⁹⁴⁾ The efficacious intervention of Dr Olaya Herrera and the valuable assistance of Liberal Ex-Foreign Minister Antonio José Uribe, helped to bring the protracted negotiations to a head on December 24th 1921; and within the following six months the American President, Warren G. Harding, signed the law approving the payment of U.S.\$5 million⁽⁹⁵⁾ as the first instalment of the U.S.\$25 million indemnisation total stipulated in the Thomson-Urrutia treaty ratified by the U.S. Congress on March 1st 1922.

IX. Conclusion

The long awaited settlement of the differences between Colombia and the U.S., concluded by the signature of President Harding, marks the culmination of a twenty year period during which the Colombian administrations feared the imminent return of civil disorder caused by

a financial situation almost always in a state of crisis. This period also marks a gradual diminution in the rôle played by the Roman Catholic Church hierarchy, in spite of the fact that throughout these two decades the official subvention of Church programmes remained at a constant level; the growth in demands of the civil and military sector outgrew, in the estimation of the civil authorities, the demands presented by the combined evangelisation and frontier building projects which the Church hierarchy had embarked upon.

Similarly consecutive administrations became increasingly aware of the need to stimulate the growth of a productive financial sector capable of yielding revenues to the state through the payment of taxes, as well as expanding indirect contributions through the increased consumption of imported goods.

The constant, though slow, growth in demand for qualified personnel in the administration of official and private affairs, was met with the strengthening of an educated minority which, faced with the absence of economically productive activities, opted for obtaining qualifications which would enable them to compete for employment in the official sector. Such lopsided intellectual development brought about a saturation in employment opportunities in government posts which did not escape the attention of U.S. legislators who, in an effort to redress such imbalance decided as one of their conditions for the payment of indemnisation, that "Colombia must promise that no portion of the indemnity would go to lawyers or lobbyists".⁽⁹⁶⁾ Throughout the twenty years, the same intellectual imbalance prevented a growth in the number of financial experts capable of applying imported methods to the solution of fiscal problems, not to speak of creating Colombian remedies for the maladies resulting from the interaction of the economies of Colombia and the centre power nations of the North Atlantic. The same twenty years also witnessed the inability of Colombia's top politicians to strike a balance in their perception of the country's rôle at an international level, contrasting with the period before Panamá's secession when, although the Executive failed to realise the strength of the opposition, Colombia's diplomats in Washington were aware of the need to find the means to accommodate U.S. expansionist demands. By

1909, when the Root-Cortés-Arosemena Treaties were due for Congressional ratification in the three countries concerned, Colombia's leadership again failed to judge accurately the internal political mood. With the gradual integration of members of the Liberal party into diplomatic posts at first, and the gradual growth of their numbers in Congress, the leadership seemed to be drawing nearer internal consensus regarding the conditions laid down for an agreement with the U.S.

Such consensus was finally embodied in the signature and eventual ratification of the Thomson-Urrutia Treaty. By this both the Conservative and Liberal parties attained the best possible arrangement under the circumstances for the Colombian leadership, as the Treaty appeased the rancour of the more nationalistic sectors, while opening the opportunity for the definitive entrance of the national economy into the international system following the U.S. model. Similarly, the ratification of the Treaty signalled the commencement of a period during which those Colombian leaders seeking the solution of social problems through direct government action would pursue their course by joining other members of the leadership already in favour of the expansion of direct foreign investments, thus altering the government's dependency on customs receipts to a dependency based mainly on such investments.

CHAPTER III - Footnotes

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3. Welby to Lansdowne, Nov. 23rd 1903, Despatch No 77, FO 420-222.
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5. Ibid., p.257, quoting Reyes.
6. Welby to Lansdowne. Aug. 12th 1904, Despatch No 33, FO 55-421.
7. Welby to Lansdowne. Jan. 16th 1905, Despatch No 6, FO 55-429; Peterson (1977), p.257.
8. Report by Spencer Dickson on "Financial Embarrassment of the government", Oct 8th 1904 enclosed with Welby to Lansdowne. Oct 11th 1904, Despatch No 45, FO 55-421.
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10. Memorandum by S. Dickson on "Decree no 830 of 1904, being action taken by General Reyes to assert the control of the Colombian government over the Council of Amortisation, especially with regard to the emerald mines of Muzo and Cosquez", FO 55-421.
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12. Dickson to Lansdowne. Dec. 6th 1905, Despatch No 81, FO 371-42.
13. Ibid.
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19. Dickson to Grey. Dec. 23rd 1905, Despatch No 84, FO 371-42.
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31. Dickson to Grey. June 12th 1906, Despatch No 32, FO 371-43.
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36. Dickson to Grey. June 1st 1906, Despatch No 44, FO 371-43.
37. Dickson to Grey. March 30th 1905, Despatch No 34, FO 371-43.
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39. Stronge to Grey. June 25th 1906, Despatch No 53, FO 371-43.
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CHAPTER IV Towards national unity - symbols and realities

I. Introduction.

"The problem here is of course financial", was the confident diagnosis of British Minister, Mr Monson, in 1928, "so long as American money can be borrowed for public works, and the price of coffee remains high" he continued, "there is no reason why there should be any sort of trouble for years to come: but both these sources may run dry."⁽¹⁾ Buried just beneath the surface of Mr Monson's deceptively familiar statement sent to the Foreign Office just six years after the Colombian Government had received the first US\$5 million instalment of the indemnity negotiated through the Thomson-Urrutia treaty, pronounced alterations in the trends initiated by the Colombo-U.S. rapprochement are to be found. What American entrepreneurs, American officials at various levels and their Colombian counterparts had hoped would become further proof of the enterprising abilities of the former and a panacea for the latter had rapidly been transformed into omens of hard times ahead, and of continuing diplomatic acrimony springing from the economic intercourse between them.

The relentless U.S. investment drive initiated shortly before the First World War had by 1928 left its indelible stamp on Colombian social and economic institutions, as it had throughout the entire continent. For its part, the Colombian leadership had struggled unconvincingly to keep at arm's length the crushing economic and cultural influence wielded by rampant U.S. investors, eventually resigning itself half-heartedly to it with the signature of the Thomson-Urrutia treaty, followed by considerable U.S. investment in all sectors of the Colombian economy.

In vain had the Colombian intelligentsia tried to foster the belief that the circulation of foreign-made goods would be of secondary importance as the increase in national production would correct the imbalance as soon as internal transport problems were overcome. In the final instance, a retrospective analysis of the country's economic malaise showed that "If in Colombia there had been other more secure investments than the ownership of land, agricultural land would have been more generally accessible to those wishing to own and work it themselves, and its price would have been more reasonable; but, as our

financial organisation remains as rudimentary as it was fifty years ago, the price of land has been inflated, thus devouring the providential gift of coffee."⁽²⁾ It is little wonder therefore, that faced with a U.S. financial onslaught on the one hand, and with an awareness of the grave shortage of national capital on the other, Colombian officials responsible for the formulation of policies to solve the country's internal problems, and those responsible for the country's international relations, sought to steer a course which would leave them the right to choose the most convenient financial source.

Adjustments in the legislation regarding investments had been made as the exigencies of North Atlantic economic trends demanded. It came as no surprise therefore, that at the time when Colombia had reached unprecedented external indebtedness, its government was bent on expanding still further the scope offered to investors of all nationalities. "Foreign firms" the Colombian government informed members of the economic conference gathered in Paris in 1926, "are not affected in their dealings by any restrictions, other than those which apply to Colombian nationals, with the exception of the usual formalities to obtain legal representation. Foreign firms, like foreign individuals, have the power to acquire and indeed do acquire all types of property in Colombia and participate in all types of lawful activity on a level of perfect equality with the nationals. Administrative and judicial protection are the same for all. Foreign banks, regarding the scope of their business, are no different from Colombian financial institutions. This constitutes a very liberal legislation which foreigners are not slow in recognising."⁽³⁾

The momentum gathered by the U.S. investing thrust however, curtailed the efforts of Colombian officials to internationalise the country's sources of finance. While the identification of transport difficulties as the main cause of Colombia's backwardness spurred its leaders to import foreign finance and technology, the social upheavals stemming from the application of their formulae regarding these imports rendered them virtually ineffective, and allowed U.S. political and economic influence to put into second place that of any other power. With the avenues of communication towards other North Atlantic powers drastically reduced, the Colombian Executive had no option but to make official what

in practice had been determined at least fifteen years before the signing in 1935 of a Treaty of commerce with the U.S.

Although the period between the ratification of the Thomson-Urrutia Treaty and the signing of the 1935 Treaty does not present characteristics in the relations between the two countries which were not already there before, or which have not been seen since, the pronounced features of such relations allows the analyst to understand the factors which have since become an integral part of Colombia's international relations. The abortive attempt to make Colombian commercial and industrial enterprises competitive by meeting their transport needs has haunted successive generations of Colombian leaders who have tried to finance improvements with revenues entering the country from exports of coffee which, in the absence of an influx of U.S. investments of the same magnitude as that of the 1920s, was to become the most reliable source of finance at their disposal.

II. The Making of a Symbol

a) Britain and Bogotá - Barranquilla and Germany

Beleaguered by internal political and economic anxieties, and by the uncertainties as to whether U.S. Congressmen and high executives would come to an agreement over the ratification of the Thomson-Urrutia Treaty with Colombia in time to prevent a worsening in his government's position, President Marco Fidel Suárez in 1919 approached British diplomats and financiers in search of loans destined to alleviate, if only temporarily, the grave fiscal situation confronting his administration. Suárez's efforts in this direction however, were doomed to failure from their inception. This was not only because he was unable to judge the growing strength of his opponents in the Legislature, but because of the influence exerted on Central government by businessmen and politicians from the provinces. Furthermore, it can be stated categorically that despite the President's overt admiration for the Colossus of the North, his tactical political errors set sectors of Colombia's business community on a collision course with U.S. interests in the years to come. His administration's attempts to seek financial relief were met immediately with counter-proposals tied to projects,

geared apparently to overcoming transport and communications difficulties which, together with lack of finance, constituted the principal cause of Colombia's backwardness.

By 1919, entrepreneurs in Bogotá and Barranquilla were discussing plans to promote national cohesion through Colombia's introduction into the aeroplane era. Simultaneously, British and German businessmen were competing with each other as to who would be able to obtain the best terms for the sale of air transport technology and equipment. Spurred on by respective needs to expand their commercial activities overseas, British and German representatives set out to win Colombian support through their contacts in Bogotá and Barranquilla. 'At the suggestion of Sir Percy Wyndham, British Minister at Bogotá, who is now home on leave, I venture to bring to your notice [the Foreign Office] the fact that our firm, [Urquhart, Carvalho and Company Ltd. of London] in conjunction with Messrs. Handley Page Limited, have placed before the Colombian government a proposition for the establishment in the Republic of Colombia of an efficient aeroplane service ... We would further point out that the establishment of this service will entail a capital expenditure of £150,000 and that it is held by both Handley Page Ltd. and ourselves that if our company secures the postal contract, and then establishes the aeroplane service, it will mean that the whole of the future of aviation in the Republic of Colombia should remain permanently in British hands.'⁽⁴⁾

British hopes of securing a prompt agreement were soon dashed by the Executive's reluctance to grant Handley Page Ltd. the terms they were seeking, and by the unequivocal opposition of Congress towards the proposals.⁽⁵⁾

Barranquilla had, in the meantime, become the centre of discussions between local businessmen and German merchants over the opening of air services on similar lines to those suggested by Handley Page Ltd. of London. Cash constraints notwithstanding, the handful of Colombo/German entrepreneurs managed to lay the legal foundations of the Sociedad Colombo-Alemana de Transportes Aéreos (SCADTA) on December 5th 1919, despite the apparent indifference of the business community at large. Five Colombian nationals - Ernesto Cortissoz, Rafael María Palacios,

Cristóbal Restrepo J., Jacobo A. Correa, and Arístides Noguera, and three outsiders with ample knowledge of Colombia and the Caribbean - Alberto Tietjen, Stuart Hosie and Werner Kaemmerer,⁽⁶⁾ launched on that date the company which, in subsequent years, would become an irritant in Colombo/U.S. relations, would serve as a test of U.S. beliefs in free enterprise, and would, at the same time, become the focal point of Colombian nationalist sentiments.

Whether SCADTA's creation was a response to prevailing scepticism concerning the viability of as yet untested transport ventures which prevented the involvement of hard headed potential investors, or if it was the outcome of a struggle for influence between Barranquilla and Bogotá is not clear. Nor is it clear whether the British, in the face of opposition from the Colombian Congress to their air transport projects, were lured instead by the likelihood of secure returns from investments in petroleum exploration and exploitation. However, what is clear is that the growing coolness in relations between Bogotá and London was hastened with the signing of Decree No. 1255 of June 20th 1919 regulating prospecting for petroleum bearing lands, and arranging for the keeping of statistics of petroleum mines - interpreted by Lord Herbert Hervey, British Minister in Bogotá as lacking "sufficient safeguards for those investing money in the industry."⁽⁷⁾

President Suárez's inability to speed the ratification of the Treaty with the U.S. and his failure to offer British investors satisfactory terms created the political climate conducive to the expansion of non Anglo-American influence on the one hand, and to the increase in Congressional and non-Congressional opposition to his Executive on the other. With the invaluable professional assistance of Pedro María Carreño, a distinguished lawyer connected with the United Fruit Company and a man who had been Minister of Foreign Relations under President Carlos E. Restrepo, Barranquilla's air transport pioneers managed to obtain from Suárez's administration the licence required for the opening of air mail services in the country in 1921.⁽⁸⁾

Meantime, the Colombian Executive had to contend with the threat of a coup d'état being planned by General José Cicerón Castillo, a Liberal malcontent. The General, aware of the friction between President Suarez's

government and Anglo-American investors, tried to enlist support from the latter in exchange for the promise of adjustments in the existing oil legislation.⁽⁹⁾ General Castillo's ambitious plans envisaged the purchase of 30 aircraft with an 800 mile range together with ammunition and the services of pilots, mechanics and artillerists costing approximately £21,000 per plane, £1,000 per plane for spares and approximately £1,500 a year for pilots and half of this for mechanics. The magnitude of the plan, made credible in part by General Castillo's alleged connections with U.S. Senators Lodge, Knox and Borah, and in part by Anglo/American hopes of favourable oil legislation, awoke the interest of British aircraft dealers.⁽¹⁰⁾ The need to dispose of large numbers of planes and spares and to find employment for pilots after the end of the First World War, made Handley Page open direct correspondence with General Castillo, who, at the time, was communicating with them from New York. The "Handley Page Affair" set British Foreign Office officials the task of insuring that the firm's involvement with General Castillo would not result in a diplomatic incident involving the British and Colombian governments. "I think that the firm and the persons who undertook service on these conditions" commented Mr. M. Shearman in his minutes of March 12th 1920, "would be contravening the Foreign Enlistment Act of 1870."⁽¹¹⁾

Whether British withdrawal from any entanglements with Colombian "revolutionaries" strictly obeyed their desire to comply with the terms of the Foreign Enlistment Act of 1870, or whether it was their desire to avoid any diplomatic incident involving the U.S., is difficult to assess on the evidence available. What is significant however, is that while losing all hopes of competing with Germany over the sales of aircraft to Colombia, the British kept their options open regarding investment in petroleum exploration and exploitation.

b) SCADTA - Rise and Fall

Despite the early advantages gained by the group of air transport pioneers of Barranquilla which had frustrated British and U.S. attempts to secure for their nationals supremacy in the carrying of mail and passengers, their initial successes were soon to be doomed by their inability to raise sufficient capital in Colombia, and by a combination

of attempts by U.S. citizens to obtain a share in the success, and by the repercussions of U.S. defence policies. No sooner had SCADTA's planes begun to exploit the airmail contracts they had with the Colombian government than the Company's executives extended their search for profitable operations to the U.S. where President Calvin Coolidge turned down their proposals as being overambitious⁽¹²⁾. This rejection initiated an intense struggle between German and U.S. interests as to which would dominate the transport of mail and passengers throughout the continent.

More important than SCADTA's short lived success as an independent Colombo/German enterprise however, are the repercussions that such success had on the nationalist sentiments of certain sectors of Colombian society, and on relations between Colombia and the U.S. on the one hand, and Germany on the other. In addition SCADTA's consolidation of its position 'with respect to intercontinental traffic by becoming incorporated under the statutes of the state of Delaware⁽¹³⁾' in 1925, shows the discrepancies existing between the U.S. public and private sectors. The strenuous efforts of the Colombian press to deny 'substantial participation of U.S. capital in the undertaking' reveals the need felt by the Colombian leadership to preserve SCADTA as a symbol of Colombian achievement.⁽¹⁴⁾ Together with German aircraft, technology and, to a more limited extent, manpower brought into the country to make SCADTA function, certain sectors of Colombia's leadership were interested in importing German expertise on defence matters to improve standards in the Colombian army. For this purpose retired General Kretschmar, the former head of a military college in Munich, arrived in Bogotá in mid-1925, and lectured in the military school and elsewhere. In his lectures, as reported by the Conservative Nuevo Tiempo of Bogotá, General Kretschmar expounded his views on "'the employment of the army in internal affairs together with the employment of the police as an auxiliary body to the army.'"⁽¹⁵⁾ Conservative perception of the rôle of German military theorists in Colombia's military planning also reveals their perception of the rôle played by the army until then. Such a perception ran counter to the view that the army, since its reorganisation under General Rafael Reyes twenty years earlier, had been transformed into

"an introspective army, its military concepts quite isolated from the social, economic and political realities of Colombia."⁽¹⁶⁾ It also ran counter to the British Minister, Mr. W. Seeds, opinion that "in Colombia the army is mainly used for supporting the Administration in elections and possible revolutions."⁽¹⁷⁾

Judging by the timing of the arrival of German Admiral Paul von Behnke in Bogotá to coincide with the "trial flight of super-hydroplanes from Colombia to the U.S. via Central America, under the auspices of the 'SCADTA'",⁽¹⁸⁾ the military content of Colombo/German contacts has to be understood as part of a military-commercial rapprochement between the two governments. "At the time of writing" (August 20th 1925) Mr. W.J. Sullivan reported that "messages from the President of Colombia" have been "handed personally by the German pilots to the heads of the respective states through which the itinerary has been laid", - thus underlining the fear that while the Colombian Executive was seeking novel ways of enhancing the country's prestige throughout the region, British and American interests were simultaneously being eroded by the demonstration of German technological achievements.

The approval by Congress of a law granting "the German Company [SCADTA] a lump sum of 65,000 pesos towards the acquisition of 800 h.p. hydroplanes, to seat 8 to 10 passengers and to carry mails on the Barranquilla line, and a further 15,000 pesos for their branch lines",⁽²⁰⁾ in November 1924, had given President Pedro Nel Ospina grounds to claim this venture as a success for the Colombian government. Interpreting this gesture in a wider perspective, it becomes immediately apparent that although the Executive had been given enough support in Congress to assist economically a company seeking to solve the country's transport problems, this could only constitute further evidence of the strength of the Barranquilla lobby in Bogotá. Had the Central Government given SCADTA cast iron guarantees of increased assistance for further expansion, a coherent attempt to overcome the problems of national unity through overcoming the topographical barriers hindering it, could be inferred. As it happened, and as will be discussed later, railway development (as of twenty years earlier under Vice-President Marroquín) was still seen as the major solution to transport problems by the county's leaders.

In consequence, aviation, for the time being, had to be regarded as the symbol embodying the anxiously awaited national unity.

If by its support of the SCADTA project, the Colombian leadership had succeeded in forging a symbol of unity in Colombian minds, in the minds of foreign observers trained to detect the alignment of underdeveloped countries with one or other of the North Atlantic powers, the emergence of the Company as an apparent Colombo/German enterprise had become something of an enigma. Although observing that "General Ospina's new government has been credited with more Pro-Yankee tendencies than its predecessor, and the President himself is believed to entertain the same sentiments to a marked extent", British Acting Vice-Consul, Mr. Sullivan went on to say that "it is naturally difficult either to establish or refute these suppositions, especially as any Colombian administration may appear actively striving at a rapprochement with the U.S. while in reality drifting with the stream which is set in that direction."⁽²¹⁾ Mr Sullivan's inability to penetrate Colombian official thinking regarding the Executive's stance towards the U.S. contrasts sharply with his readiness to unravel subtleties latent in any German move to consolidate commercial and cultural relations with third parties. "Germany," Mr. Sullivan continued, "is making steady progress in this country, and the nature of the enterprises in which its capital is engaged is not such as to arouse undue jealousy or suspicion in the Colombian mind. Of no little significance, however, is the fact that one of the vital services of the country, and the best administered - aerial transport - is virtually a German monopoly, the Colombian element in SCADTA being negligible."⁽²²⁾ Thus his inability to understand Colombian official thinking did not constitute a hindrance to his accurate diagnosis that it was in fact the lack of "jealousy" from the Colombian private sector which lay at the base of SCADTA's success.

Whether SCADTA was indeed the thin end of a commercial/military German wedge as feared by the British Legation in Bogotá, or if it was rather a multi-purpose instrument being used by the Colombian government to enhance national unity at home, Colombian prestige abroad and to modernise the transport of mail and passengers internally and externally, is not altogether clear. It was, at all events, a source of

apprehension for U.S. officials who, like their British counterparts, saw in it the symptoms of the expansion of German interest in the Western Hemisphere. Not surprisingly therefore U.S. Secretary of War Dwight Davis in his letter to the Secretary of State of August 14th 1925 voiced such apprehension. "'It would appear to be highly desirable to formulate a national policy in regard to American dominance of aerial postal and commercial activities in Central America, and to determine ways and means by which this policy may be made effective.'" (23)

The intricacies of the developments affecting SCADTA, both administratively and from the legislative point of view, in Colombia and the U.S. determined that U.S. Secretary of War, Dwight Davis' suggestion was not to take effect until several years had passed. Uncertainty on the part of U.S. potential investors as to whether their operations in Latin America were to be registered in the State Department or in the Department of Commerce, (24) coupled with the circulation of the news that SCADTA was incurring an annual loss of 800,000 pesos, (25) prevented any decision to step up investment in the company. Not surprisingly, in the face of SCADTA's slow but consistent expansion, the U.S. State Department registered its concern as well as its call for action. "'These German interests'" Assistant Secretary of State, Mr. F. White noted "'have developed a network of lines over the Republic of Colombia so that they control aviation in that Republic. Germanic interests likewise are operating airlines in the Republic of Bolivia and in certain parts of Brazil. The French parliament has just voted a large sum ... for rapid mail service (to Brazil) ... This service will be an advantage to European competitors over those of the U.S. unless we likewise can reduce time by carrying mail to S. America. The key to the situation is Panamá, communication through Central America to there ... This work must be undertaken immediately ... if American interests are to be able to get on that field at all.'" (26) With commercial and strategic interests thus defined, and above all with the apprehension that European powers had already obtained a headstart, the U.S. government sent its delegates to the Sixth International Conference of American States to be held in Havana on January 16th 1928, to ensure that the terms stipulated in the draft of the Commercial Aviation

Convention of May 1927 would be changed to improve the U.S. position in commercial aviation matters. In vain did the Colombian delegates try to overcome the determination of the U.S. representation to revise particularly Article 31 of the Convention. According to the U.S. delegates the proposed wording of this article should read "'The right of any of the contracting states to enter into any convention or special agreement with any other state or states concerning international aerial navigation is recognised, so long as such convention or special agreement shall not impair the rights or obligations of any of the States party to this Convention, acquired or imposed herein; provided however that prohibited areas within their respective territories, and regulations pertaining thereto, may be agreed upon by two or more States for military reasons or in the interest of public safety. Such agreements, and all regulations pursuant thereto, shall be subject to the same conditions as those set forth in Article 5 of this Convention with respect to prohibited areas within the territory of a particular State.'" (27)

Central America, and most importantly the Canal Zone and Guantánamo, all but in name according to the Amendment, had been chosen as the places where U.S. aviation was to enjoy special privileges. Despite U.S. assurances to the contrary, the terms of the final Convention would not be applied to aircraft use for State functions such as airmail services, much to the detriment of SCADTA's operations in the Caribbean.

The marked decline of SCADTA's strength caused by the appearance of Pan-American Airways in Central and South America contrasts sharply with the enthusiasm which the Colombian press and general public continued to show for it. The signing of the Kellogg-Olaya Agreement of February 23rd 1929, (28) granting SCADTA the rights to fly over American territory and to land at several airports in exchange for similar privileges for Pan-American Airways in Colombia, was welcomed by Colombians as a victory for their aviation services; whereas, in practice, it constituted the clearing of obstacles for the imminent start of mail carrying services by Pan-American as far south as Santiago.

The temporary financial relief accorded to SCADTA as a result of its participation in the agreement to allow Pan-American Airways to enter the South American market, effectively signalled the beginning of

a radical change in the administration of the company, since the German influence was seriously restricted.⁽²⁹⁾ Continuous competition by Pan-American during the depression years, combined with competition from other means of transport within Colombia pressed SCADTA to concentrate on "improving the main service from the Atlantic coast to Bogota"; and by late 1931 SCADTA's policy appeared to be "to conciliate the Pan-American Airways by abandoning competition with the latter on the coast airlines."⁽³⁰⁾ Not surprisingly, the controlling interest that Pan-American had acquired during that year received little publicity and several years were to pass before significant changes in SCADTA's management could be realised; and for the time being the Colombian leadership felt reluctant to dispel the symbolic values which had been placed on the Colombo/German enterprise for over a decade. In 1931 SCADTA also negotiated "a contract with the Colombian government, whereby they are authorised to carry mails, but in the capacity of carriers only, Government postage stamps replacing the SCADTA stamps previously used."⁽³¹⁾ SCADTA's transformation from private contractor to Colombian government agent can be regarded as the result of U.S. commercial and strategic policies which had gradually pressed the Colombian authorities to take a more decisive rôle in transportation matters in order to safeguard U.S. interests in the Caribbean, and to move further towards control of communications and transport at hemispheric level.

III. Financing public services

If the pursuit of permanent transport solutions to the needs of the national economy through legal and monetary assistance to SCADTA had represented a qualified success for the Colombian Executive in the 1920s, the expansion of less novel, but equally important solutions, such as rail, road and water were to prove particularly hazardous and financially disastrous. A struggle for effective power between Central Government and the Departmental authorities and their representatives in Congress tested throughout the 20's and beyond, the capacity of both contenders to find politically expedient formulae designed to preserve national

unity at the expense of sound economics. The dissent among the various planners reached such a pitch that by the end of the decade a Commission "'composed of a group of first-rate foreign experts, who have no connections with our influential politicians, nor with our great capitalists, nor with the owners of the largest estates, nor with any of the regions through which the trunk roads may be constructed'"⁽³²⁾ was recommended by a reform group made up of engineers and the more nationally minded politicians. "The government have agreed to appoint to the board of experts one American member for roads, one Belgian member for railways and one British member for ports and waterways" regardless of the fact that it was the British who had the largest investments in railway projects; this highlights the dispute between the pro-American finance minister, Esteban Jaramillo and the Minister of Public Works Sotero Peñuelo, which had provoked both their resignations from the Cabinet.⁽³³⁾ The extent to which this discord was hampering the Executive's efforts to introduce a single plan to improve transport facilities and to promote national unity can be deduced not only from the number of projects, but from the large sums of money channelled through the Ministry of Public Works. Between 1923 and 1926 over 15 million pesos were spent of the US\$25 million "indemnisation" payment received from the U.S. over the Panamá settlement. The annual budget of the Ministry of Public Works jumped from 3 million pesos in 1923 to 51 million pesos in 1929, with marked increases in 1928 and 1929.⁽³⁴⁾

In a retrospective appraisal of the way in which such vast sums had been spent, President Abadía Méndez in his Annual Message to Congress of 1930 helplessly concluded "'it is indubitable that the initial error consisted in not devoting the money from the American indemnity to two or three works of national importance.'"⁽³⁵⁾ Whether the fact that Congress had "long exercised the right to decide the route, specifications, and timetable of construction of every rail, river and highway project,"⁽³⁶⁾ was indeed the main cause of the many failed projects, or if they were the consequence of gross errors of judgement on the part of members of the Executive, is of secondary importance if a detailed analysis of the composition of Congress and Executive alike is not forthcoming. Of paramount significance in this context are the

implications which such failures were to have on the country as a whole after neither adequate transport solutions had been achieved, nor sufficient profits to pay the massive debt had been realised.

An examination however, of the apparently disconnected growth in the number of railways and highways shows that although speaking of a national network was a misnomer, a pattern of growth corresponding to the population distribution can be discerned. By 1922, 992 kms. of railway track had been constructed to serve the coffee growing zones of the country, by 1929 this figure had increased to 1,402 km and it increased again to 1,642 km in 1934. Despite the fact that these railways were built mainly to serve as an outlet for agricultural production, especially coffee, their growth was outstripped by the construction of railway track in other areas which, although densely populated, could not offer the possibility of running them as profit making enterprises.⁽³⁷⁾

Relating this pattern of growth to the attempt to inflate the results of the population census of 1928 inspired by the desire to elect a greater number of members of the Legislature than the actual population figures would warrant,⁽³⁸⁾ the growth in the number of Colombians eager to have a say in the distribution of the public works budget can be detected. It cannot be alleged however, that the increased interest in participation in the political life of the country and in public works projects was a new phenomenon of the 1920's. On the contrary, it should be regarded only as the accentuation of trends stemming from the rôle of the State, as perceived by actual as well as by aspiring politicians and bureaucrats from the beginning of the century. Patronage as a means of political interaction between potential electors on the one hand, and their representatives and/or appointed authorities on the other, has constituted a constant feature in Colombia's political life.⁽³⁹⁾ In addition, the imbalances in the number of professionals in search of employment opportunities, evident for the first time with the organisation of the lawyers as a virtual pressure group in 1911, and the continuous cash crisis in the public and private sectors, sheds light on the eagerness of lawyers, engineers etc. to compete for the allocation of state contracts with all the means at their disposal. Competition for

NAME OF THE COMPANY		TOTAL LENGTH KILO- METRES	KILO- METRES BUILT	KILO- METRES IN CON- STRUCTION	KILO- METRES PLANNED	KILO- METRES IN USE IN 1920
1	F.C. de Amagá (MEDELLÍN TO RIVER CAUCA	D	97	58	39	- 52
2	F.C. AMBALEMA-IBAGUÉ ..	D	63	6	57	- -
3	F.C. de Antioquia (MEDELLÍN TO PUERTO BERRÍO)	D	190	190	-	- 190
4	F.C. de BARRANCABERMEJA (TROPICAL OIL)	P	28	28	-	- -
5	F.C. de BARRANQUILLA (B/QUILLA TO PUERTO COLOMBIA)	P	28	28	-	- 28
6	F.C. de CALDAS (PUERTO CALDAS-CARTAGO-MANIZALES)	D	103	66	37	- 15
7	F.C. del CARARE (TUNJA- MONQUIRÁ-PUERTO AQUILEO)	N	296	-	50	246 -
8	F.C. de CARTAGENA (CARTAGENA TO CALAMAR)	P	105	105	-	- 105
9	F.C. CENTRAL de BOLÍVAR (CARTAGENA TO CAÑAFÍSTULA)	N	350	-	30	320 -
10	F.C. CENTRAL del NORTE, SEC. 1a PUERTO WILCHES TO BUCARAMANGA	N	132	60	70	- 20
	F.C. CENTRAL DEL NORTE, SEC 2a BOGOTÁ-CHINQUINIRÁ BUCARAMANGA	N	458	104	54	300 62
11	F.C. de Cúcuta to PUERTO VILLAMIZAR)	P	55	55	-	- 55
	F.C. de Cúcuta to FRONTERA)	P	16	16	-	- 16
	F.C. de Cúcuta (Cúcuta to Esmeralda)	P	21	21	-	- -
	F.C. de Cúcuta (LA ESMERALDA TO PAMPLONA) .	N	49	-	49	- -
12	F.C. de CUNDINAMARCA (BOGOTÁ TO FACATATIVA)	D & N	40	40	-	- 40
	F.C. de CUNDINAMARCA (FACATATIVA TO D NTEL)	D & N	15	15	-	- -
	F.C. de CUNDINAMARCA (FACATATIVA - LA TRIBUNA - BAJO MAGDALENA)	D & N	180	7	14	159 -
13	F.C. de GIRARDOT (FACATATIVA TO GIRARDOT)	N	132	132	-	- 132
14	F.C. LADORADA (LA DORADA TO AMBALEMA)	P	111	111	-	- 111

15 F.C. NACEDEROS-ARMENIA	N	57	-	57	-	-
16 F.C. de Nariño (TUMACO TO PASTO)	N	313	-	80	233	-
17 F.C. del NORDESTE (BOGOTÁ-TUNJA)	D	166	32	78	56	-
F.C. del NORDESTE (TUNJA-SOATÁ)	D	229	-	-	229	-
F.C. del NORDESTE (DUITAMA-SOGAMOSO)	D	18	-	-	18	-
18 F.C. del PACÍFICO (BUENAVENTURA-CALI-CARTAGO)	N	347	347	-	-	199
F.C. del PACÍFICO (CALI-POPAYÁN)	N	159	118	41	-	34
F.C. del PACÍFICO (PALMIRA-SANTANDER)	N	70	14	-	56	-
F.C. del PACÍFICO (ZARZAL-ARMENIA)	N	58	12	46	-	-
19 F.C. del QUINDÍO (IBAGUÉ-ARMENIA)	N	173	-	-	173	-
20 F.C. de SANTA MARTA (SANTA MARTA TO FUNDACION) ..	P	159	159	-	-	159
21 F.C. SANTANDER-TIMBA (PACIFIC BRANCH)	D	21	-	21	-	-
22 F.C. del SUR (BOGOTÁ TO SIBATE)	N	30	30	-	-	30
F.C. del SUR (CHUSACÁ TO TEQUENDAMA FALLS)	N	10	5	5	-	5
F.C. del SUR (PROLONGACIÓN TO FUSAGASUGÁ)	N	40	-	-	40	-
23 F.C. del Tolima (FLANDES TO IBAGUÉ)	N	76	76	-	-	65
24 F.C. TOLIMA-HUILA-CAQUETÁ (ESPINAL TO NEIVA) ...	N	163	30	35	98	-
25 F.C. TRONCAL de OCCIDENTE (BOLOBOLO-CANAFISTULA LINE)	N	300	-	-	300	-
		4,858	1,867	763	2,228	1,318

D = OWNED BY RESPECTIVE DEPARTMENT

P = OWNED BY PRIVATE COMPANIES

N = OWNED BY NATIONAL GOVERNMENT

TABLE 4:1

COLOMBIAN RAILWAYS BUILT OR UNDER CONSTRUCTION IN DECEMBER 1925, WITH DATA
FOR KILOMETRES IN USE IN 1920.

SOURCE - Esteban Jaramillo (1926), pp.35-37.

such contracts was further exasperated by the relative certainty of profits derived from the railway lines already functioning. English companies in previous decades had won contracts for the construction of lines in zones where a combination of comparatively minor technical problems and assured demand for the services guaranteed profits to such companies. In the 20's, with the acceleration of the demographic movement towards urban centres, the need to build railways primarily as a service became apparent. Hence the decision on the part of the Colombian leadership to formulate policies designed to attract foreign investors into various railway projects which were relatively unlikely to pay.

Besides indicating the modesty of the achievements obtained in railway matters, and the incoherence of the projects under construction, Table 4:1 shows that the Colombian Government had kept open the option of inviting into the country more foreign participation. Aware on the one hand of the possibility of attracting foreign investors into railway projects, and on the other that because of the population movement towards the urban centres the need to provide public services would inevitably become more acute, Colombian officials decided to engineer a master plan designed to seek several solutions at one stroke. Public health and education, among others, were to receive increased attention by siphoning off any forthcoming profits produced by foreign financed railway projects.⁽⁴⁰⁾ That the use of such a method to seek remedies for chronic social malaise should fail comes as no surprise. High transport tariffs and inefficiencies in the performance of the railway system can thus be attributed to the convergence between the employment needs of the expanding professional sectors and the application of patronage practices present in official thinking.

The discrepancies in the treatment awarded by Colombia's leadership to surface transport solutions and aviation are also to be understood in the light of the effects of patronage on official thinking. While the leadership continuously manifested its desire to bring to an end the economic and cultural constraints which inadequate transport was having on the nation as a whole, it opted for the channelling of massive sums into surface transport which, as has already been noted, offered the

prospects of prompt solutions to some of the most pressing needs. Under these circumstances it is not surprising that although the leadership was interested in SCADTA as a symbol of national unity, and as a means of enhancing Colombia's prestige abroad, it nevertheless reacted less generously when allocating national resources, since the Company's value as a vehicle to induce popular support had not yet been fully realised.

The short term political expediency exercised at the expense of significant improvements in the transport system of the country reflects additional discrepancies among Colombia's leadership. While measures to promote national unity by improving surface transport throughout were desirable, if only to be consistent with the aims of the air transport programme, measures to find remedies to the increasing demands that rapid urban growth was placing on the government were being sought by stretching still further the length of the lines that either transport system could establish to promote such unity. "'... Insane people'", observed Alejandro López a prominent Liberal living in London during the 20's, who dedicated much of his energy to the study of contemporary Colombian politics, "' think only of the wastelands of the Atrato or Putumayo as areas to accommodate excess population (...). This national belief of populating the forest by mobilising Colombians at present in stable homes is a fallacy. Wherever the density of population is reduced a hiatus in Colombia's progress will be formed. Not only do we need to preserve the actual density but to increase it (...). The best distribution of population between countryside and town is not to be found in the banishment to the forests of those who escape to the urban areas in search of security.'" (41) Besides criticising the attempts by consecutive Conservative administrations, with the support of the Church, to formulate a coherent frontier policy, Alejandro López reveals that the movement in favour of modernising the country through the rational use of the urban labour force was gathering momentum in the 20's. That the strength of the sector advocating such a solution to Colombia's underdevelopment was not yet comparable with that of its opponents however, can be deduced from the failure of the merchants to secure their lines of communication with business partners abroad by sponsoring the creation of a navy to echo what SCADTA's entrepreneurs were attempting for their part.

Only 34 river boats were serving the demands of the merchants

	Entry and exit from	GIRARDOT	LA DORADA	PUERTO BERRIO	BARRANCABERMEJA	BARRANQUILLA
1924	CARGO (TONS)	82,246	132,494	82,877	4,929	235,326
	VESSELS	2,305	981	955	1,450	4,162
	PASSENGERS	18,744	10,815	19,632	8,005	78,524
	HEAD OF CATTLE	no figures	18,053	24,052	3,827	702
1925	CARGO (TONS)	99,323	132,013	101,851	55,897	272,152
	VESSELS	2,445	1,126	1,552	1,036	6,214
	PASSENGERS	21,392	9,530	17,769	5,292	93,327
	HEAD OF CATTLE	no figures	no figures	no figures	no figures	no figures
1926	CARGO (TONS)	101,767	132,148	40,933*	91,779	198,662
	VESSELS	2,130	854	719*	1,278	2,165
	PASSENGERS	20,968	11,114	5,000	5,510	57,113
	HEAD OF CATTLE	no figures	4,849	502*	224	819
1927	CARGO (TONS)	157,793	176,448	148,720	133,035	321,710
	VESSELS	3,110	1,056	1,903	1,285	3,255
	PASSENGERS	30,045	7,020	6,556	3,766	67,200
	HEAD OF CATTLE	3	7,666	13,636	344	no figures
1928	CARGO (TONS)	169,984	227,944	144,004	no figures	335,863
	VESSELS	2,469	1,363	2,009	"	4,401
	PASSENGERS	18,553	9,089	6,029	"	75,617
	HEAD OF CATTLE	no figures	16,003	24,020	"	13,358
1929	CARGO (TONS)	155,474	233,935	134,140	224,405	346,884
	VESSELS	2,355	1,377	2,370	3,267	2,380
	PASSENGERS	8,618	12,837	7,722	no figures	70,621
	HEAD OF CATTLE	15	18,119	31,782	2,663	no figures

*Data corresponding to the first half of the year

TABLE 4:11

SOURCE: DANE (1976).
Table V.12. p.173. PORT MOVEMENTS (ENTRY AND EXIT) - PRINCIPAL PORTS OF THE RIVER MAGDALENA (1924-29)

handling commerce between Bogotá, through its nearest ports on the Magdalena and Barranquilla and vice versa at the beginning of the 20's, subject to the changing levels of the river.

Table 4:11 indicates the impact that the cash influx from the U.S. combined with the upturn in coffee exports had on the five main river ports - with warehouses practically non-existent consumer goods, machinery etc. piled up in the surrounding fields or dumped indiscriminately along the river banks. A reduction in the fixed charges was the first result of the steep increase in cargo followed by a period of arbitrary surcharges during which some boats paid for themselves in a single round trip. By 1929 the river presented "a scene which depicts the state of the country. There one can observe the social and political unrest, the disappearance of all commercial ethics, the absence of all vestiges of order and organisation, and the absolute depreciation of money."⁽⁴²⁾ This diagnosis of the Colombian political and social climate accurately reflects the repercussions that the sudden change in the fortunes of the transport industry was having on society as well as embodying the dissatisfaction of civil engineers. It signals the beginning of a movement towards the recognition that if total chaos was to be averted, more effective control from Central Government would have to be forthcoming. This is without underestimating the "extraordinary advance in the cost of living engendered by the payment of high wages to the armies of labourers employed upon the public works schemes" which, despite the incoherent voices of malcontent it was awakening among the labour force, nevertheless constituted a further cause of apprehension for the bewildered planners.⁽⁴³⁾

Like SCADTA a decade earlier, the Magdalena river companies had to accept mail carrying contracts which the administration of President Olaya Herrera, through the office of General Superintendent of Navigation, saw fit to grant them by 1931; but like SCADTA and the railways, the Magdalena river companies failed to yield to the nation their share in the solution of the acute transport problems. Despite the attempts by the governments of the 20's to solve railway transport as well as social problems produced by rapid urbanisation through the channelling of profits from the former into solutions for the latter, more research is required in order to establish whether water and air transport were in any way indirect recipients of foreign investments. The apparent imbalance in the allocation of resources between railway and road transport on the one hand, and water and air transport on the other,

besides suggesting the observed long standing bias in favour of the railways, does not preclude the assumption that there existed groups with vested interests in preventing the creation of a significant sea going merchant fleet to complement the small carrying capacity of SCADTA.

The frontier policy was no doubt carefully planned, but it was found to be wanting. When trying to solve the Leticia conflict only 10 planes and 4 riverboats were then made available to the Ministry of War. The hurried purchases of aircraft in Germany and the U.S. and of purpose built gunboats in France, England, Portugal and Spain,⁽⁴⁴⁾ reveals that the government was indeed unprepared, and that any foreign investments which might have been transferred from profits in the railways to water and air transport projects, instead were distributed among the suppliers of war materials.

IV. New threats to national unity

The uneven development amongst the different modes of transport during the 1920's reflects the priorities assigned to each by the Colombian leadership according to social function rather than to strictly economic viability. This explains also the relative neglect of water and air transport projects since such projects, according to the leadership, would have served primarily the interests of the merchant community and the population of the Atlantic coast; and besides the latter's geographical distance from the centre of power in the capital, it had for a long time, received the services of foreign transport for its commercial needs.

The gradual growth in the demands of the merchant community of the interior coupled with the need to boost customs receipts, and the continuous increase of coffee and banana exports created the conditions required for the profitable exploitation of the bulk carrying railways of the interior, as well as for the growth of the import/export sector whose influence with the Government had risen sharply since the ratification of the Thomson-Urrutia treaty in 1922. Clear lines of demarcation between the various economic sectors however, are blurred by the participation in one or more of them of a comparatively small number of entrepreneurs. Hence the difficulty in ascertaining with precision the main beneficiaries of a given transport project.

Despite the marked reluctance of all the Conservative administrations since the secession of Panamá to allow wider economic contacts with potential U.S. investors, the foundations for an eventual rapprochement between the business communities of the two countries had been made

stronger by the relentless increase in Colombia's dependence on foreign trade, as well as by the implicit acceptance of the need for modernisation. In vain had Colombian merchants, especially in Medellín and Barranquilla, adopted the rôle of industrialist through the importation of the latest technology to be used in their incipient textile and metal industries.⁽⁴⁵⁾ Hampered as they were by inefficiencies in transport, and above all by their chronic cash shortages, they found no other alternative than to condition their expansion to the wealth created by the exports of bananas and coffee. Because of the favourable conditions for the production of these two crops and their demand on the world market, both of them began to serve as the main means to satisfy the employment needs of the rapidly expanding population, and to obtain the currency required by the merchants and the national economy in general.

Despite the similar rôle assigned to these two crops by their producers, merchants and consumers, only in one respect did they coincide in their contribution to the shaping of the main features of the national economy. By the 1920's both had been made to serve as the instrument to harness the Colombian leadership's hopes for modernisation to the fluctuations of international economic forces. Owing to the more lasting effects that the export of coffee has had on the Colombian economy, and its influence on the formulation of the country's foreign policy, these effects will be analysed at greater length in the final chapter. In the meantime a closer examination of the crucial rôle that the planting and export of bananas played on Colombia's definite entrance into the world economy will be undertaken.

The Central government's virtual abandonment of the Atlantic coastal region to the management of transport projects by entrepreneurs living in the area, had created circumstances favourable to the rapid growth of companies enjoying technological and financial advantages. The massive profits coming from the manipulation of marketing techniques in the banana business throughout the Caribbean region gave the U.S. owned United Fruit Company the opportunity to begin operations on the North coast of Colombia. By the time General Rafael Reyes became President in 1904, United Fruit had already carried out several successful take-over operations during which a number of firms had come under its control.⁽⁴⁶⁾ President Reyes' eagerness to speed up a settlement with the U.S. over the secession of Panamá, coupled with his desire to promote prosperity through the encouragement of commercial contacts with the U.S., led him

to grant United Fruit a 20-year tax concession. Encouraged by the official welcome as much as by the rural population of the Magdalena department, who saw in the company the means of escaping from the hardship of work under the local hacienda owners,⁽⁴⁷⁾ United Fruit underwent a period of spectacular growth during which most of the land suitable for cultivation, the necessary sources of irrigation and related transport, came under its control. United Fruit's bias in favour of the exploitation of its marketing techniques abroad which relegated production to a secondary place, soon produced discontent among the Magdalena population whose direct involvement was restricted, in no uncertain terms, to the rôle of production. Interested as United Fruit was in maximising its profits, it proceeded to establish a sub-contracting system under which the responsibility for the costs of production was passed entirely on to the planters willing to accept leases from its vast land holdings. In addition to the restrictions placed on the sub-contractors by fluctuations in international demand they, like the plantation workers directly employed by the Company, had to bear the brunt of schemes devised to extend still further the sources of income for the Company. The use of vouchers redeemable only in the Company's own commissariats soon replaced legal tender as a means of payment. With this encroachment on the activities of the local merchants the social, economic and political life of the region soon began to show signs of stress. The upheavals produced first by the migration towards the banana region, and subsequently by the rift between the Company and its employers, as well as the tension between the local labour force and the newcomers, were translated into attempts to curtail the economic activities of United Fruit, and in the growing malcontent against the Departmental and/or Municipal authorities. By the 1920's the banana zone had been transformed into a centre of anti-American feeling, while in the interior such sentiments had largely dissipated. Important as the conflicts over wages and working conditions were, their greatest significance is to be found when analysing them in relation to the grievances of small independent producers and numerous merchants against United Fruit.

The Magdalena Fruit Company, as United Fruit was known in the Magdalena Department during the 20's, was an obvious target for anti-American sentiment,⁽⁴⁸⁾ which was "as much a reflection of emergent economic and political nationalism as of anti-Americanism."⁽⁴⁹⁾ Not surprisingly the identification of interests between the labour force

deprived of social insurance by the nature of their terms of employment with the Company, and the desire of local merchants to regain control over the retailing business lost to the Company's commissaries, was expressed through several strikes, despite the intervention of the Central Government against the strikers.

A critical point in the future of the Conservative Government and in relations between Colombia and the U.S. was marked in 1928 with a strike which took place near harvest time. 2,000 plantation workers, according to the estimates of survivors, were killed on December 6th 1928 in Ciénaga by the intervention of an army detachment brought to the region to quell the disturbances which accompanied the strike initiated on November 11th. For their part newspapers estimated the total number of deaths in several hundreds, although true figures cannot be confirmed because of the ensuing chaos and the subsequent death of many of those who had been injured.⁽⁵⁰⁾

Without underestimating the magnitude of the events and the extreme harshness of the troops, the lack of contact between the Departments of the interior and the Atlantic coast can be suggested as an aggravating factor in the already tense relations between troops and strikers.⁽⁵¹⁾

"In a clash today between soldiers and some of the 12,000 labourers who are on strike in the banana plantations of the Magdalena province of Colombia" reported the New York correspondent of The Times (December 7th 1928), presenting an alternative perspective of the events "a number of soldiers were disarmed and several wounded. The Government last night declared a state of siege in the Santa Marta region and despatched about 1,000 troops to Cartagena, Barranquilla, Bucaramanga and Medellín. The strike began several weeks ago when the United Fruit Company refused a demand to extend the company insurance to casual employers. It is reported that Socialist agitators induced the strikers to cut down banana trees and otherwise injure the plantations and coerce their fellow-employers into making the strike general. Private advices received here yesterday said that bands of strikers armed with machetes had attacked soldiers sent against them, taking 27 prisoners."⁽⁵²⁾

Besides underlining the actual and potential belligerent capabilities of the plantation workers, this report introduced the intervention of Socialist agitators in an apparent effort to subtract credence from the

purely labour characteristics of the conflict. Such a view was shared by the British Minister in Bogotá, Mr Monson, who attributed the disturbances to "subversive propaganda undertaken by a small group of Colombian agitators of Bolshevik sympathies," and who claimed that "the workmen in the plantations appear to be well paid and certainly have no serious cause of complaint against the United Fruit Company. Nevertheless, the refusal of the company to agree to certain of their arbitrary demands led to rioting and bloodshed ... The rioters incurred several hundred casualties and were not suppressed until they had succeeded in causing serious damage to the prosperity of the United Fruit Co."⁽⁵³⁾

As if to re-focus attention on the strictly labour nature of the conflict, 10 days after the disturbances had come to a peak a laconic report from Reuter's news agency stated that "Despatches from the banana-growing districts, where recent labour disputes have caused several incidents, indicate that the questions at issue have been settled."⁽⁵⁴⁾ The reports stressing the damage suffered by United Fruit property had in any case not been adequately substantiated. This can be deduced from the fact that 10,332,113 bunches of bananas were exported in 1929, which was in fact the peak year of production for the years 1889-1960.⁽⁵⁵⁾

The appearance in the Colombian political spectrum of leaders with Socialist leanings, stressed by foreign observers, while echoing the then current Anglo-American fear of Socialism as well as German expansion, failed to register the social effects of the sudden increase in cash circulation and the sharp upturn in migratory movements throughout the country. Low productivity in the agricultural sector in addition to the long drought of 1925-26,⁽⁵⁶⁾ and the factors mentioned above made worse the already precarious living standards of the rural workers. Approval by the Executive of Law 3a of August 25th 1926 reducing customs tariffs on agricultural imports⁽⁵⁷⁾ exacerbated still further the delicate situation by causing greater congestion in towns and discouraging national production.

In the aftermath of the disturbances the temporal alliance of merchants and plantation workers suffered irreparable damage although the immediate increase in wages for the latter following the strike and the allocation of funds by Central government for the construction of

roads to serve the Atlantic coast, was agreed upon to appease both parties. While the plantation workers would soon have to accept even lower wages than they had been paid before the strike as a direct result of the new comparative strength gained by United Fruit during the depression, their Liberal allies would soon orchestrate a rhetorical campaign to collect the political and economic rewards of the Government's mistakes.

With impressive demonstrations of oratorical skills, Jorge Eliecer Gaitán, a young member of the radical wing of the Liberal party who had recently arrived after the completion of law studies in Milan, launched in 4 consecutive sessions of Congress a devastating attack against the Executive, the military and United Fruit, designed primarily to undermine their respective positions rather than to mediate on the plantation workers behalf.⁽⁵⁸⁾ Gaitán's parallel between the events which led in Russia to the Socialist revolution and those taking place in Colombia's banana zone threatened President Abadía Méndez's government with impending disaster rather than offering active support to the plantation workers. Like Gaitán, many other radicals displayed a romantic view of the Russian revolution, but their political ideas regarding the function of the State were derived from their interpretation of the Mexican revolution and the Peruvian APRA movement.⁽⁵⁹⁾

Gaitán's timely attacks from the Chamber of Representatives combined with divisions in the Cabinet mentioned in the previous section, made the Government lose any political advantages which the Minister of Industries, José Antonio Montalvo, might have gained for it by his attempts to grant "the government authority to nationalise irrigation canals financing their acquisition through land taxes on the serviced properties" of the banana zone.⁽⁶⁰⁾ By discrediting General Cortéz Vargas, the "best and strongest General", who had led the troops against the strikers in the banana zone in December 1928, and by forcing the dismissal of the Minister of War, Dr Rengifo, the radical Liberals weakened still further the Conservative régime.⁽⁶¹⁾ The radical's contribution to the end of the Conservative hegemony however, strengthened instead the political future of Enrique Olaya Herrera who, compelled by the effects of the depression had to seek financial assistance from

United Fruit as well as leasing to it the Santa Marta Railway for 30 years, commencing in 1932.⁽⁶²⁾

V. Rewarding the financiers

"I want to deny here Cortéz Vargas' dishonourable farce concerning some fantastic warships of the American navy purported to have anchored threateningly in the Bay of Santa Marta", stated radical Liberal Jorge Eliecer Gaitán, in his speech in the Chamber of Representatives on September 4th 1929. In the face of the unprecedented tragedy in which he shares responsibility, he needed to find an alibi, needed to arouse patriotic sentiments and therefore fabricated the story of the American warships."⁽⁶³⁾ General Cortéz Vargas' actual or imagined perception of a threat against Colombia's sovereignty caused by the attacks of plantation workers on U.S. owned property, while implicitly accepting responsibility for the army's behaviour during the 1928 strike in the banana zone, reveals also that in the minds of the Colombian government the possibility of U.S. naval intervention such as had recently (1925) taken place in Nicaragua was taken seriously. The U.S. Vice-Consul in Santa Marta had indeed requested the State Department to send a warship, but fearing diplomatic repercussions, Secretary of State Frank Kellogg turned this down.⁽⁶⁴⁾

If however, owing to the absence of strategic considerations the State Department deemed it prudent to deny armed protection for United Fruit, the Colombian government, mindful of its experience in the secession of Panamá, and aware of U.S. pressure over SCADTA's operations had, by 1928, gone to great lengths to seek an understanding with U.S. investors regarding the exploration and exploitation of oil resources. "The lesson of Panamá "observed the British Minister, Mr Monson, "is not forgotten, and it is sometimes suggested that American oil might foment a movement for the secession of Venezuelan and Colombian territories, and the formation of a separate Zulia Republic."⁽⁶⁵⁾ "The belief among American entrepreneurs that Colombian petroleum reserves were promising, and the fact that Colombian shipping points were 12 to 24 hours closer than Tampico, Mexico to Eastern U.S. refineries combined to make the development of Colombian petroleum of considerable strategic and economic

significance to the U.S."⁽⁶⁶⁾

United Fruit's lack of strategic value for the U.S. administration precluded strong intervention on behalf of their nationals, and its lack of comparative economic and political significance prior to the 1928 strike had precluded the Colombian Government from displaying its nationalist tendencies through legislation. It was oil that was for several decades the main bone of contention between private and official circles in the U.S. and consecutive Conservative Colombian administrations. The repercussions of the belief that Colombia held vast unexploited oil resources had transformed the country into another area where British and U.S. interests were to test their respective economic and political strengths in order to secure investment opportunities, in addition to technological expansion and the use of oil for its own sake. Such a belief encouraged by some early findings of oil deposits "along the Catatumbo river extending from the Eastern Cordillera to the Lake of Maracaibo in Venezuela,"⁽⁶⁷⁾ contributed to the re-appearance of tensions between Colombia and Venezuela. The introduction of oil exploration equipment into this region via Lake Maracaibo gave President Juan Vicente Gómez of Venezuela the opportunity to prevent the passage of armed insurgents into his territory by refusing to allow the entrance of new equipment required to exploit the wells of the Barco Concession,⁽⁶⁸⁾ already under U.S. investors control.⁽⁶⁹⁾

Involvement in the exploitation of Colombian oil resources by U.S. entrepreneurs was being withheld both by the protracted negotiations between Colombia and the U.S. over the ratification of the Thomson-Urrutia treaty, as well as by the absence of a coherent official policy regarding the support that the State Department should offer them. In an attempt to prevent the expansion of British interests throughout the Caribbean region President Woodrow Wilson had resorted, soon after the end of World War I, to the security of the Panamá Canal as an argument to convince the Colombian authorities that the U.S. "would not look with favour upon granting oil concessions to foreigners in the neighbourhood of the Panamá Canal."⁽⁷⁰⁾

In the meantime the State Department assured American oil entrepreneurs that the U.S. would go as far as it properly could to

support them. "The companies indicated their reluctance to extend their foreign holdings without assurances from the Department of a stronger policy, insisting that they could not compete with British oil companies without State Department co-operation."⁽⁷¹⁾

It was not until President Warren Harding had taken office that U.S. oil entrepreneurs received the assurances they had been seeking on learning that he allegedly favoured a plan "to partition the world into British and American oil zones, reserving the Western Hemisphere as a preferred field for Americans."⁽⁷²⁾

Encouraged by the news that the De Mares concession - fronting "on the Magdalena river in the Department of Santander, extending to the north as far as the Sogamoso River (a tributary of the Magdalena on the eastern side) to the East as far as the high mountain range, and south as far as the Carare river (also a tributary of the Magdalena)" - contained considerable oil deposits, by March 1921 "some twenty-four Yankee and about ten British oil companies had experts in the country."⁽⁷³⁾ These companies were seemingly undeterred, on the one hand by the wider implications of their respective country's strategic thinking, and on the other by the uncertainty of the effects that changes in existing Colombian oil legislation would have on them. Decree No. 1255 of June 20th 1919, signed by President Marco Fidel Suárez and Carmelo Arango, Minister of Public Works, had in fact given rise to apprehensions on the part of foreign oil companies as it was "doubtful whether the new law provides sufficient safeguards for those investing money in the Industry".⁽⁷⁴⁾ Deemed to be an expression of Colombian nationalism, Decree No. 1255 immediately became the centre of attacks from foreign representatives and liberal minded Colombians, and was declared unconstitutional by the Colombian Supreme Court in the same year. In an attempt to comply with the Government's ruling, to attract foreign capital for works of public utility deriving from oil exploration and exploitation, and to still the disquiet of potential investors, President Suárez, on December 30th 1919, signed Law 120. That such a law did not entirely meet the requirements of all interested observers can be seen from the list of points which Lord Herbert Hervey, British Minister in Bogotá, submitted for the consideration of the Foreign Office. "Article 18 of the law is of great

importance, as it states specifically that rights legitimately acquired previous to the present law coming into force cannot be disturbed by any contracts made in accordance with its provisions. Foreign governments are specifically barred as transferees of any contracts granted, nor can they participate therein as shareholders or otherwise. Foreigners interested in any way in the working of petroleum under the present law must explicitly state that they submit to the provisions of Law no. 145 of 1888 regarding foreigners and naturalisation. This law provides that contracts entered into in Colombia between foreigners and the Colombian government shall be subject to Colombian law, and that all questions arising out of such contracts shall be settled exclusively by the local courts; and foreigners must renounce the right to diplomatic intervention except in the case of denial of justice."⁽⁷⁵⁾

Whether Law 120 of 1919 enforcing the so-called "Calvo clause" was the main cause of the comparatively small direct British involvement in Colombian oil projects, which by the time President Harding took office was limited to £1 million in Colombian Oilfields Ltd.,⁽⁷⁶⁾ or if it was provoked by British apprehension of possible diplomatic wrangles with the U.S. Government is open to speculation. More important than this however, is the fact that the strategic need for oil in Britain and the U.S. was considered sufficiently urgent to justify committing appreciable sums despite the state of flux in Colombia's current oil legislation.

Insufficient knowledge of the characteristics of the seven regions classified by the experts as potentially rich in oil hampered the efforts of Colombia's lawyers and policymakers when trying to determine the most advantageous way of maximising the tangible benefits accruing from oil, while ensuring adequate protection against possible violations of sovereignty. Despite early involvement in limited oil exploration and exploitation projects, Colombian nationals did not manage to obtain the required level of technology or of capital accumulation which would have allowed them to make profits in their operations; and, as with banana exports, Colombian oil entrepreneurs were forced to rely on foreign investments for their financial survival. In addition, the low population density of the seven oil zones made the Central Government reluctant to invest and/or take charge of road or rail transport schemes necessary to

move the oil to the processing and consuming centres.

Regarding the need to remedy weaknesses is in the formulation of laws dealing with oil concessions, by 1928 the Colombian Executive had opened contacts with other Latin American government, equally suspicious of the real intentions of N. American and "Anglo-European" investors. The N. Americans, stated the Director General of Argentine National Oilfields at an official banquet given in his honour in Bogotá, "come to strangle us with a hempen cord" whereas the "Anglo-Europeans" he continued come with "a silken one".⁽⁷⁷⁾

In October 1928, José Antonio Montalvo, Colombian Minister of Industry authorised the publication of a study entitled "The Controversy over Mexican Petroleum Legislation" thereby heightening U.S. concern about the future of their oil operations in Colombia. In early 1929, the chief of the Mexican Department of Petroleum, Santiago González Cordero visited Bogotá and following his outspoken criticism of the contracts with Tropical Oil and the Andian National Corporation, was appointed to the committee set up to study the Colombian oil industry.⁽⁷⁸⁾

A sharp drop in oil demand in the U.S. caused by the imminent economic depression changed, however, its concern to secure oil supplies into worries about the need to impose oil import tariffs to protect the U.S. own production. Despite President Hoover's reluctance to approve it, a bill to impose tariffs on crude petroleum was passed by the U.S. Congress in 1932.⁽⁷⁹⁾

No sooner had President Olaya Herrera taken office than a thorough re-organisation of the Ministry of Industries was undertaken to eliminate all vestiges of anti-U.S. sentiment. Compatability between the Colombian government's objective of continuing the modernisation process and U.S. desire to consolidate its economic and political influence then became the converging point between U.S. oil men and the Colombian Executive. Despite President Olaya's desire to harmonise oil legislation with the needs of foreign investors and the demands of the growing labour force engaged on oil projects, his efforts were rewarded with momentary success since the expectations of both parties were raised as much by his initial concessions as by the effects of the depression.

Neither oil investors nor the labour force had received favourable

enough concession terms or a marked increase in their standards of living by the time President Olaya was replaced by President Alfonso López in 1934. The Colombo/U.S. rapprochement under the former President accelerated the change in relations between Colombia and the rest of her commercial partners, in particular with Britain, whose involvement in oil investment had caused U.S. concern and had given the anti-U.S. section of the Colombian leadership the illusion of a bargaining alternative. Even José Antonio Montalvo (Minister of Industries under President Abadía Méndez) had contemplated the possibility of granting Colonel Yates of the Anglo-Persian Oil Company in 1927 "a 50 year concession for land, which extended as far north as the Panamá boundary."⁽⁸⁰⁾

In a manoeuvre reminiscent of the one which took place during the Murray Contract, U.S. oilmen with the support of the State Department blocked the Yates Contract despite Minister Montalvo's friendly attitude towards the British. Only 2 years later, the British Minister, Mr Monson, in a reflective mood, reported: "In her heart Colombia regards British influence as a spent force ... though the personal relations between the Legation and the Government have been distinctly cordial, the latter have witnessed little evidence of sincere friendship toward the British Empire in matters great or small."⁽⁸¹⁾ By the time President Olaya's term of office had concluded and Colombia's international relations had undergone a period of re-orientation, a tinge of bitterness had entered the mind of British Minister, Mr Dickson. "The jingling of the guinea helps the hurt that honour feels" he remarked, in an attempt to sum up the obvious adjustments which had taken place during President Olaya's administration in the Executive's attitude towards international relations. In Mr Dickson's opinion, however, it was "worthwhile keeping the flag flying in Colombia both politically and commercially. Colombia constitutes, from our point of view, a sort of frontier fort, south of which our influences and north of which rival influences predominate. In Colombia, a country of great potential importance, with its double coastline, the allegiance is divided. That half which looks to Britain and the old world offers an allegiance which is given whole-heartedly. The other half is, with few exceptions (e.g. the late President Olaya

Herrera), resigned to an allegiance which is either half-hearted or given against the grain. These remarks are addressed to the Department of Overseas Trade as much as to the Foreign Office. A persistent hold in Colombia is a guarantee for the maintenance of our influence over the rest of the S. American Continent."⁽⁸²⁾

VI. Sealing national unity - foreign credits and national honour

Whether Colombia's strategic value, as interpreted by the British Legation, stands up to a close examination was, even at the end of President Olaya Herrera's term of office, open to question. What is beyond dispute is that British expertise in the handling of financial matters coupled with the interest taken by the Legation in Bogotá in Colombia's financial developments, placed the Legation in the position to determine the causes of the rift between the two countries. Of more importance than the direct or indirect growth of influence in the running of international relations of lawyers, engineers, organised agriculturalists and, to a lesser extent, trade unions, the growth of which began to accelerate with the identification by the Colombian leadership of transport as the main reason for the country's backwardness and the subsequent public works building programmes, was the rapid penetration of U.S. capital and its side effects on the organisation of Colombia's finances.

Barely three complete years had elapsed since the ratification of the Thomson-Urrutia treaty when the British Minister, Mr Sullivan, registered his concern for the way U.S. financiers were already encroaching in the political life of the country. "Whatever Colombians may think of the danger to their country involved in too close association with the U.S., the ruthless pressure of economic forces is steadily bringing them into a position of dependence upon their powerful neighbour. Few seriously contemplate as an immediate possibility the physical annexation of Colombia and the reduction of its status to that of a Yankee satrapy, but the fear of an economic vassalage is based on surer grounds, and everyday sees the consolidation of U.S. influence in this most vital department - the finances of the country."⁽⁸³⁾

TABLE 4:111 DEPARTMENTAL AND MUNICIPAL BORROWING (1927-28)

DEPARTMENTS (IN THOUSAND PESOS)

	DEBT	INTEREST	AMORTISATION	TOTAL SERVICE
ANTIOQUIA	30,113	2,108	984	3,092
CALDAS	9,021	673	376	1,049
CUNDINAMARCA	12,114	787	158	945
SANTANDER	1,880	132	66	198
TOLIMA	2,217	155	95	250
CAUCA VALLEY	7,707	558	311	869
TOTAL	63,052	4,413	1,990	6,403

MUNICIPALITIES (IN THOUSAND PESOS)

	DEBT	INTEREST	AMORTISATION	TOTAL SERVICE
BOGOTÁ	7,357	553	377	930
BARRANQUILLA	1,903	152	143	295
CALI	2,528	177	108	285
MEDELLIN	11,573	766	277	1,043
TOTAL	23,361	1,648	905	2,553

SOURCE: Anderson to SIMON. JULY 10th 1933, Despatch No 118, FO 371-16571

In Colombia, as in many other countries "the growing tide of speculation⁽⁸⁴⁾" of which U.S. Secretary of Commerce Herbert Hoover, was warning generally as early as 1925, had been thought of as an easy solution to the social upheavals generated by the increase in migration from the countryside. As in Bogotá, so in several Departmental and Municipal administrations where the need for more public works was equally felt, the authorities began to raise loans abroad. Not until June 5th 1928 did the Central Government in Bogotá take the step of curtailing borrowing by Departmental and Municipal authorities through the promulgation of a law "requiring the political sub-divisions to obtain the approval of the Central Government for all loans they might wish to contract." The considerable sums presented in Table 4.111 representing regional indebtedness to U.S. creditors between 1927-28, are by themselves apparently of relatively modest importance. Their real significance acquires greater proportions if it is considered that the sums involved constituted a third more than the foreign debt of the Central Government, which borrowed US\$60 million in 1927-28 (in the U.S.). "From the point of view of local revenues, collected in Colombian currency, the service of these loans was effected until the institution of exchange control in October 1931, though often only under pressure from the Central Government, and, what was worse, still more often only on the receipt by the debt or body of some costly alleviation or subvention from the Central Government, concerned, as the latter was, to protect not only the credit of the nation, but also that of the political sub-divisions."⁽⁸⁵⁾

Committed as the Colombian Executive was to the enhancement of solutions for the acute transport problems, it should be noted that it was not until 1927 that it took the necessary steps to find credits in the U.S. to finance such projects. Prior to this date sterling issues totalling £2,577,538 for specific railway projects, had been raised exclusively in the U.K. Whether the constitutional loopholes which allowed Departmental and Municipal authorities to raise loans abroad before 1928 had been left there for the sake of political expediency by consecutive, purportedly strong centralist governments, or if they are merely evidence of the consequences of the Colombian leadership's lack

of insight in the handling of economic matters, is still open to debate. What is undeniable however, is the paramount importance that marked regionalism bore on the transference of financial allegiance from the U.K. to the U.S.; Departmental and Municipal authorities reacted just as promptly to changes in international financial trends as the Central Government, despite the latter's direct access to information gathered abroad by its consular and diplomatic agents.

An assessment of the general situation of Colombia's indebtedness during the late 1920's and early 1930's is not complete without taking into consideration the steps adopted by Colombian bankers in the form of further borrowing abroad (for examples see Table 4:IV) in their attempts to respond to the new demands imposed on them by the changes in other sectors of the economy. In Mr Anderson's opinion, the Mortgage Bank of Bogotá "has always been conservatively and intelligently managed",⁽⁸⁶⁾ and had it not been for the U.S. crisis caused in turn by the performance of their financiers,⁽⁸⁷⁾ plus the fall in coffee prices and the shortage of exchange, Colombian bankers would have remained in the position to service and increase their existing obligations.

The rift between the U.S. State Department, which for strategic reasons endeavoured to conserve oil reserves by allowing further imports while the U.S. economy was suffering the effects of the depression, and the private bondholders who were anxious to recover the returns on their operations, was echoed in Colombia by the overt support offered to President Olaya Herrera during his term of office by Mr Caffery, U.S. Minister in Bogotá, who tried to protect the President from the pressures exerted on him by the U.S. bondholders. "The penury of the Colombian government made it possible for Standard Oil, for all practical purposes, to gain control of Cartagena, which Mr Anderson observed 'may one day be of great importance 'to the U.S. Additional support for President Olaya was granted between 1931-33 by the Andean National Corporation - 1 million pesos at 7% 'towards the financing of the Cartagena port works contract, awarded to their associate contractors, the Frederick Snare Corporation, who put up a further US\$850,000, and loans made by the United Fruit Company in 1932-33, totalling US\$2 million, with a view to the consolidation of their control of the banana industry and the extension of their privileges and rights."⁽⁸⁸⁾

TABLE 4:IV FOREIGN BORROWINGS OF THE INDEPENDENT MORTGAGE BANKS
(in U.S. Dollars)

MORTGAGE BANK OF COLOMBIA	1927	-	7%	-	3,000,000
" " " "	1927		7%	-	3,000,000
" " " "	1928		7%	-	1,600,000
" " " "	1929		7%	-	600,000
MORTGAGE BANK OF COLOMBIA	1926		7%	-	6,000,000
" " " "	1927		7%	-	3,064,000
" " " "	1927		6½%	-	4,000,000
BANK OF COLOMBIA	1927		7%	-	2,000,000
" " "	1928		7%	-	1,050,000

In all : 22,114,000 plus £2,200,000.

SOURCE: Anderson to Simon. July 10th 1933, Despatch No.118,
FO 371-16571.

To allay the apprehensions of the Colombian authorities and the public in general as to the manner in which these loans would be serviced, the U.S. Minister, Mr Caffery, gave strenuous assurances that the U.S. coffee market would remain open to Colombian coffee exports provided there was no default. The question of default began to loom large in the calculations of U.S. creditors from the moment the conflict between Colombia and Peru over Leticia became an issue linked to the need of defending Colombia's national honour. Until then the concept of defence of the national honour had been circumscribed by the Colombian leadership, as well as by the well informed sectors of the public to upholding the commitments of the country with its creditors abroad, even during the height of the depression. In April 1933 however, Decree No 643 was promulgated authorising the Colombian government to suspend temporarily the service of all or any public debt commitments of the Nation, and to negotiate with the nation's creditors the resumption of such services, on terms, as regards date of maturity, rate of interest, amortisation, currency payable etc. "compatible with the country's needs for the defence of its sovereignty and with the legitimate interests of its creditors." (89)

The promulgation of Decree no 643 by President Olaya's government, while President Roosevelt was arduously promoting a meaningful reduction in the stocks of offensive weapons and the stabilisation of currencies to ease world commerce and to raise the level of commodity prices as preparation for the Geneva and London conferences of 1933 was untimely even if allowances are made for inadequate communications between the Colombian Legation in Washington and the Foreign Ministry in Bogotá. To President Roosevelt's communication inviting the people and government of Colombia to work for the success of the conferences, President Olaya Herrera replied in the warmest terms, seizing the opportunity to restate his well known position, saying that : "Through the darkest days of the world economic crisis the efforts and aims of the Republic of Colombia as a new country, in need of foreign investments to develop its natural resources, have been to honour its commitments to those who wish to co-operate in its development and progress." (90)

Despite President Olaya's belief that Colombia's development was

tied to foreign investments, reservations were held by members of the foreign community in Bogotá as to the real intentions contained in Decree no. 643, since Dr Esteban Jaramillo, Minister of Finance, was thought to be more interested in improving the terms of servicing of the foreign debt than in a lasting arrangement with Peru over the Leticia conflict.⁽⁹¹⁾

Important as was Dr Esteban Jaramillo's participation in finance planning, it should be noted that by 1933 the coffee exporters, owing to their outstanding contribution towards the maintenance of import levels, were already in the position to influence the Executive's policies regarding foreign debt servicing and commerce. Torn between foreign debt servicing as a means of safeguarding national honour and the need to maximise revenues from cash receipts, the Central government had opted for sustaining payments of the former at the expense of the gold reserves of the Central Bank of issue. From 62,931 pesos on December 31st 1928, the gold reserves of the Bank of the Republic sank to 11,735,000 pesos on March 12th 1932, a level which threatened the stability of the currency and obliged the Colombian government to further restrict the freedom of gold export and exchange. "Similarly, to be effective, exchange control had required the greatest Colombian industry, viz. coffee, to submit to limitations of freedom, since foreign exchange was chiefly created by the exporters drafts on the United States. These drafts were accordingly requisitioned and placed under the control of the Central issue bank, who proceeded to apportion the exchange derived therefrom to the various private and public requirements recognised as essential."⁽⁹²⁾

Attempts to restore the confidence of foreign bondholders, while ensuring that the merchant sector would retain its importing capacity (which was in fact what President Olaya Herrera hoped for) had to be compensated for by the granting of meaningful economic concessions to the coffee exporters, such as the revenues of the terrestrial salt mines and direct benefits to their rate of exchange. Table 4:V shows that despite President Olaya's desire to strike a balance between payments to the bondholders and the allocation of dollars to the merchant sector, the economic measures of his government had in fact restricted imports more than those of his Conservative predecessor. Table 4:VI illustrates that

TABLE 4:V COMMERCIAL BALANCE OF COLOMBIA (1923-1933)

<u>MILLIONS OF PESOS</u>			
YEAR	IMPORTS	EXPORTS	TRADE BALANCE
1923-25 (AVERAGE)	68.5	77.0	+ 8.5
1926-29 (AVERAGE)	127.8	120.3	- 7.5
1930	62.8	112.7	+ 49.9
1931	41.0	98.0	+ 57.0
1932	30.6	70.4	+ 39.8
1933	50.0	73.0	+ 23.0

SOURCE: Dickson to Simon. May 24th 1934, Despatch no 87,
Annual Report for 1933, FO 371-17513

see also W.P. McGREEVEY: An economic history of Colombia,
(CAMBRIDGE, 1971),

TABLE 27. p.210.

(This table shows some discrepancies with the above of the
British Legation)

TABLE 4:VI Comparison of official revenues and expenditure
at the end of the Conservative era and the
beginning of the Liberal era

THOUSANDS OF PESOS		
YEAR	REVENUE	EXPENDITURE
1928	107,465	115,273
1929	75,239	82,769
1930	54,351	61,545
1931	53,680	52,204
1932	35,523	43,591
1933	40,126	33,547

SOURCE: Dickson to Simon . May 24th 1934, Despatch No 87,
Annual Report for 1933, FO 371-17512

while President Olaya Herrera tried to encourage an increase in commercial contacts especially with the U.S., the conception of the rôle of the State held by his predecessors was nevertheless still having an effect on the government's expenditure. The figures however, cannot be related solely to the effects of official policies since they also indicate the management of the national budget while the world depression was at its peak, and the conflict with Peru over Leticia came to a head. Similarly it should be observed that during President Olaya's term of office, efforts were realised in order to protect "local industries of all kinds e.g. cotton mills, cement factories, etc." behind tariff barriers.⁽⁹³⁾ This proliferation of local industries could be interpreted as a further sign of the strength of nationalist thinking within President Olaya's government, if this evidence was not accompanied by the official admission that "deficiencies in our import statistics have been one of the major obstacles we have encountered in determining the exact volume of commerce with a given country." Decrees No.2264 of December 30th 1931 and No.7 of January 5th 1932 were passed for the purpose of putting an end to these anomalies.⁽⁹⁴⁾ No provisions however, are mentioned regarding the training of officials in charge of implementing these decrees.

If, in the opinion of Mr Monson, the British Minister in Bogotá, "the first two and a half years of the administration of President Abadía Méndez ... will be remembered by Colombian historians as marking the final abandonment of the ultra-Conservative policy of aloofness from the modern world, a policy which served to keep at bay the powerful and incalculable forces of foreign encroachment, but condemned the Republic to a rear seat even among the backward nations," President Olaya Herrera's term of office should be remembered as the period when the full implications of such policies left their indelible marks on Colombia's economic and political future.

At the end of the unprecedented drive to solve Colombia's pressing transportation problems with the concord between the growing national leadership and mainly U.S. financiers, such problems were still to be resolved; but, national unity had been greatly enhanced as much by the limited improvements in the mobility of goods and passengers through

the railway and road projects, as by the symbolic value of SCADTA, and above all by the will of the Central Government to restrict the borrowing privileges of Departmental and Municipal authorities to present a single response to foreign creditors. If by the end of President Olaya's administration the United Fruit Co., Standard Oil and Pan-American Airways, as representatives of the foreign interests in Colombia, could exert effective pressure on the Colombian Executive, the coffee exporting sector had also acquired an awareness of how to use to its advantage its contributions to the national economy.

The growing demand for goods and services produced by increased cash flows during this period, gave the industrial and merchant communities the opportunity to attempt to meet this demand through the use of the respective means at their disposal. In capable of exercising economies of scale, the industrialists had to content themselves with a defensive strategy, whereas the merchants, aided by the favourable climate created through sales of coffee to the U.S. in particular, asserted their grip on the national economy. A reformulation of Colombia's policies towards her major commercial and cultural partners consequently became imperative in order to secure further expansion of the coffee exporting sector in particular, and the merchant community in general.

In the short term, the curtailment of departmental and municipal borrowing powers abroad in practice unified the country and strengthened the powers of the Executive to respond internationally as the representative of one nation. From the internal viewpoint, this curtailment should be interpreted as an unqualified political success for its architects but, in the long term, it would prove to be self defeating as it did not provide the Executive with the economic basis necessary to meet social obligations through the direct intervention of the State. Furthermore, the process of penetration of the national economy by foreign investors would be greatly enhanced as both official and private projects grew more dependent on their willingness to extend further credits on predominantly economic expediency, while the Executive continued to undertake such projects almost solely on political expediency.

CHAPTER IV - Footnotes

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17. SEEDS to Chamberlain. June 1st 1925, Confidential Despatch No 43, FO 135-417.
18. Sullivan to Chamberlain. Feb 25th 1926, Despatch No 27, Annual Report for 1925, FO 371-11132; Esteban Jaramillo (1926), p.31.

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22. Ibid.
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27. Randall (1977), quoting U.S. Department of States' proposed wording of Article 31., p.152.
28. Mem. Rel. 1932, pp.100-102.
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CHAPTER V Presidential Power and Neutrality - The rôle of
Immigrants and Diplomats

I. Introduction.

Although little attention has been paid to the political manoeuvres which enabled President Abadía Méndez, in June 1928, to persuade departmental and municipal authorities that borrowing abroad should be controlled by Central Government in Bogotá, it should nevertheless be emphasised that through the ensuing legislation the threats to the territorial integrity of Colombia became virtually groundless. It is also worthy of emphasis that by opening up Colombia to foreign investors during the late 1920's, and the consolidation of this policy under the presidency of Dr. Olaya Herrera (1930-34), it became accepted by the leadership that because of the country's geographical proximity to the U.S. and the commercial relations between the two, an overt recognition of these realities was imperative. A combination of political pragmatism on the part of the anti-U.S. sector of Colombia's leadership whose momentum came to a head during the strikes in the banana zone and the conflicts in the oilfields, and the nationalist sentiments generated in 1932-33 by the Leticia conflict gave a further boost to the chances of success of such a policy.

With the acceptance by both the Liberal radicals under the leadership of Jorge Eliecer Gaitán and Gabriel Turbay amongst others, and the Communist party,⁽¹⁾ of the constitutional arrangements regarding electoral procedures for the nomination of the President and members of Congress, the anti-U.S. factions in the Conservative party lost the power to influence the immediate foreign policy of the country.

While the importance of Colombo/U.S. relations was to grow during Alfonso López Pumarejo's first term of office (1934-38), relations with the countries of the region were to receive increasing diplomatic attention as a means of attempting to revive regional solidarity to enhance Colombia's prestige. Attempts to provide more efficient support for the President's efforts to organise his foreign policy were made by the approval of legislation designed to give the Ministry of Foreign Relations the necessary human and financial resources. With the worsening of the crisis in Europe and the election of Dr Eduardo Santos to the Presidency in 1938,

however, any direct benefits stemming from the organisation of the diplomatic career were to be hampered by the lack of time to implement the decisions and the narrowing of choices which the new President could make.

At the same time the strengthening of the Conservative party coupled with the commencement of hostilities between Germany and the Soviet Union and the re-emergence of Nationalist forces in Colombia, put to the test the political and diplomatic skills of the President and his Minister for Foreign Relations. By the time the U.S. entered the Second World War, Dr Eduardo Santos had demonstrated beyond doubt that, in his opinion, Colombia should side with the Allies, but his country's military and economic strength would dictate the degree of involvement.

As in previous years, the efficiency of the Ministry of Foreign Relations suffered considerably under the presidencies of Drs. Alfonso López and Eduardo Santos because of the continuous changes in personnel holding key posts in the Ministry, as well as by the budgetary restrictions placed on them by the general state of the national economy. In 1937 the budget for the Ministry reached only 1,761,132.80 pesos and, in the following year 1,795,317.89 pesos⁽²⁾; in 1939, when the international situation would have suggested a steep increase in the budget it fell to 1,750,000 pesos. A comparison with the budget for the Ministry of Public Works in 1939 of 18,950,960 pesos, which was the highest for that year, or with the Ministry of War's 14,000,000 pesos may give some insight into the relative importance accorded to the Ministry of Foreign Relations where most future Colombian presidents have served. Under such financial limitations it is not surprising that the beneficial effects stemming from the implementation of Decree No. 319 of February 25th 1938,⁽³⁾ reorganising the Ministry and allocating salaries to its personnel, were not translated into recommendations to serve as the basis of foreign policy or to orientate public opinion at large. Similarly, Decree No. 320 of February 25th 1938,⁽⁴⁾ laying the basis for structured diplomatic and consular careers was doomed to become a sterile piece of legislation not only through the pressures brought to bear by the special international events of the late 1930's, but by the inherent defects of the Decree itself which provided for the recruitment and training of

candidates drawn from a largely law-biassed circle of professionals. The attempt to expand the Ministry and to create specialised sub-divisions within it was not a short term success. This can be seen in the delay in formulating clear and practical policies regarding the increasingly urgent immigration problems. Low productivity in agricultural activities and lack of investment in industry had, for many years, made the authorities in charge of immigration controls attempt to channel the expertise and savings of foreign migrants towards the two sectors. Most of the immigrants however, in the opinion of officials in the Ministry of Foreign Relations, soon joined other sectors, especially that of commerce, depriving Colombians of their means of livelihood through devious practices, and weighing as a parasitic force on the national economy.⁽⁵⁾

The principle of reciprocity had been for many years the basis of Colombia's immigration policy. Article XI of the 1886 Constitution established that "'In Colombia foreigners will enjoy the same rights accorded to them by the laws of their respective countries of origin, subject to the conditions imposed by public treaties.'" The 1936 reform however, abandoned the reciprocity principle, instead adopting that of equal treatment.⁽⁶⁾ Under the new arrangements immigrants would enjoy the same rights as Colombian nationals except that of electing or being elected to public office, and their activities would be restricted when the authorities deemed it necessary to preserve public order. Laws 48 of 1920 and 111 of 1922 however, had introduced, to some extent, racial considerations which, in practice, modified the spirit of Article XI of the 1886 Constitution and which would become an issue of considerable importance once the political situation in Europe stimulated migratory movements.

The election of Dr Olaya Herrera, which marked the end of almost half a century of uninterrupted Conservative rule, did not affect in any significant way the orientation of immigration policies, although in 1932, while the Government was trying to raise its revenues, a system of cash payments was introduced to replace the quota scheme. Not until July 1938 did the Colombian government alter its racially tinged immigration policies when, in the wake of U.S. concern for the plight of refugees

coming from Germany and Austria, it subscribed to the principles laid down in the Evian Conference. The immigration figures show that during 1937 and the first half of 1938 only 2,013 Germans, 138 Austrians, 76 Rumanians, 215 Poles, 51 Palestinians, 50 Lebanese, 8 Russian, 7 Stateless and 85 of other nationalities,⁽⁷⁾ settled in Colombia. It can be deduced that the abundance of legislation had indeed restricted the number of immigrants. A more global picture of the general situation regarding immigration can be built up by studying the movements of immigrants and emigrants during the late 1930's. Besides the discrepancies between the figures which the Ministry of Foreign Relations gave for 1937-38, and those cited in Table 5-1, it can be observed that the actual number of Europeans choosing to stay for more than one year in Colombia was relatively small compared with the total population of 8,701,816 in 1938.⁽⁸⁾ In addition, the restrictions placed on the new immigrants by the immigration laws, and the unfavourable economic climate of the country, compelled many of them to leave as the repercussions of the activities of the intelligence services of the powers at war and the U.S. began to extend to Colombia.

Any evaluation of the actual or potential threat posed by Jewish and/or pro-Nazi immigrants into Colombia to the interests of the powers involved in the European war should take into account the unexpected behaviour which both groups adopted on realising that they were under surveillance. By the time the two groups had been integrated into Colombian society, pro-Nazi sympathisers were seen coming to the rescue of poor Jewish immigrants, with the double aim of making Colombians believe that British reports of Nazi cruelty were false and ensuring sympathetic treatment in case Germany lost the war.⁽⁹⁾ Contrary to what could have been expected of Jewish immigrants who had suffered untold persecution from Nazi forces in Europe, for a complex number of reasons they tended to enlarge the military invulnerability of Hitler and indulged in reminiscences in which the power of the Nazis was exalted. 'Although it seems untrue, it remains a truth one hundred times proved by us that the myth of the inviolability of Hitler holds as many believers among the immigrant Jews as it does among the Nazis themselves.'⁽¹⁰⁾ Under these circumstances it comes as no surprise that while surveillance

TABLE 5:1 COLOMBIAN IMMIGRATION (1936-1940)

COUNTRY OF ORIGIN										
	No	%	No	%	No	%	No	%	No	%
COLOMBIA	4246	35.8	5736	39	5240	32.82	6106	39.02	4895	37.99
GERMANY	978	8.24	1409	9.58	2361	14.79	1149	7.34	327	2.53
CANADA	-		-		-		102	0.65	94	0.72
CHILE	-		-		85	0.53	126	0.86	104	0.80
ECUADOR	464	3.91	550	3.74	534	3.34	470	3	451	3.50
SPAIN	441	3.71	450	3.06	350	2.90	405	2.58	389	3.05
U.S.A.	1671	14.03	1979	13.45	2647	16.58	3138	20.05	3106	20.10
FRANCE	224	1.88	244	1.65	204	1.27	285	1.82	135	1.04
BRITAIN	609	5.13	628	4.28	630	3.50	678	4.33	617	4.78
ITALY	241	2.03	249	1.69	255	1.59	332	2.12	181	1.40
PANAMÁ	231	1.94	361	2.45	294	1.84	240	1.53	202	1.50
PERU	-		-		264	1.65	97	0.66	112	0.86
POLAND	41	0.75	98	0.66	243	1.52	105	0.67	17	0.13
SYRIA - LEBANON	-		-		78	0.48	87	0.55	27	0.20
VENEZUELA	928	7.82	1082	7.36	1107	6.99	998	6.38	950	7.37
SWITZERLAND	-		-		85	0.53	-		-	
OTHERS	1747	14.75	1902	12.93	1503	9.42	1330	8.49	1277	9.91
NOT SPECIFIED	34	0.28	15	0.10	58	0.36	-		-	
TOTAL	11875		14703		15923		15648		12884	

SOURCE: MARCIAL BARRIOS FERRER : "Consideraciones que deben tenerse presente en Colombia para el Fomento de la Inmigración," (Unpub. diss, Universidad Nacional de Colombia, 1942).

of the activities of both groups was the main preoccupation of foreign intelligence agents and Colombia's own security apparatus, the Ministry of Foreign Relations was forced to slow down the inflow of refugees alleging that neither the infrastructure in the countryside where their expertise was wanted, nor the economic capacity of the urban centres where Colombians would be the victims of their competition, could offer relief. "In this policy we have used our discretion" stated Dr. Luis López de Mesa, Minister of Foreign Relations in 1940 "in making Spanish immigrants an exception because of their greater adaptability to our environment either by reason of their temperament, or because of language and customs, or simply because of their great enduring capacity to withstand economic hardship."⁽¹¹⁾

However determined the Colombian authorities might have been in preventing internal political unrest as a result of immigrant activities, and to ensure at the same time, that Colombia's main economic partners would rest in the certainty that all contingencies had been considered by the authorities, their inability to co-ordinate policies regarding immigration controls would not cease to worry foreign representatives and intelligence agents until President Eduardo Santos gave irrefutable proof that, in his view, Colombia's security and economic interests were linked with those of the U.S. and its allies.

11. Towards official recognition of commercial alignment with the U.S.

The abandonment by the Colombian leadership of concern for territorial integrity in favour of clearly defined policies designed to promote the economic development of the country produced, in turn, the necessity to define, with equal clarity, the external source which would best facilitate the leadership's objectives. The contents of Table 5-11 indicate that to apply such criteria the Colombian authorities would have to undertake the task of winning support from Congress and would have to find the means to break down the remnants of anti-U.S. sentiments still present in various sectors of Colombian society. The adoption of one or more commercial partners serving as a political counterweight to the U.S. was, however, more irksome in view of the similarity in trade balances between Colombia and Germany on the one hand, and Colombia and Great Britain on the other,

TABLE 5:11 Colombia-Commerce with its main trading partners (1928-1939)a) With the U.S. and Germany (In pesos)

YEAR	UNITED STATES			GERMANY		
	IMPORTS	EXPORTS	TRADE BALANCE	IMPORTS	EXPORTS	TRADE BALANCE
1928	66,236,233	103,836,561	+37,600,328	23,188,059	2,854,120	-20,333,939
1929	58,050,326	95,394,056	+37,343,730	18,233,769	2,696,953	-15,536,816
1930	28,537,392	91,676,570	+63,139,178	8,087,187	3,753,454	-4,333,733
1931	17,195,633	64,525,032	+47,329,399	5,111,984	2,764,464	-2,347,520
1932	12,859,328	50,959,605	+38,100,277	4,690,159	2,870,279	-1,819,880
1933	18,286,392	49,042,216	+30,755,824	8,835,184	3,354,539	-5,480,645
1934	38,471,770	81,265,557	+42,793,787	13,142,616	6,891,480	-6,251,136
1935	44,228,608	74,702,845	+30,474,237	20,007,431	14,703,710	-5,303,721
1936	49,559,071	74,320,251	+24,761,180	26,703,824	22,679,016	-4,024,808
1937	82,019,962	86,075,589	+4,055,627	22,753,705	18,921,343	-3,832,362
1938	81,607,678	94,948,928	+13,341,250	28,084,131	21,074,949	-7,009,182
1939	102,150,058	118,397,758	+16,247,700	23,455,521	12,988,752	-10,466,769

SOURCE: Mem. Rel. 1940, Adapted from p.118 and p.245.

b) With France and Britain (In Pesos)

YEAR	FRANCE			BRITAIN		
	IMPORTS	EXPORTS	TRADE BALANCE	IMPORTS	EXPORTS	TRADE BALANCE
1928	9,097,252	790,637	+8,306,615	18,790,360	8,440,263	-10,350,097
1929	7,121,757	565,864	-6,556,093	18,186,016	6,038,165	-12,147,851
1930	3,365,013	677,973	-2,688,040	7,806,808	3,347,309	-4,459,499
1931	2,161,059	2,004,225	-156,834	6,598,053	2,062,154	-4,535,899
1932	1,432,352	1,983,105	+550,753	6,091,049	814,981	-5,276,068
1933	2,410,612	2,848,310	+437,698	10,803,109	7,086,708	-3,716,401
1934	3,506,064	8,622,156	+5,116,092	15,255,066	2,811,392	-12,443,674
1935	4,243,068	7,821,076	+3,578,008	17,878,888	2,025,182	-15,853,706
1936	3,770,394	6,254,060	+2,483,666	22,599,974	2,352,718	-20,247,256
1937	5,324,091	7,574,432	+2,250,341	31,968,972	685,834	-31,283,138
1938	5,380,843	6,714,135	+1,333,292	19,663,678	722,852	-18,940,826
1939	5,409,527	5,539,181	+129,654	19,263,961	2,470,075	-16,793,886

SOURCE: Mem. Rel. 1940, Adapted from p.260 and p.265.

and above all because of the economic and ideological rivalries between the European powers. In addition, it should be noted that if France had not had her own discrepancies with Germany and Great Britain, a bloc could have been formed to determine Colombia's second most important commercial partner. Furthermore, France was held in great esteem by Colombia's intellectuals despite her low economic priority towards their country.

The need to take steps towards creating a climate in which Colombia's treatment of its main commercial partners would reflect the international economic trends was best understood by British Minister, Mr Spencer Dickson whose jocular remark - "There is an English proverb which is to the effect that whosoever sups with the devil should provide himself with a long spoon" was followed by his stern reminder that "any British enterprise working here must bear conditions in mind and act accordingly."⁽¹²⁾ Because "there exists in Colombia a tradition which recognises the right of an incoming administration, in the interests of continuity of policy, to take part in the deliberations and assume a share in the responsibilities of an out-going administration, prior to and in anticipation of the transmission of powers,"⁽¹³⁾ the best indication of the new administration's future dealings with the country's main partners would be to examine the elected President's record. Little comfort, however, could be drawn from López's not altogether clear majority at the presidential elections of 1934,⁽¹⁴⁾ or from his past dealings with foreign nationals which gave reason to suspect that he had scores to settle since his family's banking interests had suffered considerably in the post-war recession.⁽¹⁵⁾ The best hopes of fair treatment for British interests under such circumstances were to come from the President's own analyses - "Dr López had himself appointed to the chair of political economy and from that vantage point proceeded to dissect the present body economic of Colombia."⁽¹⁶⁾ As envisaged by the British Legation the debate stemming from Dr López's economic analyses provoked a long heated polemic between those who favoured strengthening trade links with the U.S. through the signature of a most favoured nation treaty between Colombia and the U.S., and their opponents. From the outset of the debate Dr López displayed his rhetorical skills to gain public support for his pro-treaty stance marshalling

political arguments to overcome the economically based considerations of his opponents. To his arguments Don Luis Cano, proprietor of *El Espectador* (of Bogotá) replied that "there was no privilege that the U.S. could offer beyond free entry for coffee, and that Colombia already enjoyed, with little fear of its loss. There was therefore no need for a reciprocal treaty in which Colombia would be required to bind herself to make concessions that she could give or withdraw freely at her own convenience."⁽¹⁷⁾

The bilateral trade proposals between Colombia and the U.S. had been the object of discussion between the two governments several months before Dr Alfonso López entered the controversy. The treaty had been drafted in December 1933, but "it was held in reserve until such time as both governments should be ready for the publication of its terms, which meant, in the case of the U.S., until Congress should have conferred upon the President the extraordinary powers he was seeking, and, in the case of Colombia, until, President Roosevelt being ready, President Olaya Herrera could present the agreement to Congress for ratification."⁽¹⁸⁾

As would become widely publicised after Mr Roosevelt's budget message of 1935, the Treaty between the two governments was but one of a series which the U.S. intended to sign throughout Latin America for the specific purpose of increasing U.S. exports. In 1934 U.S.\$8,773 were spent in the promotion and development of commercial relations with Colombia and this sum was augmented to U.S.\$13,724 in 1935.⁽¹⁹⁾ Table 5:111 showing similar promotional spending in other Latin American countries illustrates the relative importance which the U.S. accorded Colombia. The intensity of the U.S. publicity campaign combined with the interest aroused by the public debate started by Dr. Alfonso López soon provoked the widespread fears of those who, because of their anti-U.S. ideological stance and/or their misgivings as to the economic repercussions of an eventual ratification, felt compelled to make their opinions heard.

The dissatisfaction among Colombian manufacturers was voiced by the Director of the National Association of Colombian Industry, Marco Tulio Pérez, who felt that the treaty would make it virtually impossible for some domestic industries to survive.⁽²⁰⁾ For his part, Guillermo Camacho Montoya, a prominent Conservative journalist asserted that

TABLE 5:IIIU.S. Promotional Spending in Latin America. (in U.S. dollars).

	1934	1935
Bogotá	8,773	13,724
Buenos Aires	17,910	26,518
Havana	21,263	23,582
Lima	7,387	14,122
Panamá	4,924	12,553
Rio de Janeiro	19,868	29,180
Santiago	11,557	14,095

SOURCE: Dickson to Simon. Jan 10th 1935, Despatch No 9,
BT 11-341

Colombian acceptance of the trade agreement would make the nation little more than a "'subsidiary of the U.S.'" Concerns that the gains of Colombian manufacturers and their workers won during the brief spell of industrial expansion brought about the country's inability to import goods at the level of the late 1920's, were voiced in La Prensa of Barranquilla.⁽²¹⁾

Not surprisingly the animosity aroused by the debate was seized upon by more extreme members of the Conservative party who, like Silvio Villegas, came to the defence of the interests of the industrialists by arguing that they were completely justified in their alarmed reaction to the commercial pact, but whose ultimate interest was to regain lost political ground. The marked fall in trade between the U.S. and Colombia which had become particularly noticeable in 1933 (see Table 5:11), combined with the growth in Japanese textile imports into Colombia had provoked the reaction of American textile interests who suggested "the enactment by the Republic of Colombia of a law by which the Colombian government would assess 100% surcharge on all goods imported from nations who buy from Colombia less than 50% of what they sell to Colombia."⁽²²⁾ Since the textiles were at the basis of the incipient Colombian industry industrialists and their labour force stiffened their anti-U.S. stance while endeavouring to expand commerce with Japan with the double objective of finding new outlets for Colombian coffee and securing Japanese technology. Of more importance for the agreement of the terms of a commercial treaty than the representation of U.S. textile interests was the pressure exerted by U.S. officials in the negotiations who had the responsibility of ensuring that any terms agreed upon with Colombia would not be to the detriment of U.S./Latin American policies. "The general use of tariff negotiations to force debt payments is of questionable wisdom. In the case of Colombia such tactics may well prove successful because of our heavy adverse trade balance with that country. With most countries, however, and in the aggregate, the U.S. has a favourable trade balance. Therefore, if we lay down a precedent in negotiating a commercial treaty with Colombia that our excess of imports over exports as regards Colombia be used to service debts outstanding in the country, the principle could be used to our injury by other creditor countries."⁽²³⁾

Anxious to bring the Colombian agreement into effect simultaneously with a similar treaty being negotiated with Brazil, the U.S. State Department officials agreed to make the terms of the draft treaty more acceptable to Colombia by adding several items of secondary importance to the list of Colombian commodities entering the U.S. market without tariff.⁽²⁴⁾ President Alfonso López's Message to Congress of 1935 threatened U.S. hopes for an early adjustment of its trade imbalances with Colombia, as it was couched in recriminatory terms against foreign investors. "'Our inexperience in international trade matters'" stated the President "'has made us walk into disadvantageous arrangements with all-powerful companies.'" His analysis of the terms of the concession granted to oil companies, to the United Fruit Company and to foreign firms engaged in the exploitation of gold and platinum led him to the conclusion that the economic benefits of their activities were tangential to the economic life of the country.⁽²⁵⁾

Whether the President's message had been designed primarily to influence the treaty negotiations, or if it was rather aimed at disquieting his internal political opponents whose interests had been threatened as much by the agreement, as by other presidential policies, is a matter of conjecture. Despite President López's views about the effects of foreign investments in Colombia negotiations with U.S. officials continued with little, if any, interruption until, on September 13th 1935, a joint statement by the U.S. Secretary of State and the Colombian Minister in Washington was released giving details of the Treaty.

"On the part of the U.S., the agreement provides that certain products of Colombia which represent a large percentage of total Colombian exports to this country, shall continue to enjoy exemption from import duties, and shall not be subject to import prohibitions, increased federal taxes or increased customs charges other than duties. Reciprocally, Colombia agrees to reduce its customs duties on an important percentage of products imported from the U.S. and not to increase its duties on certain other products imported from this country. Also, Colombia agrees to refrain from imposing import prohibitions, increased federal taxes and increased customs house charges on certain products of the U.S."⁽²⁶⁾

Although the State Department refused to give details of the products

around which "the unconditional most favoured nation treaty" with Colombia was signed, it was understood that the chief product concerned was coffee.⁽²⁷⁾

Ratification of the Treaty by the Colombian Congress however, could not be obtained until six months had elapsed from its signature. Contrary to what could have been expected in view of the economic and ideological opposition that industrialists and Conservatives had expressed, neither the industrialists nor the more right wing spokesmen of the Conservative party managed to rally sufficient support to present meaningful opposition to the ratification. In any event the composition of Congress made it imperative that the complaints of the anti-Treaty lobby would have to be presented directly to the Executive, as Congress, between 1935-36, was made up almost exclusively of Liberals. In February 1936 the Chamber of Representatives voted for ratification by 69 votes to 5, and in early April the Senate followed suit - any opposition had come from the Liberal representatives for Antioquia who were presumably connected with the most important industrialists. In one of the final speeches of April 6th, Senator Hectór José Vargas of Boyacá, spoke briefly about his reasons for supporting the Treaty. His explanation was highly indicative of the official Colombian attitude at that moment towards relations with the U.S. "I have voted for the treaty ... with the U.S. because I consider that, in accepting the point of view of their new commercial policy, granting them important concessions without having obtained anything except a confirmation of our present status, we give them the best evidence of our sincere desire to co-operate ... toward the re-establishment of the balance and rhythm of our commercial interchange."⁽²⁸⁾ A further glance at Table 5:1] shows that Senator Vargas' assertion was not far from the truth as regards the reasons for the Liberal government's acceptance of the terms of the Treaty. Despite the lowering of tariffs in the U.S. following the Reciprocal Trade Agreements Act which signalled a significant change in U.S. policy,⁽²⁹⁾ trade between the two countries during the years 1934-37 proved that, regardless of the U.S. desire to import larger quantities of foreign products, in the case of Colombia the opposite was true, especially considering the continuous rise of exports to Colombia. That the absence

of a coherent ideological opposition to President López's handling of relations with the U.S. had not deterred the efforts of certain Colombian industrialists to seek an increase in the speed of industrial development can be deduced from Table 5:IV. Modest as the increases reflected were, they nevertheless show the determination of industrialists and distributors in the face of official commercial policies; they also show that any importance attached by the U.S. government to its relations with Colombia stemmed, above all, from its desire to implement a uniform policy regarding its commercial relations in general.⁽³⁰⁾

Further implications of the relationship between the Government and its comparatively small opposition and the rôle the latter was to play in the position which the government would adopt regarding neutrality during the Second World War will be discussed later in this chapter. In the meantime it should be emphasised that the importance of the internal political manoeuvres of the various Colombian factions affecting the country's attitude towards the belligerent parties should be examined against the background of the diminishing strategic position held by Colombia when the direct involvement of the U.S. had become only a matter of time. As General Godwin Ordway of the U.S. War Department General Staff and delegate to the Latin American Defence Board was to remark some years later, the necessity for safeguarding major sources of strategic resources essential to the war economy of the U.S. such as uranium from Canada, oil from Venezuela, quartz crystals from Brazil and tin from Bolivia,⁽³¹⁾ made it imperative that the U.S. should concentrate its attention on these countries while maintaining its interests in others which, like Colombia, represented the means of achieving international objectives from an almost exclusively political viewpoint.

The question of the renewal by Colombia of payments on her foreign debt which affected British and U.S. creditors seemed, by the end of 1936, to have been in President López's mind, but the fact that "Colombia's capacity to pay depended not so much on her commercial balance as on her balance of payments" forced the highest authorities to postpone the renewal of the debt service until conditions had improved sufficiently. "A very large part of the revenues of Colombia is drawn from customs duties and this dependence of the government's finance on import duties

Table 5: IV

Comparison of Colombian production and Imports of selected
products - 1934 and 1937

1934 (in Pesos)

Industry	Production	Imports	Deficit
Food starches	160,226	193,334	33,108
Textiles	9,290,409	22,247,147	12,956,738
Chemicals	239,092	3,819,192	3,580,100
Metallurgy	1,014,768	14,375,976	13,361,208
Pottery	166,310	789,997	623,687
Totals	10,870,805	41,425,646	30,554,841

1937 (in Pesos)

Industry	Production	Imports	Deficit
Textiles	23,498,294	23,709,364	211,070
Metallurgy	2,633,785	34,013,750	31,379,965
Chemicals and pharmaceuticals	3,750,095	8,216,109	4,466,014
Glass and Pottery	1,183,766	3,311,806	2,128,040
Totals	31,065,910	69,251,029	38,185,089

Source: Ministerio de Relaciones Exteriores: Nuestra
Revolución Económica, (Bogotá, 1939), pp.83-84.

constitutes a great difficulty in renewing the service on foreign debt. Unless imports are high, the government's revenues fall and there are no funds to meet the debt service; if imports are large, available foreign exchange must go to pay for them and there is no foreign exchange for debt service; if imports fall, revenues fall and there are no funds to buy foreign exchange. In fact a vicious circle ..."⁽³²⁾ Signs that the economic and political performance of Colombia had been improving steadily "not based on force as in many other American countries" but on "order and civic consciousness" had reawakened the interest of international bankers, who by 1936, had gone as far as offering further credits to finance internal coffee purchases. "The satisfactory situation is due in no small degree to the successful reform in taxation carried out by the government of Dr. López. At the end of 1935 new laws were passed raising the scales of taxes on income and excess profits, instituting a new tax on capital, and abolishing certain indirect taxes, thus making the country less dependent on customs duties. The results, aided, of course, by the general economic reaction, have exceeded expectations, leaving the state with a superavit after providing for increased expenditure on education and health."⁽³³⁾

The political cost of President Lopez's desire to redress social imbalances perceived by some as his determination to draw upon "Colombia's liberal, secular, and pluralist traditions as well as the interventionist and welfare-developmental currents which characterised the modern state of the 30's,"⁽³⁴⁾ would not become apparent until his term of office had ended. By then his opponents had had time to rally their forces around Laureano Gómez shortly before the Colombian government began to signal its allegiance to the ideals expounded by the U.S. and Great Britain. Despite fluctuations in the levels of imports which produced anxieties among the merchant community and provoked a closer scrutiny of President López's policies on the part of foreign observers, his term of office was generally regarded as an unqualified success since, at the end of his mandate, the country's finances were showing a definite improvement, and were said to have been "substantially sounder and better organised than ever before." The effects of a drop of 10 million pesos in imports in 1938 as compared with 1937, was however, more keenly felt

by the Treasury whose revenues from customs receipts fell by 4 million pesos - 'as a result, customs revenues, at just over 30½ million pesos, accounted for only 37% of the total revenue in 1938, as compared with 41.6% in 1937.'⁽³⁵⁾

In accordance with what could have been expected in view of the fact that President López's government was bent on organising commerce on a strictly reciprocal basis, the fall of 10 million pesos in imports was suffered almost entirely by the U.K. (see Table 5:11). The corresponding increase in imports from the U.S. produced the climate necessary to enter into a closer diplomatic understanding - soon after Dr Eduardo Santos assumed office, the respective Legations in Bogotá and Washington were raised to the status of Embassy, and in October 1938 Miguel López Pumarejo, brother of the former President presented his credentials as first Colombian ambassador to the U.S.⁽³⁶⁾

To judge as much by the strengthening of commercial relations between the two countries, as by the worsening of the international situation, such a step had not been taken a moment too soon, for it was from then on that the display of tact of U.S. ambassador Mr Spruille Braden began to lay the foundations for a fruitful understanding between the two governments. While allowing scope for the comparative strengthening of Colombian industrial and agricultural ventures following the orientations laid down throughout President López's mandate,⁽³⁷⁾ and their concomitant desire to find economic alternatives in Europe, Colombian diplomacy began to follow a course which would not clash with U.S. continental policies. Under President Santos, Colombian attempts to elaborate a 'new project for a South American regional league' designed to promote the strengthening of links with Europe which had received extensive attention while Dr López was still President, were gradually abandoned without arousing adverse public reaction.⁽³⁸⁾ Similarly Dr López's policy in foreign affairs for the formation of 'a bloc of Bolivarian nations in the north of South America to offset the influence of the ABC republics' on the one hand, and on the other to present 'a united front to the U.S. themselves' was transformed by Dr Santos into acceptance 'of the political leadership of the U.S.'⁽³⁹⁾

As a direct consequence of President Santos' international politics

outlined in his message to Congress of July 20th 1939, the comparatively small number of politicians who would have preferred stronger technological and economic relations with Germany took the opportunity to voice their disapproval. Contrary to their expectations however, the terms of the motion approved by the Chamber of Representatives gave the Conservative faction under Silvio Villegas little reason for celebration. "'The Chamber of Representatives"' read the motion "'declares its conformity with the international orientation followed by the Government, of close understanding with the American nations and harmony and collaboration with the good neighbour policy proclaimed by the current President of the United States, founded in international juridical equality and unity of action for the defence of democracy and of the continent.'" (40) The fact that the Good Neighbour Policy was given a warm welcome by the Colombian government despite the realisation that, to a large extent, it was the product of U.S. self interest, is perhaps less important in view of the economic penetration of Colombia's economy than the manner in which the Colombian government was to champion the cause of the Allies during the Second World War.

III. Diplomacy and Neutrality

Of crucial importance to the understanding of the processes by which the Colombian governments of the 1930's and early 1940's arrived at their respective policies regarding the country's standing in relation to international conflicts and the Second World War is, as has already been implied, an appreciation of the economic and cultural relations between the Colombian and British business sectors and between their respective governments. As with the U.S., the modest scale of the economic operations taking place in Colombia precludes a meaningful analysis of conclusions deriving from a comparison between Great Britain and Colombia's economic performances. Instead, a realistic analysis of the methods used by Great Britain to influence Colombia's attitudes where British interests were involved, can be arrived at through a closer examination of the economic and cultural significance that Great Britain had in the eyes of Colombian nationals capable of exerting influence on commercial and financial matters, and on the orientation of the country's foreign policy. As already noted, the prevailing feeling amongst most

members of the British Legation in Bogotá regarding their rôle in a national context in the aftermath of the financial and diplomatic thrust of the U.S. during the 1920's was one which fluctuated between reproach for the lack of a more comprehensive financial understanding on the part of the Colombian authorities, and one of wry self criticism of their own inability to alter the course of events. The theme of the close historical links between Colombia and Great Britain, created by the latter's participation in the campaign for Colombian independence well over a century before, during the 1930's began more frequently to punctuate public functions where representatives of the two nations came together. The same hard core of Colombian Nationalists who persistently manifested their anti-U.S. feelings received the support of the prominent Liberals when the question of cultural relations with Great Britain arose. Conservative leader Laureano Gómez, in fact, perceived 'an unbridgeable difference in cultural values between Latin America on the one hand and 'Saxo-America' as he often called it, on the other. 'Saxo-America' was not only Protestant but wholeheartedly materialistic, Latin America was Catholic and more responsive to things of the Spirit. This analysis, scarcely original with Gómez, was also expressed by other Colombians of different political leanings such as Juan Lozano y Lozano, a prominent right wing Liberal who had been educated at Cambridge and was by then editor of the daily La Razon, 'whose unswervingly pro-democratic and anti-totalitarian convictions were never seriously called into question.'⁽⁴¹⁾

Economic considerations, however, rendered harmless Liberal cultural anti-British sentiments; instead their close association with commercial sectors won for the allies effective support from the Colombian public, apparent through newspaper articles which circulated with increasing frequency as the intensity of hostilities in Europe grew. The trade balance with the U.S. in favour of Colombia shown in Table 5:11 compared with the adverse balance between Colombia and Great Britain during the same period, explains in part the factors determining the tone of relations between the two governments during the 1930's. On the Colombian side, the desire to redress the commercial imbalance, mixed with the caution necessary to prevent sharp drops in customs revenues, was becoming increasingly patent, and on the British side token concessions,

mindful of the overall commercial equilibrium with the Empire, were granted.

As regards Colombian international policy "the López administration" reported British Minister, Mr Paske Smith, "has kept the course set in the first year of Dr Olaya Herrera's government viz., the practice of trade reciprocity, with retaliation against countries imposing restrictions upon or putting obstacles in the way of Colombian products, favours and concessions for countries offering an open door, and, generally 'the policy of buy from him who buys from you'."⁽⁴²⁾ Any British apprehensions on this account were dispelled for the time being by their belief that the Roosevelt administration "was no longer interested in the aggressive displacement of Great Britain and Europe generally in the Colombian market, but sincerely intent on easing trade relations all round."⁽⁴³⁾ In the long term Great Britain would have to adjust her trade policies towards Colombia. This was in part because of the growing importance of the Colombian market (by 1936, exports to Colombia ranked fourth in British trade with South America) and in part, because the Colombian Minister of Foreign Relations was stating the government's desire to bring trade with Great Britain into line with the requirements of the government's foreign trade policy.⁽⁴⁴⁾

That the ideas regarding trade expressed by the Minister of Foreign Relations were beginning to influence the opinions of the members of the predominantly Liberal Congress was made clear by the attempt to raise "the duties on certain textiles" in the closing session of the 1937 Congress. Fortunately for the British Legation the matter was temporarily shelved, but it served as a warning to the British Minister that revision of trade policies between the two countries was a "spectre" which "was looming closer".⁽⁴⁵⁾ Deterioration in the national economy however, forced the government early in 1938 to create a National Cotton Board in an endeavour to enforce, as far as possible, the use of domestically grown cotton, followed by the suspension in April 1938 of the issue of import licences on cotton piece-goods and certain woollens.⁽⁴⁶⁾ These measures were relaxed in July, demonstrating that the pace of industrial development was outstripping the agricultural sector's capacity to meet the demand, and that good relations with suppliers of raw materials had

to be maintained. Ironically, the plans to expand agricultural production concentrated on the improvement of cattle and sheep stock in areas where, in view of transport difficulties, the chances of meaningful support for the much sought after industrial development were slight. For the time being, state sponsored attempts to foster new industries in the iron and steel sector were so vague as to constitute only a statement of policy rather than a firm promise that the supply of tools and other implements for agriculture would become a reality in the future. Confronted with the realisation that the Colombian government was not in the position to implement a programme of agricultural diversification British officials, after a detailed analysis of the characteristics of their trade with Colombia managed to find the means to adjust their imports of agricultural products from the Empire to allow them to import similar products from Colombia. By December 1938 Elder and Fyffe had undertaken to buy bananas from Colombia "in preference to any other foreign country" although "the United Kingdom tariff favoured Empire bananas". Adjustments in British imports of coffee, however, because of the small consumption per head ("about 1 lb/head of the population") and because Britain was already importing from a non-Empire country, Costa Rica, were considerably more difficult to achieve. Indeed, it was mainly increased banana imports which narrowed the trade gap between the two countries in the years 1938, 1939 and 1940.⁽⁴⁷⁾

Despite British efforts to appease the Colombian commercial authorities, the Treaty of Friendship, Commerce and Navigation, which had served to regulate trade between the two countries since 1866 was denounced by Colombia in 1938, both sides hoping that a new agreement could be reached by March 1st 1939. In view of the doubts about the final outcome of the negotiations, the British took the opportunity to press their point by sending a trade mission headed by Sir Thomas Hohler who had formerly acted as Britain's special ambassador at the inauguration of President Santos. At the instigation of the latter "who hoped that a solution might be found if further time were given to a study of the problems involved, the Colombian government agreed to allow the old Treaty to continue in force on the condition that it could be denounced with three months notice on or after September 30th 1939."⁽⁴⁸⁾

The instability of coffee prices caused by the loss of sales throughout Europe at the initiation of the war weakened still further the possibilities of Colombia continuing to buy British goods; while Britain remained unable to fill the gap left by the drop in sales of coffee to Germany.⁽⁴⁹⁾ Under such circumstances a new agreement became even more unlikely and representatives of both governments had to content themselves with searching for temporary measures designed to further their own aims in view of the present emergency. For the Colombian authorities the drop of 4 cents U.S./lb on coffee prices on the New York market, amounting to an annual loss of about U.S.\$ 20 million by 1940, became a strong enough incentive to start an extensive search for sources of hard currency, without special concern for the country of origin. As had been the case fourteen years earlier, so Dr Esteban Jaramillo once more sought to promote Colombia as a country full of opportunities for foreign investors. "The Panamá consultative committee on finance (1939) had studied the best manner of creating and developing new industries in Latin American countries, and had arrived at a formula by which American capital could enter these countries without any inconveniences."⁽⁵⁰⁾

With the acknowledgement by the Colombian financial authorities of the country's increasing cash shortages after 1938, new attempts to promote sales of coffee to countries other than the U.S. were undertaken. Britain's adverse balance of trade with Costa Rica became, for a time, the subject of the Colombian government's attention, which wondered why Britain did not increase its imports from Colombia since the trade situation between the two was the reverse. For their part, British representatives in Bogotá shifted their emphasis on relations with Colombia from purely commercial grounds to the wider issue of winning political support from the Colombian government for their struggle against Hitler's Germany. "It is true as regards Colombia that she is finding it difficult to pay for what she imports, above all, imports from the U.K., but it is also certain that in many cases the promises of the U.K. exporters as to the date of shipment of orders, are not kept and this leads Colombian importers to believe that the U-Boats, German submarines and bombing are effectively throttling our export trade, as broadcast by Goebbels.

This belief is being combatted, and Colombian agents are getting enthusiastic about the new propaganda painted on crates and bales, and leaflets inside, about 'Britain delivers the goods'. Press advertisers are being encouraged to incorporate the same theme. The German boasts to effect delivery of goods have fallen flat by the passage of time. But, it must not be overlooked that British exporters are justified in not being keen on taking many orders until there is an improvement in payments."⁽⁵¹⁾

The misgivings of British businessmen regarding the soundness of their Colombian clients coupled with the rapidly growing obstacles to commerce between Colombia and Germany forced the Colombian leadership to undertake extensive analyses of the country's economic and political relationships with its main partners, and to try to formulate coherent responses to the difficulties arising from the disturbed patterns of international relations. The belief that the European war would increase the demands for Colombia's primary products after some consideration by Dr Jorge Gartner, Minister of National Economy, was soon dismissed not on the results of a hard analysis of the range of products likely to find an increased demand, but on the basis that "we find ourselves in the improbability of offering them in the international markets, and even of using them for our own needs, because we have no factories to undertake the first processes of manufacture, and in their raw condition they have no markets, and are unusable."⁽⁵²⁾

The analyses of Colombia's economic weakness and potential social instability undertaken by high ranking officials point at the relationship between the two and the behaviour of foreign investors. Neither industry nor agriculture was benefitting from foreign investments and the main concern of those supplying the latter was almost exclusively to maximise their profits rather than showing the host country novel methods of wealth creation. One such analysis of the rôle of American capital in Colombia stated that "their mission is more practical, more rapid, and less dangerous to the security of the business. What is already proved good and offers prospects of development by a devastating intervention, what the people of Colombia through years of struggle have made prosperous, that is what seduces and decides them, the capitalists. The Grace

company whose systems of control are well known in various parts of the globe, especially in Latin America, have been quietly getting amongst us, and already constitute a tremendous menace to the Colombian workers. In wheat and in textiles, in shipping and in other branches, they are occupying unyielding positions."⁽⁵³⁾ Much to the dismay of the hard core of Liberal industrialists resentful of the activities of U.S. entrepreneurs and the American Import/Export Bank, who would have liked to find an equilibrium between U.S. investments and other sources of foreign capital - preferably British - the British Legation let it be known that "the war had made it impossible for industrial capital to be spared from the U.K."⁽⁵⁴⁾ Despite the Colombian authorities awareness of the effects of economic penetration by foreign firms, a combination of wanting to keep as many avenues open to foreign investment as possible in view of the uncertainty of the final outcome of the war in Europe and the government's haste in granting permission to foreign firms to operate in Colombia without investigating the possible repercussions against existing Colombian enterprises, placed the Executive in a position where both objectives were threatened. The granting of permission to the Behring Institute to begin operations in Bogotá was, according to British Minister Mr Snow, to the detriment of the well run Instituto Samper-Martínez, and, at the same time, constituted one more reason to arouse the suspicion of the British and American Legations regarding the orientation of Colombia's sympathies in the European conflict.⁽⁵⁴⁾

Bearing in mind both the need perceived by the Colombian government as well as by industrialists and merchants not to endanger their revenues by adopting practices and/or legislation likely to antagonise their main commercial partners, and the need to maintain and, if possible, expand industrial production in order to secure the growth of the national economy and to prevent social upheavals, by 1940 the Colombian authorities found themselves searching for a formula which would defend the textile industry without attracting undue attention from the British and American Legations. The 39 textile factories of plain weaving, knitting, stockings etc. forming part of the substantial Colombian textile industry requiring rayon were threatened with closure by the shortage of the raw material which neither Europe nor the U.S. could continue supplying.

"As factories producing artificial silk yarn can be transformed from one day to another into explosive factories" explained the British Legation, "European countries, even those which still maintain regular trade with Colombia, have prohibited almost entirely the export of artificial silk, because they need the other item of production from the said factories, and the same appears to have occurred a short time ago in the U.S.A...."(55)

In view of the paramount importance of the textile industry to the national economy, the government deemed it imperative to resort to Japan for supplies of rayon despite the risk of widening once again the unfavourable trade balance between the two countries as illustrated in Table 5:V. As if to underline the importance which the government attached to the textile industry, José Joaquín Caicedo Castilla, Minister of Labour, Hygiene and Social Welfare and Miguel López Pumarejo were given the task of steering through Congress a law providing for the acquisition of rayon from Japan.(56)

Such a measure however, did not affect relations with Great Britain whose representatives were well aware of the repercussions suffered by Colombia through the loss of its European markets and who, on the contrary, showed signs of relief on realising the negligible resentment expressed as a result of the British Naval blockade.(57) Furthermore, judging by Press treatment of relations with Great Britain as the war continued, it was becoming increasingly apparent that El Tiempo, one of the most influential of Colombian newspapers, was equating news of trade with Great Britain to friendly gestures or comments. The granting of certain concessions to British imports by the Exchange Control Board was said to have been done in answer to requests from Colombian importing firms on behalf of "the defender of the democratic ideal".(58)

Even El Siglo, generally regarded as hostile to 'Saxo-America's' cultural manifestations, when analysing trade relations with Great Britain, altered substantially its traditional stance and conceded that British credit methods compared favourably with those of the U.S. A sympathetic comparison was also drawn between British and German trade with Colombia - with relevant figures displayed to support its evidence.(59) However, other influential personalities with easy access to news space soon began to express views which caused a good deal of disquiet in the watchful British Legation. Dr Alfonso López, ex-President of Colombia

TABLE 5:V COLOMBIAN TRADE WITH JAPAN

YEAR	IMPORTS		EXPORTS		TRADE BALANCE (COLOMBIA)
	KILOS	PESOS	KILOS	PESOS	(PESOS)
1931	695,151	616,203	1,840	40	-616,163
1932	808,874	391,334	337	167	-391,137
1933	1,755,742	1,096,004	13,500	4,412	-1,091,592
1934	4,954,813	4,209,229	87,024	22,548	-4,186,681
1935	6,039,986	5,904,672	79,959	26,412	-5,878,260
1936	161,103	132,212	435,893	134,749	+2,537
1937	336,210	358,485	1,187,055	252,185	-106,320
1938	356,518	269,914	1,144,929	125,160	-144,754
1939	483,772	319,191	1,188,934	61,359	-257,832
1940	613,903	413,732	3,178,121	169,351	-244,381
1941	1,055,296	878,648	92,181	109,597	-769,051

SOURCE: Mem. Rel. 1942, pp.290-291

and Ex-Ambassador in London, was firmly of the opinion that Colombia should draw all possible advantage from the readjustment of the Great Powers' conflicting interests, and should not commit itself to joining any one of the two or three economic systems which might be formed. El Tiempo, however, reporting these views in order to contradict them, insisted that other motives besides that of profit must be taken into consideration, that neither Colombia nor the U.S. meant to establish commitments which would restrict Colombia's freedom of trade with Europe, and that economic co-operation need form no obstacle to natural trade connections.⁽⁶⁰⁾

As the war in Europe deepened, the persistent attacks launched against, at times, President Santos, and, at other times, England and/or the U.S. by Ex-President Alfonso López and by Conservative leader Laureano Gómez through the press, frequently took the tone of attacks launched for tactical reasons within the Colombian political struggle, accentuated by the imminence of the Presidential elections rather than divergencies over ideological principles. This point is best illustrated by the frequent reports appearing in El Siglo to the effect that Washington was on the point of declaring war, that the Monroe doctrine had become 'America for the English', that Bolívar was turning in his grave, and that President Roosevelt had proclaimed a state of siege and assumed dictatorial powers. It praised the great patriot Lindbergh and the devotion of U.S. pacifists, though even it revolted at the report that one of these pacifists, General Wood, proposed to appease Hitler by giving him Argentina, Brazil, Chile and Uruguay.⁽⁶¹⁾

Any influence that the anti-Santos groups might have had on the formulation of official policies towards relations with Britain and the U.S. on the one hand, and the Axis powers on the other, despite the conviction or otherwise of their public stance was, in practice, precluded by the deep division between the Conservative forces led from Bogotá by Dr Laureano Gómez, and the economically powerful Conservative forces of the department of Antioquia. The downturn in the Conservative following in Antioquia during the 1930's⁽⁶²⁾ had created the necessary conditions to allow for the strengthening in the department of the wing of the Liberal party following the direction of President Santos rather than

that of Dr Alfonso López; the latter, owing to the mistrust engendered by the "revolution on the march" as his social programmes became known, tended to become associated with the anti-clerical aspects of the Mexican and Russian revolutions.⁽⁶³⁾ The economic basis of the implicit alliance between the Liberal Central government in Bogotá and the Antioqueño Liberals had been cemented by the effects of certain import restrictions approved by the Central government for the protection of industry, particularly the textile mills, and the improvement in the balance of payments. In addition, the series of measures adopted by the Institute of Industrial Development to cope with the restrictions placed on the national economy by the drop in available shipping services caused by British losses and the failure of the U.S. to make up for them,⁽⁶⁴⁾ acted as an incentive to Colombian entrepreneurs eager to exploit new opportunities. Openings in timber, woodpulp, dyes, medicinal drugs, fertilisers, fisheries, the canning of fish and fruit, and milk pasteurisation⁽⁶⁵⁾ attracted their attention but, because of the magnitude of ventures in these fields, they soon realised that they were beyond their technological and financial resources. Under such circumstances the government pledged its support and, as a token of its intentions, established a factory for the manufacture of chemicals from salt.⁽⁶⁶⁾ To stimulate this and other projects approved by the government after intricate negotiations at the highest level which revealed serious disagreement over foreign loans between President Santos' Minister of Finance, Carlos Lleras Restrepo, and his Minister of Foreign Relations, Luis López de Mesa, a US\$ 10 million loan from the Import/Export Bank was approved by Decree No 1036 of May 30th 1940.⁽⁶⁷⁾ By May 1941 it was reported that the Government had used this sum completely, and had already begun negotiations for a new one. The sum of US\$ 11 million was being mentioned in the Press,⁽⁶⁸⁾ and an additional US\$ 6 million credit from another source was brought to the attention of the public. After the initial sensation caused by these disclosures and the corresponding friction between those who feared further economic penetration and those who stood to gain direct benefit, further details concerning the loans were released. The US\$ 11 million loan would be used for roads and other public works, and the later one, plus any others

which might follow, would be used for irrigation, electric power, industry and agriculture. After a month of heated debate, however, (69) negotiations were still in progress which in the event resulted in the acquisition of a US\$ 12 million stabilisation loan from the U.S. Treasury. (70)

While the Colombian administration was making strenuous efforts to bring about some measure of economic growth especially to enhance political stability through new borrowing abroad, the question of the foreign debt continued to cause disquiet in official circles as well as amongst foreign bondholders. On June 5th 1941, U.S. bondholders were informed that the six percent dollar bonds of 1927 and 1928 were to be replaced by a US\$ 50 million issue of 30 year three percent bonds covering only one half of the unpaid interest. (71) The accompanying statement by the Colombian Ambassador in Washington laid great stress on the help received from official U.S. experts in achieving the settlement. The Council of Foreign Bondholders however, found this offer detrimental to its interests, and New York financial circles did very little to hide their apprehension. (72) Further worries to U.S. creditors were created by uncertainties as to the final outcome of the negotiations to establish the terms of repayment of the US\$ 25 million loan that the Banco Agrícola Hipotecario had obtained to improve agricultural production and the rural infrastructure mainly from U.S. sources. On top of the substantial debts contracted by the Colombian government from Britain and the U.S., especially from the latter, to finance projects of economic and political significance, the Santos administration had to increase the total debt by borrowing further sums earmarked for national defence. Law 80 of December 14th 1940 authorising the government to borrow 30 million pesos to which could be added another 20 million to meet the needs of national security, made its financial ties with the U.S. stronger than at any other time in the country's history. Reaction to financial involvement on such a scale from all political quarters was again mixed partly because it would narrow the choices of politicians, and partly because by borrowing extensively to improve the security of the country the government was indirectly pledging its support to defend U.S. interests in the Canal Zone. The most vehement spokesman for the latter view had been for sometime Dr Laureano Gómez who, from the columns of his daily newspaper

had argued that "the day in which a German ship or a Japanese ship, or a ship of any nationality decides to do anything, at a certain distance from the Canal of Panamá, which we lost, it offends us! And we have to come to the defence of that which we lost, which is no longer ours, and as we have no means of doing so, we shall hand over our ports, we must hand over our air so that the Americans may ... do us the favour of defending what is theirs..."⁽⁷³⁾ In contrast with Dr Gómez's views not only regarding the amount of publicity, but the use that defence matters could have in solving economic problems, Ex-President Alfonso López was of the opinion that "Colombia should grant military bases to the U.S., instead of pretending to shoulder the main burden of her own defence, and in return set financial compensation that could be used for strengthening the national economy."⁽⁷⁴⁾

In view of the existing international situation, by 1941 all Colombian politicians, regardless of their claims in public, had realised that the questions of economic development, social stability and national security were irretrievably linked to the U.S. Britain was no longer the viable alternative as a source of investment. By 1941, British investments in Colombia quoted on the London Stock Exchange reached only £5 $\frac{3}{4}$ million distributed among government bonds, railways and miscellaneous undertakings.⁽⁷⁵⁾ The degree of awareness of the actual and potential strengths and weaknesses determining the treatment of foreign policy matters by the Colombian leadership had imposed the need for the latter to adopt policies designed primarily to extract the maximum possible benefits from the existing international situation without endangering territorial integrity or political stability through pressing for concessions that the Allies were unwilling to concede. Like the Colombian leadership, however, the British and U.S. governments, through their representatives in Colombia, had also carried out a full evaluation of the degree of economic, political and military co-operation that they could expect from Colombia's leadership. For their part, the U.S. strategists had realised that because of Colombia's limited agricultural and industrial production, and the country's topographical characteristics, an invasion by an army threatening U.S. security was out of the question. Colombia's co-operation therefore would be circumscribed to the prevention of a

possible attack on the Panamá Canal launched from Colombian territory.⁽⁷⁶⁾

Of more importance than the limited co-operation which the U.S. could expect from Colombia was the acceptance by the Colombian government of the need to contribute to continental solidarity as understood by the U.S. On the part of the British, the relevance of Colombia's indirect contribution was based on the ability the Colombian government might have in influencing other Latin American governments to carry out British objectives. Conscious of their own limitations and of the decline in the importance of their relations with Latin America, the British government, on occasion, adopted a purely political stance. Dr Jaime Jaramillo, Colombian Minister in London, was granted deferential treatment by Foreign Office officials who summarised the British position towards Colombia in particular, and Latin America in general by stating that "It is important to give these countries, of whose goodwill and assistance we stand in such need, while there is little that they want from us or that we can give them, the impression that we really are interested in them and in their affairs, and that the old days of somewhat slighting indifference, and of not taking them seriously, are really over and gone, war or no war."⁽⁷⁷⁾

IV. Neutrality under test

In spite of the Colombian government's undeniable need to promote good relations with Britain and the U.S., the possibility of the emergence of a pro-German government called for continuous vigilance on the part of both the British and U.S. legations in Bogotá. The high regard in which the Colombian government under President Santos was held by Great Britain and her allies was evident through warm references made by Foreign Office officials, e.g. "the most truly liberal and democratic of all South American countries."⁽⁷⁸⁾

As the European war grew in intensity, British and American representatives made strenuous efforts to keep well informed about the internal situation in Colombia, and the despatches sent from Bogotá contained less and less reason for optimism concerning the government's ability to co-operate with the Allies. According to the British Minister, information had been passed to him by his U.S. colleague to the effect

that a German inspired conspiracy had been foiled early in August 1941 and that President Santos' hesitation to sever relations with Germany had left the door open for a second attempt.⁽⁷⁹⁾ On receiving this report alarmed Foreign Office officials remarked that it "gives disquieting evidence of the weakness of President Santos who is apparently endeavouring to rule by truly democratic means in Colombia, an ambition admirable in principle but fatal in practice in South American power politics."⁽⁸⁰⁾ Worse still "Colombia seems to present all the symptoms of that democratic demoralisation which plays straight into Nazi hands."⁽⁸¹⁾ In vain had the British Legation attempted to press President Santos to follow the only practical course within his country's economic and military limitations which would lend credence to his anti-Nazi stance. On the question of the expulsion of German nationals to bring Colombia into line with other South American countries, President Santos remained adamant that because the situation in Colombia was very different - they were only five and a half thousand Germans (including women and children) in residence - , there would be no need for such measures.⁽⁸²⁾

Further causes of concern to the British Legation were the adverse results of the municipal elections of late 1941 interpreted as "proof of political inefficiency of right wing Liberals" headed by President Santos. The only glimmer of hope in an otherwise ominous political situation was "the absence of military leaders" which according to the British Minister, Mr Snow, was "perhaps the only practical obstacle in the way of a further military coup", and a subsequent spread of German influence.⁽⁸³⁾ The rift in the Liberal party which by 1941 had been clearly delineated as between right wing Liberalism led by President Santos and radical Liberalism led by Ex-President Alfonso López, was at the centre of British and U.S. apprehensions as to which way the Colombian leadership would react to the war. "President Santos" British officials understood "is a moderate or right-wing Liberal who has pursued a foreign policy of close co-operation with the U.S. and with other American nations against what he recognises to be the menace of a German victory. In international politics he is a vigorous and outspoken anti-Totalitarian."⁽⁸⁴⁾ His opponent, Dr Alfonso López, on the contrary, gave the British and Americans some reason for concern as he was thought to be "inclined to regard the

government's policy, especially towards the U.S., as unthinking and impulsive... Dr López is anxious to give no blank cheques to the U.S., and his foreign policy appears to follow from his home policy: it aims at obtaining the maximum benefits for Colombia in any agreement negotiated abroad and at involving Colombia in no undefined commitments." Further apprehensions concerning Dr López's possible attitude if re-elected to succeed President Santos stemmed from the belief prevailing amongst right-wing Liberals, Conservatives and foreign observers that if successful he would "Mexicanise" Colombia.⁽⁸⁵⁾ Although in Colombia there did not exist a Labour leader of the stature of Vicente Lombardo Toledano to offer Dr López effective support for his nationalist ideas, the memories of his tax reforms and curtailment of Ecclesiastical power on matters of education loomed large in the minds of his opponents. Worse still, the belief that "Dr López is really playing the opportunist, that he is not too sure of a British victory and that if he does not get sufficient support for his presidential election he will back the Conservatives in their anti-American and independent neutrality policy against the Santos pro-Panamanian defence policy bordering on pro-democratic non-belligerence,"⁽⁸⁶⁾ called for a closer scrutiny of his intentions by the British and U.S. Legations. Faced with these uncertainties and with the knowledge that Dr López's followers outnumbered the combined forces of right-wing Liberals and Conservatives, British and American representatives opted for pursuing policies designed to undermine German economic and political influence in the country in order to obtain President Santos' agreement for the use of tracts of land for military purposes, and to change the interpretation of the concept of neutrality and his approach to internal political problems. The task of the British and American representatives became, at times, an awesome one, and it was not until developments beyond the President's control had directly involved the U.S. in the conflict that he gave his unqualified support to the cause of the Allies.

Deeply moved by the swift advances of the Nazi armies during the 1940 Spring offensive at the occasion of his speech at the Bridge of Boyacá President Santos took the opportunity to launch a forceful warning to the nation to the effect that "No one can expect that we will come out

unhurt in the midst of the immense tragedy that the world suffers today, and that there will be no repercussion of grave consequences to us as a result of this monstrous foreign folly which affects the whole world so vitally. It would be insane to insist or even expect that the same rhythm which yesterday had brought us international prosperity, should continue. The hour has come for abnegation, for a firm effort, and for an intelligent compensation, the hour in which it is indispensable to put behind us cherished realisations of progress, in face of the necessity of attending preferably to the primordial. I ask every Colombian that by his conduct and by his understanding he may make easier the task of the Government, remembering the phrase of he who said 'It is necessary to put our hearts at the height of peril and of the Country' (sic), and above all, it is necessary to remember that to keep before us that without a great spirit of discipline, without sacrificing contingent things to the imperious demands of national life, we could not with security and success stand up against the difficulties that are coming upon us." With equal vehemence President Santos proceeded to outline what, in his understanding, ought to be Colombia's stance in the face of events of such magnitude. "... we can be neutral within the lines of international law, but we cannot, nor must we, nor do we desire to be, indifferent, nor is it possible to keep silence before what is repugnant to our conscience as a free people, and to our firm and clear conception of universal justice."⁽⁸¹⁾ That despite the President's single-mindedness his speech had been untimely can be deduced from the intensity of public feeling following it. Although agreeing in principle with the sentiments of the President's speech, Conservative opposition commented in El Siglo that setting the precedent of delivering such a speech each time the sovereignty of a country had been violated was impractical; consequently a "silent neutrality" was the position that the Colombian government should adopt. To this President Santos retorted that the "heroic neutrality" of the Low Countries had done nothing to preserve their sovereignty intact, and went on to heighten the tone of the debate by adding that in his opinion "We Colombians are not neutral but impotent belligerents."⁽⁸⁸⁾ In an effort to sway public opinion towards "silent neutrality", El Siglo invoked the Monroe Doctrine to support the view that

even in the U.S. this doctrine, despite its "simplistic" message, had penetrated the public mind to such an extent that in the face of present conflicts in Europe, the people of the U.S. would observe their traditional neutrality.⁽⁸⁹⁾

The introduction of the Monroe Doctrine into the debate and the presidential campaign in the U.S. provoked in turn a greater Colombian interest in the speeches of President Roosevelt. Colombian concern over the activities of German nationals was greatly increased by press reports that President Roosevelt was warning about the new techniques being employed by those interested in undermining national security, not through the use of force, but through the use of slogans deepening racial, religious and political differences.⁽⁹⁰⁾ The extensive coverage of the movements of German businessmen, industrialists and others on Colombian territory,⁽⁹¹⁾ while helping to highlight their voluntary or involuntary involvement in the Nazi movement,⁽⁹²⁾ provoked, on the one hand, the attention of their Colombian sympathisers and, on the other, exerted pressure on the Executive to curtail their activities.

News of the entrance of Italy into the war transformed heightened emotions into outbursts of violence against German and Italian property and the Government was forced to issue orders preventing further public demonstrations for or against any of the belligerents.⁽⁹³⁾ In early June 1941 a Presidential Decree was promulgated forbidding foreigners to intervene "in political parties or struggles in Colombia either directly or indirectly" and "also any activity which should tend to create in Colombia foreign political organisations and to defend their doctrines and practices or to provoke affiliation or support to such parties."⁽⁹⁴⁾ Bearing in mind the financial and personnel constraints faced by the army and police this Decree should be interpreted as an expression of the President's desire to lay the foundations for a closer co-operation with the Allies. Its immediate effort, however, failed to quell outbursts of overtly anti-U.S. sentiments and allowed the British and U.S. Legations to apply pressure on the Executive for more expedient measures to keep in check such demonstrations of feeling. By October, Dr Laureano Gómez was restating his opposition to any expenditure towards the defence of the Panamá Canal.⁽⁹⁵⁾ As a further step in the process of closing all

possible avenues to German economic and political influence, initiated by the take-over of SCADTA by Pan-American and the Colombian government and the dismissal of all German pilots in January 1940, in October 1941 the Executive came down in favour of interning all German nationals in concentration camps as soon as the U.S. entered the war.⁽⁹⁶⁾

President Santos' anti-totalitarian feelings notwithstanding, the British and American Legations intensified their campaign to obtain tangible proof of this by putting into practice a carefully planned propaganda campaign, and by carrying out their own intelligence work and making their findings available to the Colombian authorities. "In Bogotá and Colombia generally", reported British Minister, Mr Paske Smith "our main system of propaganda is indirect. It is my belief that the Press Attaché has been able to carry out a countrywide campaign by using the indirect method of distributing propaganda through Trade Unions and by the use of radio speakers."⁽⁹⁷⁾ As could be expected close monitoring of Nazi inspired propaganda was simultaneously undertaken and the German and Italian consular and diplomatic missions were thought to be at the centre of this campaign. The worst fears of the Allies were aroused as the scope of German aims in Colombia and elsewhere was brought into perspective by the impressive list of publications listed below.

- 1) El origen de la guerra de 1939 - 200,000 copies printed in Buenos Aires (70,000 copies sent to Ecuador, Venezuela and Colombia).
- 2) Lo que el mundo no quería - 260,000 copies edited in Buenos Aires, 17,000 distributed in Colombia.
- 3) Guerra contra mujeres y niños - 500,000 copies printed in Buenos Aires, 100,000 sent to Venezuela, Ecuador and Colombia (50,000 of this to Quito).
- 4) Memoranden der Reichsregierung vom 9 - edited in German and believed printed in Berlin.
- 5) Informations - Schriften Nummer 16 - England und das Europäische Festland. Printed in Berlin.
- 6) Rede Adolf Hitlers vor dem Deutschen Reichstag. Am 19 - printed in Berlin.

- 7) Datos significativos sobre el comercio Colombo-Aleman. 78,000 copies printed in Tipografía Augusta, Bogotá and distributed in Colombia by special agents, especially in Departments of Valle del Cauca, Caldas, Antioquia and Atlantic coast.
- 8) Las madres de Friburgo acusan a Inglaterra - said to be edited in Bogotá. 100,000 copies.
- 9) La Libertad del Egipto, como se ve en la realidad - 60,000 copies. Printed in Tipografía Augusta, Bogotá.
- 10) Los Horrores Polacos - 127,000 copies printed in Montevideo, 13,000 sent to Colombia.
- 11) Inglaterra tiende su garra sobre Noruega - 60,000 printed in Montevideo, whole issue sent direct to Bogotá.⁽⁹⁸⁾

Preoccupied by German political and economic activities in the larger urban centres at first, and their growing presence in villages and rural areas as time passed, the British Minister personally undertook a fact-finding tour of the country and came to the conclusion that this trend was due to a search for a cheaper cost of living area by German nationals who had lost their jobs in the larger towns.⁽⁹⁹⁾

In the face of constant pressure for further measures against Nazi sympathisers, and amidst a worsening internal political situation, President Santos deemed it necessary to answer charges from all sides and to restate with clarity and eloquence his government's position in the current international emergency. In his impeccable speech of July 20th 1941 to commemorate national independence, the President said that no injurious proposition against Colombia's independence, sovereignty or national interest had been made by the government of the U.S., and that no request likely to lay the government open to such suggestions had been presented by his administration. To those who feared Colombian military involvement, the President offered reassurances stating that Colombian soldiers would not be sent to fight outside the national territory, rather that their duty was to implement Colombian agreements from within. "Relations between the strong and the weak" concluded the President "are always sensitive and cannot be carried on without constant

vigilance and uncompromising decorum. The policies which I advocate in relation to the U.S. are inspired by moral and spiritual concepts and by strong democratic convictions, as well as on the understanding of economic and geographic realities ...". A mild note of bitterness however, was struck when he made reference to the recent adverse press comment in the U.S. which the President blamed on an incomplete knowledge of Colombia.⁽¹⁰⁰⁾

Confirming President Santos' misapprehensions about the consequences of faulty intelligence on relations between Colombia and the Allies, the existence of clandestine German airfields in North Western Colombia was brought to the public's attention by President Roosevelt in his speech of September 11th 1941.⁽¹⁰¹⁾ Asked by newsmen to confirm or deny this accusation President Santos scornfully replied "Yes, they discover them wherever there is a flat field, and there are plenty."⁽¹⁰²⁾

The astonishment of Colombian public opinion produced by the disclosure of the alleged airfields could be gauged by the reaction of the anti-U.S. El Siglo which stated that "in spite of our policy of decided neutrality, in a conflict between might and right there can be no doubt of where Colombia stands."⁽¹⁰³⁾

The potential instability latent in the poorly paid members of the security forces, especially within the police,⁽¹⁰⁴⁾ coupled with the continuing disunity amongst high-ranking officials, always present in the minds of British and American observers forced them to maintain their pressure on President Santos. Members of both Legations had been particularly concerned for sometime about the attitude of the Minister of Foreign Relations, Dr López de Mesa.⁽¹⁰⁵⁾ Their doubts as to whether President Santos still enjoyed the powers conferred on him by the Constitution in the formulation of foreign policy were partially dispelled when, on December 9th 1941, he consented to the stationing of U.S. vessels in the San Andrés archipelago, and to measures for the control of Colombian lighthouses.⁽¹⁰⁶⁾ This announcement coincided with the severance of relations between Colombia and Japan in the face of opposition from 6 Senators and 36 representatives.⁽¹⁰⁷⁾ Furthermore, the army, which until a few months before had been regarded as a challenge to the political stability of the country, in a gesture more meaningful for its

symbolic content than for its strictly military value, occupied Japanese rice fields in the Valle del Cauca!!⁽¹⁰⁸⁾

Analyses of the military contribution that Colombia could make towards the war effort moreover indicated that if an attack on the Panamá Canal was mounted it 'would precipitate U.S. armed intervention with the consequent distraction of important American military effort, and the weakening of American help to Great Britain. Such interventions, besides, would probably alienate Latin American sympathy with the cause of the democracies and disrupt whatever Pan-American solidarity there now exists against the totalitarians.'⁽¹⁰⁹⁾ President Santos' success in securing approval by Congress of Law 20 of 1941 ratifying Resolution No 15 of the Act of Havana on Mutual Assistance and Defence of the American Nations,⁽¹¹⁰⁾ and his overruling of his Minister of Foreign Relations' objections to the severance of relations with Japan constituted in fact the most important step towards obtaining Latin American support for U.S. policies. Whether President Santos' decision to break relations with Japan and to support policies of continental solidarity obeyed primarily his desire to strengthen the office of President through Congressional approval, or if it was simply a response to his personal whims is of secondary importance to the consequences that his stance would have on Colombia.⁽¹¹¹⁾ His determination to ensure that his policies would continue to be implemented led him to overrule for a second time the judgement of Dr López de Mesa who thought, regarding the severance of relations with Italy and Germany, that 'no decision to break relations ... should be taken before the meeting of Pan-American Conference first week of January in Rio de Janeiro.'⁽¹¹²⁾ On December 19th 1941, the German and Italian Ministers were summoned to the Ministry of Foreign Relations and formally notified of Colombia's decision to sever relations. The same day the President unambiguously declared 'The Colombian people is not indifferent or neutral towards the Japanese aggression against the U.S.A. and the German-Italian declaration of war. We shall fill the rôle assigned to us in the policy of continental solidarity, and accompany the U.S.A. and her allies frankly and loyally.'⁽¹¹³⁾

Although such a solemn commitment to the cause of the Allies must be interpreted as the just reward for the patience and persistence of the

British and U.S. Legations in Bogotá in their dealings with the administration of President Santos, it must also be understood as the embodiment of what he believed Colombia's rôle to be. While with his statements Dr Santos guaranteed that the Allies would not have to dispense with constitutional proprieties as far as his administration was concerned, in the Latin American context it was tantamount to a promise of placing his entire diplomatic apparatus at the disposal of the Allies. Little wonder therefore, that U.S. Ambassador Braden, at the end of his diplomatic assignment in Bogotá in March 1942, would declare "'... we have obtained everything that we have sought in this country. Colombia was the first South American nation to break relations with Germany and has endeavoured to influence the neighbouring state of Venezuela to follow suit. In short, if a balance sheet were to be made of what has been done respectively by the United States and Colombia, it would show that Colombia has not bargained but has wholeheartedly come through in support of our policies in a manner which, if anything, places us under an indebtedness to Colombia and there is no country in South America which has performed more co-operatively." (114)

Although the opponents of Dr Santos, especially those voicing their opinions in El Siglo, had been convinced of the need to acquiesce through pressure from agencies in charge of advertisement distribution, his own part in overcoming their opposition in Congress must not be underestimated. The reasons for his decision to meet them head on in the Press and in Congress transcended his desire to bring to an end the trend present in Colombian politics to oppose U.S. policies almost exclusively on the emotions generated by the secession of Panamá. At the roots of President Santos' understanding of Colombia's rôle in the international context lay the need to defend the national interest and to preserve intact the hard won national unity by recognising that these objectives could not be achieved without taking into consideration the overwhelming dominance of the economic and political international rôle of the U.S. Despite his temporary political set backs which forced him to take up the challenge of his co-partisan Ex-President Alfonso López, not to speak of that of his Minister of Foreign Relations, Dr López de Mesa, his skill and determination rendered the latter's attitude harmless, and laid down the foundations for

the continuity which Dr Alfonso López would observe on matters of foreign policy.

CHAPTER V - Footnotes

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6. Mem Rel 1938, p.VIII.
7. Mem Rel 1938, p.XIII.
8. Dane (1976), p.127.
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13. Memorandum on "Trade Agreement negotiations between Colombia and the U.S." June 26th 1934, File 51, BT11-341.
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CHAPTER VIFrom "Respice polum" to "Respice Similia"?I. Introduction.

To lay undue importance on the influence that the election of one skilful politician to the Presidency would have on the future political outlook of a country and its international rôle, is to ignore the historical circumstances under which such a man was working, as well as his intellectual development. Such is the temptation regarding the political career of the only Colombian statesman this century to be elected twice as President of Colombia. While it is undeniably absurd to separate Alfonso López Pumarejo from the economic and political interests he represented while in office, it is impossible to ignore the fact that under his leadership the Colombian ruling class and its growing number of professional adherents acquired their recognisable style in dealing with the problems inherent in international relations. In addition, the experience gathered by Presidents López and Santos during the Second World War in their dealings with representatives of the Allies, and in their contacts with the governments of the region became the foundation upon which all succeeding Colombian Presidents have attempted both to formulate coherent answers to international pressures, and to make use of their Executive authority to influence other governments. A special mention, in this context, has to be made to the way Dr Carlos Lleras Restrepo has used his knowledge of the intricacies of the Colombian and world economies to provide Colombia with the continuity required for the emergence of a characteristic style in the handling of its foreign policy. The nucleus formed by Dr Lleras Restrepo and Presidents López and Santos in the immediate post-war period provided the country with the diplomatic and economic skills to bring some measure of success to the negotiations being conducted in the various international organisations of which Colombia was a member. Like the above mentioned, Dr Alberto Lleras Camargo, also a member of the Liberal party and President of the Republic, 1945-46 and 1958-62, joined them in their efforts to find political stability for the country and to accelerate the process of modernisation by attempting to extract maximum advantages from the international policies of the U.S.

While it is undeniable that during the post-war period Colombia's foreign policy regarding its alignment with the U.S. has remained on the same footing as the 'neutral but not indifferent' stance of Dr Santos in 1940-41, it is equally true that significant changes have taken place particularly since Dr Lleras Restrepo's term of office from 1966-70. Dr Lleras' complete commitment to the pursuit of regional integration as a means of raising the standards of living throughout the Andean region as a long term objective, in practice signalled the most significant effort to date to equip the country with the necessary elements to formulate a foreign policy more independent than in any other period of the country's history. Whether Dr Lleras had formulated such policies in the certainty that relations with the U.S. would not suffer is less significant in this context than the fact that they constitute a point of departure regarding matters of foreign policy. Under his leadership Eastern Europe also became the object of the Colombian government's ~~normal~~ attention primarily because of its commercial potential, whereas Africa and Asia and all other underdeveloped countries were observed to identify areas of common interest.⁽¹⁾

Eleven years after the signature of the Andean Pact agreement on May 26th 1969, the attention of the Colombian diplomatic apparatus and its supporting experts continue to explore the possibility of finding adequate formulae to improve trade with all Communist countries without upsetting traditional economic and cultural relations with the U.S. and W. Europe. While integration with the remaining four signatory countries of the Andean Pact remains the centre of frequent statements of commitment, in practice, geographical factors and others dictated by the distribution of natural resources determine that meaningful steps are taken especially towards integration with Ecuador and Venezuela.

II. Lopsided continuity.

The unprecedented attention of Dr Alfonso López during his first term of office (1934-38) to Colombia's grave social problems had produced the belief amongst national and foreign observers that his ideas were "too advanced for the conditions of the country"⁽²⁾ at that time and led them to conclude that if re-elected he would disrupt political stability

and endanger the country's diplomatic arrangements. His profound knowledge of Colombia's social and political problems combined with his intimate knowledge of European affairs prevented him from taking immediate action to implement his social policies and instead he worked to regain the confidence of his Liberal co-partisan, as well as the trust of the British and U.S. Legations, at the risk of being labelled a "demagogue". While still in opposition during Dr Santos' government, for all practical purposes, De López had understood that his social reforms belonged to the category of long term objectives and that because of the internal and external constraints caused by the war, a more cautious course had to be followed. Under his leadership however, the set of economic and social goals which would serve as the basis of future Liberal party programmes and affect the nation as a whole, were formulated. "As a democratic party, Liberalism aims at raising the cultural and material standards of the workers and peasants. With this in view, it recognises private property as a means of developing personality and the exercise of individual liberty, but places social interest before private interest and maintains the need for the intervention of the state to effect an equitable distribution of the fruits of production between employers and workers."⁽³⁾

Although the idea of the State participating actively in the distribution of "the fruits of production between employers and workers" was not a new one - Dr Lleras Restrepo as Finance Minister in 1940 had approved the creation of an Institute to finance industry under the State's direction⁽⁴⁾ - the decision to include it as part of the party's policy was tantamount to its assured survival. Despite Dr López's firm conviction of the need to preserve state intervention in economic and social policy making, the negligible difference in salary between Senators and members of the Cabinet discouraged the participation in Government of those able to implement such a controversial goal.⁽⁵⁾ The appointment of Dr Gabriel Turbay as Colombian Ambassador to Washington however, presented the Liberal party with the first opportunity to attempt the fulfilment of cherished policies, as well as furthering the economic and political objectives of the Allies. Under pressure from the U.S. and British Legations to deprive German nationals or their sympathisers of the economic and political advantages which they enjoyed through the ownership of industrial and commercial enterprises, Dr Turbay countered

with the proposal that the U.S. government should provide Colombia with the means to nationalise all such firms and ensure that they would remain under Colombian control once the war ended.⁽⁶⁾ The "tactlessness of U.S. officials charged with economic warfare measures at Barranquilla and elsewhere" combined with their "ill-judged and indiscriminate listing" of firms and the delay in the creation of "a joint Anglo-U.S.-Colombian committee for ironing out economic warfare problems",⁽⁷⁾ deprived the Colombian Executive of significant political achievements and threatened to deprive the national economy of the valuable technological know-how of the employees of the listed firms.⁽⁸⁾ In the end Decree No.1207 of June 1943 enabled the Colombian government to nationalise Axis firms provided that Colombian capital had been invested or the enterprises involved were "essential to the national economy" but were under threat from measures of the belligerent powers.⁽⁹⁾ In addition this decree presented the Colombian Executive with the opportunity to carry out measures, symbolic or otherwise, signalling its commitment to the enhancement of continental solidarity as Resolution 5 of the Rio Conference⁽¹⁰⁾ (3rd Consultative meeting of the Ministers of Foreign Relations of the American Republics - January 1942) could be invoked for nationalisation purposes.

Other opportunities to show support for the cause of the Allies were also seized by President López, in part, as an attempt to increase his government's prestige throughout Latin America but, above all, because they were compatible with his own ideas concerning the rôle of the state. His attempt "to line up the seven neutral S. American countries"⁽¹¹⁾ closer to the position of the U.S. was tantamount to a radical change in the views he held during his first term in office regarding co-operation between Latin America and the U.S., but, at the same time, it was an expression of promoting regional unity as conceived by Simon Bolívar at the inception of Colombia's political independence.⁽¹²⁾

While the Colombian government was "working for the reconstruction of the Grand Colombian 'ideal', that is to say, some form of association between the Republics of Colombia, Ecuador and Venezuela, ... the nucleus for a larger S. American bloc" was also present in the thinking of the Colombian Executive.⁽¹³⁾ The laying of the foundations for future regional integration comprising the more densely populated

areas of the region did not imply that Dr López's government would neglect the ideals dearly held by many generations of Colombian leaders of asserting the country's presence in the Amazonian region.⁽¹⁴⁾

At the centre of Dr López's plans for the future of Colombia's foreign policy lay his conviction that after the war the U.S. government would choose to reconstruct Europe for strategic reasons, rather than to isolate themselves in Western Hemispheric arrangements.⁽¹⁵⁾ To prevent the effects of possible U.S. neglect of Latin America, President López endeavoured to strengthen the incipient relations between Colombia and the U.S.S.R. and accepted Tass' invitation to prepare a message commemorating the 25th anniversary of the foundation of the Red Army. "Any optimistic assertion regarding an early end to the war" he stated "would be premature" but "what is already a matter of history" he continued "is that Stalingrad will always be spoken of as the battle which decided the Second World War."⁽¹⁶⁾ Under war circumstances the fostering of friendly relations with the U.S.S.R. could have been construed, as indeed it was, as a further manifestation of "Colombia's increasing solidarity with the war policy of the U.S.,"⁽¹⁷⁾ were it not that the opening of relations with the U.S.S.R. had been on the cards since 1935.⁽¹⁸⁾

Whether Dr López's thinking regarding relations with the U.S.S.R. was due primarily to his desire to ensure alternative sources of trade etc. for Colombia is of less significance, for the purpose of this dissertation, than the expression of consistence of thought inherent in it. "Hard headedness" and a sound knowledge of the economic and political realities of Colombia and the thinking of world leaders could do little to prevent the toll taken by economic uncertainties and the negotiations relating to the nationalisation of foreign firms. Scarcely a year after taking office again in 1942 a public scandal concerning the involvement of Alfonso López Michelsen (son of President López) in questionable dealings with foreign firms and the alleged responsibility of high officials in the assassination of Francisco Pérez ("Mamatoco") a popular boxer also known for his publishing of a small newspaper called Voz del Pueblo,⁽¹⁹⁾ effectively brought to an end the hopes of gaining significant economic concessions and led to disarray in the ranks of politicians capable of wise foreign policy decisions. With the benefit of hindsight and the

support of analyses of the relationship between the Colombian Executive and the Legislature it is reasonable to suggest that Dr López's programmes regarding social questions and international relations could have been saved had such a relationship improved to cope with the demands imposed on both sides by the international upheavals of the period. While it is legitimate to suggest that in Colombia the Executive power displays a degree of greater continuity than is generally accepted in ideological as well as in pragmatic approaches to official questions, it is also true to say that it is owing to the prevailing concept of the rôle of Congress that the former has continuously enjoyed the questionable freedom of action bestowed on it by the latter. As will be seen later, the virtues and shortcomings of the Colombian Executive already characteristic of it during the 2nd World War period, had endured the rapid process of expansion called for by the demands of modernisation.

Unlike the Executive, the large "turn-over" in the membership of Congress has traditionally precluded the pursuit of consistent goals in the two chambers with consequent detrimental effects on the political processes of the country.⁽²⁰⁾ Whether such a lack of continuity in the membership of Congress primarily obeys the belief that it is there to serve as a platform for political campaigns rather than for the making of laws,⁽²¹⁾ or whether it is a result of competition over temporary financial relief for members and their constituencies, cannot be decided here. What can be stated, however, is that this phenomenon considerably weakens the Congress' capacity to take positive initiatives in the various fields in which it ought to intervene. The degree of detachment of the members of Congress from Colombian economic and political realities is epitomised, for example, in the decision to allow President Ospina Pérez in 1948 to govern by Executive Decree on matters of crucial importance, while Congress ignored "the financial difficulties of the country at large, and passed a law raising their own wages."⁽²²⁾ One of the distinguishing features of the Colombian Congress has been its tendency to oppose initiatives launched by the Executive⁽²³⁾ which, although difficult to quantify, has undermined the confidence of the electorate, and in more recent years, has moved prominent Congressmen to question its purpose.⁽²⁴⁾ Not surprisingly a good deal of the President's time has to be dedicated to finding the

political formulae that will elicit Congressional approval for matters connected with internal politics, as much as those connected with foreign policy.⁽²⁵⁾ Under these circumstances it is reasonable to suggest that the Executive's conspicuous tendency to declare a state of siege is but one of the by-products of the exercise of negative Congressional powers.

III. Partisan relay in a changing world.

Following the internal upheavals in the Liberal Party during Dr Alfonso López's second term of office which culminated in the appointment of Alberto Lleras Camargo to the Presidency for the final year of the term, the Colombian leadership found itself having to prepare its responses to the international proposals for post-war recovery. Despite its awareness of the importance that international negotiations would have for all countries concerned, the Colombian leadership succumbed to the political and economic pressures brought to bear on it by the fragmentation of the Liberal Party and the rapid increase in the cost of living following the 1946 drought, and was thus enabled to present a cohesive stance.

Although "the main Governmental posts" had been apportioned equally "between Conservatives and Liberals" by the new Conservative administration led by Dr Mariano Ospina Pérez,⁽²⁶⁾ a gradual decrease in the importance accorded to the diplomatic apparatus was soon apparent. Neither the salaries of the employees of the Ministry of Foreign Relations nor the Ministry's budget were adjusted to match inflation with the result that by 1949 the organisation of the Ministry was left to the attention of a small group of bureaucrats who chose to remain for "vocational" rather than for "professional" reasons.⁽²⁷⁾

While this new crisis in Colombia's diplomatic service was still only beginning, correspondence between the U.S. State Department and the British Foreign Office regarding the rôle assigned to each country in the post-war economic recovery, was already being exchanged. Anglo-American co-operation in the Western Hemisphere, as perceived by a Joint Staff Mission, was then the formula advocated by the State Department because it would be a dangerous situation for the U.S. to be too preponderant a shareholder in the economic life and development of

Latin America.⁽²⁸⁾ Conceding that "the resumption, and indeed the expansion of our trade with Latin America, particularly in capital goods must play an important part in the restoration of our financial and economic position",⁽²⁹⁾ British Prime Minister Winston Churchill believed that the U.S. proposals should be discouraged in such a way that "the disadvantages of the proposals should be revealed to them by a process of gradual discovery, rather than by active discouragement on our part."⁽³⁰⁾

Faced with Britain's reluctance to participate in post-war negotiations for the future of Western Hemispheric relations, U.S. officials were thus obliged to find solutions for regional problems, remembering that the overt colonial imperialism of past years was "too expensive and too contrary to U.S. ideals and cultural values."⁽³¹⁾ The high stakes involved in any outcome of continental post-war recovery plans did not escape the attention of the relatively few Colombian individuals with enough knowledge of and interest in every initiative taken at continental level, who did not hesitate to close ranks with their other Latin American colleagues. Realising that the future of Europe was of crucial importance to U.S. security, and that in consequence any plan to improve the Latin American economies through the beneficial results of U.S. aid to Europe would not necessarily be in Latin America's best interests, Latin Americans stated their position by accepting that "of course reconstruction is urgent, but is development less urgent when the peoples who seek it live as miserably as most of those who clamour for reconstruction?"⁽³²⁾ In the event, U.S. policy makers moved either by their belief that since no Latin American country would be an adequate bridge head for an extra-continental army threatening their security, or by the dominant belief in their ranks that reconstruction was cheaper and perhaps easier than development, opted for leaving the pursuit of continental economic solutions to the private sector.⁽³³⁾

Without rejecting U.S. Proposals presented during the sessions of the Economic and Social Council of the U.N., meeting in London on February 11th 1946, to study amongst other international issues trade and employment, Dr Carlos Lleras Restrepo, Colombia's representative, spearheaded the Latin American cause by offering his analysis of the

current trends in these fields in the U.S. "The present tendency of the Government of the United States of America modifies very materially the policy of excessive protectionism which that country practised for so long, and which contributed so much to bring about, and to aggravate, the last crisis. The whole world should welcome this modification. Easy access to a market with a capacity of consumption which is without parallel in history will not fail to exercise a profound influence on every aspect of economic life. But when initiating this policy, not all countries have the same point of departure. Nor can the objectives pursued by this policy be fulfilled in the same way for all. The apparent equality of the procedure can involve the most tremendous and unjust inequalities. Free trade means free competition. And free competition implies the elimination of those who find themselves in less favourable conditions. I do not believe that anybody seriously thinks that this development can be pushed to its ultimate consequences, until, after painful and vast upheavals, we arrive at a distribution of international labour as conceived by the early classical writers." (34)

Although this statement did not have any immediate impact on the policies of Britain or the U.S., it nevertheless set a precedent which would influence the thinking of Latin American representatives in subsequent international gatherings. In addition, it served to maintain the Colombian government's concern for the plight of weaker nations evident again at the 1947 Havana Conference of the International Trade Organisation when "Colombia appeared as the spokesman of those smaller nations bent on the protection of their nascent industries." (35)

As if to exemplify the vigour of the group of Colombian representatives in the various international organisations despite the absence, already noted, of an adequate supporting team in Bogotá, a proposal involving "the investment of foreign capital in Latin America on a private basis and, more especially, with the formation, at U.S. expense, of a vast development fund on which Latin America might draw", was put forward to the Inter-American Social and Economic Council at the August 1947 Inter-American Conference for the maintenance of peace and security held in Rio de Janeiro. (36)

All Colombian hopes of a speedy economic assistance programme for Latin America were finally deflated during

the Ninth Inter-American Conference held in Bogotá in April 1948; General Marshall's remarks took the form of 'a blunt carpet-lecture, from which it was clear that Latin America was not to be considered for direct benefits under the Marshall Plan.'⁽³⁷⁾ The anti-communist resolution (No.XXXII) of the same conference put an end to any Colombian hopes of finding an alternative for the country's commercial exchange when, as a result of the belief that members of the Soviet Legation had been stirring up labour unrest during previous years, the Conservative administration finally severed relations with the U.S.S.R. in 1948.⁽³⁸⁾

For the time being, the practical results that might have come from the ideas championed by Colombian representatives regarding an increased share for Latin America as a whole in international economic activities had to be postponed until a more favourable ideological climate developed especially in the U.S. The signature of a Grand Colombian Treaty of Customs and Commerce at Quito on August 9th 1948, however, became a symbol of Colombia's pursuit of a more favourable commercial and political environment. The appointment as Colombian delegate to the U.N. of Dr Roberto Urdaneta Arbeláez, a distinguished Conservative lawyer "largely employed by U.S. oil companies",⁽³⁹⁾ who had played a prominent rôle as a diplomat during the Leticia conflict fifteen years earlier, following the resignation of Dr Alfonso López was Colombia's favourable response to the new international ideological order being created under U.S. Leadership.

With the Colombian government's endorsement of the sentiments of the anti-Communist resolution, relations with the U.S. were set on a new footing where the only irritant between the two countries would come from the persecution of U.S. nationals working as missionaries in Colombia. The sharp increase in violence which followed the assassination on April 9th 1948 of Liberal leader Jorge Eliecer Gaitán, coupled with the effects of the current international anti-Communist thrust, made many Colombian reactionary leaders, especially in rural areas, wary of strangers and, above all, of those willing to exchange ideas with their Liberal opponents.⁽⁴⁰⁾ Widespread U.S. concern over the plight of their missionaries widely diffused in the U.S. press for sometime, preoccupied the Colombian Ministry of Foreign Relations. Such preoccupation,

however, did not prevent the positive response of the Colombian government to the U.S. call for the strengthening of hemispheric defences which would include the sending of an infantry battalion to Korea under the U.N. flag.⁽⁴¹⁾

The emergence in Colombia of staunchly anti-communist governments during the late 1940's and most of the 1950's, attributed by some as the direct result of U.S. policies designed to emasculate Latin American industrial potential,⁽⁴²⁾ marks the end of the thinly disguised anti-U.S. stance of large sectors of the Conservative party which had influenced Colombo-U.S. relations since the beginning of the century.

IV. The drive for economic integration.

Threatened by the possible outcome of the long spell of violence as well as by changes taking place within the army which, until 1953, had not manifested any overt political ambitions, the leaders of both the Conservative and Liberal parties took joint steps to forestall any further political instability by agreeing on the rigorous sharing of bureaucratic spoils and the alternation in the Presidency. Besides the rationalisation in power sharing, the Colombian leadership began the process of modernisation of the country's bureaucratic apparatus as soon as Dr Alberto Lleras Camargo took office as the first President under the Frente Nacional in 1958.⁽⁴³⁾ The new Colombian administrative arrangements coincided with the new wave of continental political and economic expectations aroused by the success of Fidel Castro's movement in Cuba, and the concomitant realisation of the U.S. that such expectations threatened their interests throughout the continent.

President John F. Kennedy perceived that ignoring the "'moral'", "'economic'", and "'political obligations'" of the U.S. towards Latin America would result in disaster, and, in the long term prove "'more expensive. For widespread poverty and chaos would lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own (i.e. U.S.) security would be endangered and our prosperity imperilled.'" ⁽⁴⁴⁾ The cumulative effects of chronic economic problems and the prolonged and severe outbursts of violence "'combined'" in the

words of a U.S. Senate Committee on Foreign Relations report "in a high degree (in Colombia) the opportunities and challenges - both economic and political - which the Alliance was designed to meet."⁽⁴⁵⁾

The Alliance for Progress as the new U.S. initiative became known, merged, in effect, old Latin American desires to add U.S. finances to the investments of private U.S. entrepreneurs with the desire to forestall political and social instability by attacking these at source.

In retrospect, however, it is apparent that while U.S. security has continued to be loosely connected with Latin American social and political instability, the latter's advances or otherwise do not show the positive effects hoped for by the planners of the Alliance for Progress. Such a merger was precisely what Dr Lleras Restrepo had envisaged soon after the end of the 2nd World War, and what the U.N. through E.C.L.A. (U.N. Economic Commission for Latin America) had also advocated since 1948. Despite the lack of tangible results accruing from E.C.L.A. it should be stressed that its most valuable contribution towards Latin American development was that of serving as a centre for the diffusion of ideas amongst Latin American planners and politicians, as well as keeping alive their hopes for a more just distribution of the benefits from international trade.⁽⁴⁶⁾

As one of the most fervent advocates of change in the economic performance of the Latin American countries in general and Colombia in particular, Dr Lleras Restrepo committed his outstanding talent and energy to the achievement of such a goal through the promotion of regional integration, which was already one of the ideals of the Alliance for Progress. Aware of the compatibility between Latin American and U.S. thinking over the advantages of promoting economies of scale through integration, Dr Lleras Restrepo launched an energetic campaign to adapt Colombia's diplomatic apparatus to the changes taking place at an international level, with the blessing of the U.S. Soon after becoming President in 1966, he let it be known in Congress that if Colombia was to benefit from the growing "interdependency" amongst nations, the Colombian government would have to adopt more active rôles in areas where it had not acted before.⁽⁴⁷⁾ Readiness to improve the knowledge of Colombia's potential throughout Latin America was, in the President's

view, the first step towards a meaningful change in the country's commercial and cultural relations at an international level. Despite the threat of internal intervention by Communist governments, a thorough study of commerce with them was, in his view, of the utmost importance if the problems stemming from Colombia's favourable trade balance were to be solved to everyone's satisfaction, and the diversification of Colombian exports was to be realised.⁽⁴⁸⁾ To avoid having to dispose of the trade surpluses in favour of Colombia through third parties, Dr Lleras Restrepo began to implement his policies by increasing commercial representation in several E. European countries.⁽⁴⁹⁾ At the same time he took steps to promote the export of products other than coffee through the encouragement of non-traditional exports. The Foreign Exchange Statute - Decree No 444 of March 1967 - introduced a series of measures notably the creation of the Export promotion fund to stimulate exports other than coffee. The Statute also strengthened existing export incentives and authorised tax concessions through the tax-credit certificate system which had replaced advantageously the concessions granted under Law 81 of 1960. Another important aspect of the exchange Statute was that it enabled President Lleras Restrepo to bring about a de-facto devaluation of the peso without causing any of the immediate political effects of an outright devaluation.⁽⁵⁰⁾

Of more importance than the increases in non-traditional exports was his decision to give the government powers to eliminate gaps in the country's industrial structure left by the spontaneous growth of import-substitution industries. The Instituto de Fomento Industrial (IFI) which had been founded in 1940 when Dr Lleras Restrepo was Finance Minister, was strengthened to enable it to fulfil the government's undertaking. The activities of the IFI were directed towards financing and capitalising industries which would help to reduce imports or increase exports, and those that would develop basic national resources, especially in the mining sector. Since Dr Lleras Restrepo's refurbishing and strengthening of the IFI the Colombian government has continued to enjoy a considerable degree of power when determining the type of industry that it regards as crucial in the overall development strategy for the country, and numerous loans of varying amount entering the country from

international organisations continue to be administered by the IFI.⁽⁵¹⁾

Like their predecessors the bureaucrats in charge of carrying out official development projects through the IFI at present continue to use the criteria imposed by Dr Lleras Restrepo and are still in the position to impress their counterparts in international lending agencies with their expertise and non-partisan interpretation of their rôle. Despite the impressive economic and political performance of Dr Lleras Restrepo and his team of experts,⁽⁵²⁾ by the end of his administration it was already apparent that, owing to the impossible task of remedying the accumulated effects of deeply rooted economic and social problems, large sections of the population still remained sceptical about the virtues of a system which did not produce relief for personal anxieties to match the overall improvements registered in official reports and statistics.⁽⁵³⁾ Amongst the most significant achievements designed to give the Executive easier access to general political consensus reached by Dr Lleras Restrepo was that of ensuring that important bills submitted for congressional approval would be sanctioned by simple majority rather than the two-thirds majority stipulated under the National Front arrangements. To secure such a constitutional reform Dr Lleras Restrepo had to engage in political bargaining with Dr Alfonso López Michelsen, leader of a powerful Liberal splinter group - the Movimiento Revolucionario Liberal (MRL) created in 1958. As a political recognition of the re-incorporation of the MRL into the mainstream of the Liberal party, Dr López Michelsen whose views on the foreign policy practised by previous administrations were uncompromisingly critical - in his view it was out of date and "'sold out to the State Department"' - was appointed Minister of Foreign Relations.⁽⁵⁴⁾

In retrospect, however, for Colombian society, in general, neither political nor economic benefits would be forthcoming from the reunification of the Liberal party. Contrary to what could have been expected, there has not been, to date, any marked upturn in public support for the Liberal party's programmes and ideals as demonstrated by the comparatively small number of votes cast in favour of Dr López Michelsen as last President under the National Front, and for Dr Julio César Turbay Ayala, the incumbent Liberal President. Liberal apathy in elections has been

surpassed only by that of the Conservative party which, in April 1970, nearly permitted the final defeat of the Frente Nacional by the vigorous campaign of the Asamblea Nacional Popular (ANAPO) led by María Eugenia Rojas de Moreno, daughter of Ex-President, General Gustavo Rojas Pinilla.⁽⁵⁵⁾

While Dr Lleras Restrepo's efforts were seen to be yielding early political fruits, it was hoped by a sizeable group of Liberals and by many other Colombians and foreign observers that such fruits would provide his government with the basis to give his integrationist projects in particular, and his 'neo-liberal'⁽⁵⁶⁾ ideals in general, the opportunity for prompt, tangible results which would guarantee their continuity beyond his term of office. The commitment of his widely recognised skills as an economist and politician had led him to formulate policies putting the ideals endorsed by the Alliance for Progress to the service of his sub-regional integration programmes while stressing that these did not constitute a threat to continental solidarity, or to the objectives expressed in the Treaty of Montevideo of 1960 where Latin-American integration had started with the formation of the Latin American Free Trade Association (LAFTA).

In view of the existing consensus amongst the governments of Bolivia, Chile, Ecuador, Peru, Venezuela and Colombia as to the economic expediency of sub-regional integration finally reached through the signature of the Declaración de Bogotá of August 16th 1966 scarcely a week after Dr Lleras Restrepo took office, the private economic sectors of each signatory country commenced exploring the compatibility of their private goals in the light of the latest official developments. Under these circumstances, only the integrationist enthusiasm of the Colombian and Chilean governments managed to overcome the hesitancy of the other governments despite the fact that by mid-1968 the Colombian private sector was keen to clarify the conditions of reciprocity likely to be offered in any subsequent arrangement. It was not until May 26th 1969 that the Pacto Subregional Andino was signed by the representatives of Bolivia, Chile, Colombia, Ecuador, and Peru, following exhaustive analyses of the successes and failures of other integrationist programmes throughout the world. The Venezuelan government had held aloof but it was hoped would join them at a later date. The Cartagena Agreement, as the instrument

of Andean integration has become known, undertook the harmonisation of economic and social policies; the liberalisation of intra-zonal trade at a faster rate than that proposed under the LAFTA arrangements; the formation of a customs union; rapid development of agricultural productivity; channelling of domestic and foreign capital to priority development projects; and the physical integration of the area's transport and communications systems.⁽⁵⁸⁾ Through these measures the signatory governments hoped to give practical expression to their medium and long term policies designed to facilitate the pooling of their resources and the co-ordination of the area's economic development; the establishment of a large economic unit to enable members to achieve greater economic progress and social welfare; the full deployment of the countries' natural resources such as mineral and agricultural products; and the promotion of intra-regional trade.⁽⁵⁹⁾

The wide scope of the policies and steps taken to implement them provoked the immediate reaction of the economic groups which stood to lose or gain as a result; at an international level trans-national corporations and potential private investors thoroughly studied ways of overcoming any detrimental effects to their interests and/or any loopholes which the Cartagena agreement might contain. At sub-regional and national levels the new bureaucrats in charge of monitoring the process of integration worked feverishly to maximise the advantages of such a propiatory start, and the managers of industrial and commercial firms braced themselves to study the best methods of maximising profits in the new competitive environment. From the Colombian viewpoint its predominantly economic motives for participation were emphasised by the Minister of Foreign Relations, Dr López Michelsen, who stated in 1970 that even if the Andean Pact were to obtain the degree of cohesion achieved by the European Economic Community, it could not be seen as a feasible way of escaping underdevelopment and poverty. The disequilibrium in Colombia's balance of trade would not be broken, according to Dr López Michelsen, by entering a market of 56 million inhabitants, with a per capita income of U.S.\$ 290, and a gross sub-regional product of U.S.\$ 124,520,000. 'Assuming that the integration process brings exceptional progress, we will not reach the U.S.\$ 4,000 million minimum annual export

figure required for 'take off'. We need to link the sub-region to the large international markets - U.S.A.; EEC; Comecom; British Commonwealth and Japan. We can only confidently expect to receive greater attention and, at the same time, to enjoy better bargaining opportunities from the new negotiating powers stemming from the agreement ... Only through dealing with the rich can one become rich."⁽⁶⁰⁾

Despite Dr López Michelsen's assurances, transnational corporations and potential foreign investors insisted that an "insuperable barrier" to their activities had been erected with the sanctioning of Decree No.24 of the Cartagena Agreement. This decision, establishing a common rule on foreign investments, was seen by the members of the Andean Group as a "reasonable, clear and stable framework, with unquestionable benefits for investors and for host countries", under which new possibilities of investment would be opened for industries that would not be able to produce economically for the existing small national markets.⁽⁶¹⁾ For their part Colombian industrialists and bankers with strong U.S. connections took early action to do away with the restrictions placed on them by Decision 24,⁽⁶²⁾ by asking the Supreme Court to reverse Colombia's membership of the Andean Pact on the grounds that it had not been ratified by Congress. The Supreme Court, however, argued that the President had acted in accordance with his position as representative of the nation and therefore his decision was valid. The opposition to the Pact, not satisfied with this, next challenged Decision 24 arguing that this modified existing national laws and so needed congressional approval to become law. This was upheld by the Supreme Court whose decision placed the Conservative government of Misael Pastrana Borrero (1970-74) in an embarrassing position as it was already committed to certain projects with other members of the Andean Group. In consequence, Dr Pastrana Borrero and his Minister of Foreign Relations Alfredo Vásquez Carrizosa seized the opportunity presented by the Venezuelan decision to join the Pact and the renewed hopes this gave to Colombian bankers and industrialists, to draw up a Bill to include the ratification of the Pact and any further decisions agreed upon by the group.⁽⁶³⁾

In addition to the misapprehensions of Colombian financiers and industrialists and their foreign counterparts stemming from the likely

consequences that Decision 24 per se could generate, the participation in the Pact of Chile's Marxist government brought to their attention considerations that went beyond purely economic worries, and put such misapprehensions in a political perspective. As if to allay such fears, Dr Alfredo Vásquez Carrizosa sustained in his report to Congress for 1973-74, that the ideological pluralism incorporated in Colombia's foreign policy should also be the guideline for inter-American developments in general.⁽⁶⁴⁾ Early protestations as to the low ideological content of the sub-regional integration project notwithstanding, U.S. analysts, when building a continental picture of economic and political developments following the nationalisation of the property of trans-national corporations in Cuba and later in Chile and the expropriations of U.S. property in Peru under the nationalist military government, did not hesitate to stress the 'anti-imperialist' overtones of the Andean Pact.⁽⁶⁵⁾

In Colombia, the industrialists who had not realised the hoped for increase in profits as a result of intra-zonal trade also began their own scrutiny of the Pact. Owing to their comparatively stronger industrial base, the Colombians like the Chileans before pulling out of the Pact in 1976, were more concerned with tariff reductions than with the implementation of industrial projects, and by 1976, the idea that few benefits would accrue to them from Andean trade was gaining credence.⁽⁶⁶⁾ Dissatisfaction with the progress of the Andean Pact was not, however, restricted to Colombian industrialists. - The limitations imposed on regional governments by Decision 24 proved incompatible with the policies of the Chilean government whose desire to accelerate the flow of capital into the country precipitated their withdrawal from the Pact. True to his belief that 'only through dealing with the rich can one become rich', during his final months as President in 1978 Dr López Michelsen praised the Chilean decision to leave in 1976.

Despite the reservations of Colombia's private and official sectors the Andean integration project still remains as one of the most cherished goals in Colombia, as well as in the other four members. Political support for sub-regional integration at the highest level is still available, largely because integration is being carried out cautiously enough to ensure that national interests are not seen to be sacrificed

to supra-national ambitions. Consequently, progress towards the securing of stronger economies in the sub-region has not been forthcoming at the rate anticipated by the founders, nor has the likelihood of poverty-generated social upheavals diminished in the sub-region. Regarding economic and political relations between the sub-region and the developed countries after a decade of integrationist efforts, "dependency has been maintained and even increased." (67)

V. Conclusions.

Without underestimating the outstanding contribution of a small group of Colombian leaders to an understanding of the rôle played by the country in an international context and the formulation of clearly defined policies towards achieving it, it is immediately apparent that only during the 1966-70 period has there been any development in this understanding since the Presidency of Dr Eduardo Santos. By 1940-41 the leadership had effectively blended the ideas regarding the way interactions between the state and individuals would effect the country's position vis-à-vis its most influential commercial and cultural partners in Europe and the U.S., as well as with its equally backward Latin American neighbours. The concept of the rôle of the state as a panacea for individual economic and cultural needs inherited by Vice-President Marroquín at the beginning of the century and modified under the guidance of financial expert, Dr Esteban Jaramillo to equip the state with elements necessary to carry out the functions ascribed to it by Conservative leaders, formally acquired under President Eduardo Santos a legal framework acceptable at an international level. Liberal participation in the blending of the paternalistic perception of the rôle of the state with the individual freedom necessary to expose Colombian society to international economic and cultural trends, was present permanently throughout the Conservative period of hegemony especially through their co-operation in the Ministry of Foreign Relations and/or diplomatic representations abroad.

The convergence of the political interests and economic aspirations of Conservative and Liberal leaders which in 1928 finally dispelled all fears of territorial disintegration through centralisation in the

handling of foreign investments, in 1940 reached a new expression through the creation of the IFI while Dr Lleras Restrepo occupied the Ministry of Finance.

The "neutral but not indifferent" formula of President Eduardo Santos, widely publicised in order to secure better relations with the Allies and to protect the country from imported social and political instability, guaranteed in practice the survival of the leadership's economic and political ambitions by demonstrating that its goals were compatible with those of Colombia's most powerful ally. With the Liberal pledge to support U.S. economic and political interests, coupled with their understanding of the limitations and advantages which this would impose, Dr Lleras Restrepo, during his Presidency, sought to extend a step further the ability of the Colombian private sector to follow U.S. directions in international commercial and cultural exchanges.

Decree 444 of 1967, designed to promote the diversification of commerce as well as to expand commercial contracts, coupled with the pledge to enable the private sector to improve its industrial and commercial capacity through the refurbishing of the IFI, gave the Colombian leadership the necessary strength to serve as the guiding force in the new integrationist sub-regional project. Despite the political momentum gathering force at a sub-regional level which culminated in the adoption of policies formulated in Colombia to cope with parallel problems, the Colombian government failed to become the leader of the Andean group⁽⁶⁸⁾ owing to the pressures for short term economic gains exerted by the private sector.

Colombian failure to assert its leadership in the sub-region however, stems more from both the adoption in other member countries of economic measures such as Decision 24, which in Colombia should have fulfilled the explicit function of directing foreign investments to areas selected by planners, and the implicit political decision to prevent the strengthening of the departments along lines coinciding with separatist movements which had threatened territorial unity until 1928. At the same time the education programmes geared towards the inculcation of nationalist ideals added to the inflexibility imposed on educational authorities by budgetary constraints, have thus far prevented, to any

significant degree, the identification of Colombians with other members of the sub-region. Furthermore the heavy Colombian migration to all the Andean Pact countries, especially to Venezuela, has similarly enhanced anti-Colombian sentiments in such countries as numerous Colombians compete with the respective nationals for employment and services.

Since Dr Lleras Restrepo's intensification of Colombia's participation in international affairs, the Colombian leadership has proved unable to ensure that the practical benefits stemming from the stimulus given to the private sector by the State has produced the social improvements implicit in this approach. Although as exemplified by the developmentalists' conceit contained in frequent references to Colombia's underused borrowing abilities⁽⁶⁹⁾ and the frequent allusions to the restrictions imposed on foreign investors, the Colombian leadership has thus far been unable to formulate new concepts to correct the imbalances threatening internal stability which continue to erode the gains in Colombia's power to determine the economic and social future of the sub-region.

Decree 444, as the embodiment of Dr Lleras Restrepo's developmentalist thinking and Decision 24, as the expression of his economic nationalism did not prevent the harmonious development of relations between Colombia and the U.S. during his Presidency despite the IMF's early opposition to his economic programmes. Besides, Dr Lleras Restrepo took effective steps to ensure the slowing down of the birth rate, which was in fact Colombia's contribution towards the decrease in the likelihood of urban unrest resulting from rapid urbanisation. Urban unrest was, for sometime, in the opinion of U.S. experts one of the reasons to regard the developing countries as constituting the principal threat to world peace for "without jobs, homes or food, in city after city the newcomers become a turbulent, uprooted and increasingly desperate mass."⁽⁷⁰⁾

By the time Dr Misael Pastrana Borrero took office in 1970, the preparations of Colombian industrialists concerning their needs for foreign investments to make up for their inadequate accumulation rate contributed to the satisfactory understanding between the U.S. and Colombian governments which allowed the signing of the Treaty giving

Colombia full sovereignty over the islets of Quitasueño, Roncador and Serrano in the San Andrés archipelago.⁽⁷¹⁾ From the Colombian viewpoint such a Treaty allowed foreign policymakers to demonstrate that the period when maritime affairs was their most obvious blind spot had come to an end. In addition, the designation of Greenwich meridian 82°W, as the limit between Colombia and Nicaragua would forestall Nicaraguan claims to the sovereignty of the Islets once the Sandinista movement came to power,⁽⁷²⁾ and would contribute towards the definition of the territories over which the Colombian government exercises control.

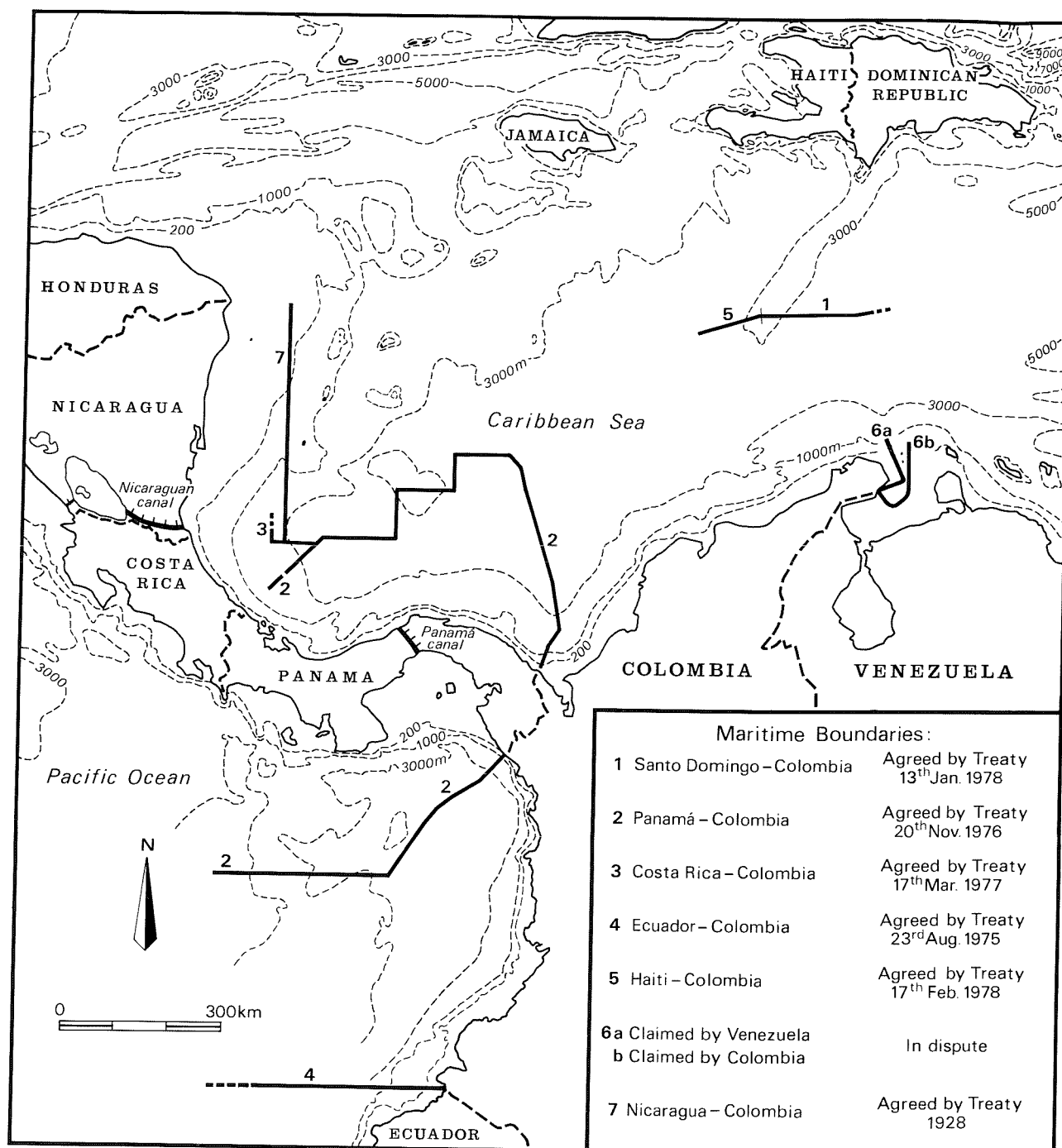
CHAPTER VI - Footnotes

1. Mem Rel 1966-1967, Tomo II p.5 FF.
2. Snow to Eden. Aug 25th 1943, Despatch No 145, FO 371-33796.
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Map III

Colombia - Selected Maritime Boundaries (an on alternative
Nicaraguan Inter-Oceanic Canal site)

Sources: Mem Rel. 1974-76 pp.26-37; Mem Rel 1977-78 pp.26-27;
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CHAPTER VII Regional integration: Policy from above. Pressure from below.

I. Introduction.

The economic and social circumstances which compelled the Colombian Liberal leadership to harness its diplomatic apparatus to that of the U.S. following the acceptance by regional leaders in 1928 of the authority of the Central government in Bogotá, and the increase in economic and cultural activities between the two countries during the 1930's, laid the foundations for future relations between Colombia and its immediate neighbours. While the political ideals that would guide Colombian leaders towards external security and internal social stability and economic prosperity were inherent in the terms under which relations with the U.S. were to be conducted in the post-Second World War period, such goals, as will be seen below, would not be exclusively determined by the directives implicit in those terms. The effect of forces beyond the control of U.S. policy makers and too strong for the command of Colombian planners and their counterparts at regional and sub-regional levels once the integration process began, would continue to give a characteristic form to the relations between Colombia and its neighbours. Under these circumstances the rôle of the leadership has gradually but relentlessly been transformed into one where its main function is that of endorsing the changes taking place rather than inducing them.

The nature of the changes in Colombia's international stances, despite the leadership's shortcomings, have not precluded the continuation of certain of its favoured policies, as very often the leadership's interests coincide with those of the masses producing these changes. In consequence, these developments constitute another element in the evaluation of the leadership's performance in the execution of its medium and long term goals. At the same time they help to determine the degree of independence, or otherwise, available to the leadership when dealing with issues which escape the attention of likeminded policy makers in the Western Hemisphere and elsewhere.

Impelled by forces only partly controlled by the Colombian leadership, the ideal of integration inherited from the political founders of the country, has come nearer attainment. Only partly was

this the result of political and economic forces set in motion by U.S. policy makers during the war period and revived under the Alliance for Progress. Conversely, the old vision of furnishing the country with the cultural and economic advantages from the proceeds of contacts with Europe through an Amazonian outlet, as envisaged by the Catholic Church even before political independence was obtained, has receded to a secondary place in the scale of foreign policy related priorities.

II. Towards the formulation of policies with Venezuela.

Consistent with their long established golden rule of pursuing the demarcation of frontiers exclusively through the application of the 'Uti possidetis juris' doctrine,⁽¹⁾ during the 1930's Colombian diplomats intensified their efforts to bring the process of border demarcation to an end worthy of the means used to achieve it, by approaching Venezuelan President Eleázar López Contreras with such a view in mind. Following the settlement of the border conflict with Peru through the implementation of the League of Nations recommendations of March 18th 1933, and the various agreements normalising relations mainly through the personal friendship of Dr Alfonso López and General Oscar Benavides,⁽²⁾ copious diplomatic exchanges designed to heal the old rift between Colombia and Venezuela and to establish economic and political control in the border region occurred.⁽³⁾ As will be seen, the signature of the Treaty regarding demarcation of frontiers and navigation of common rivers of April 5th 1941,⁽⁴⁾ swiftly ratified by the Colombian Congress and registered in the Pan American Union, was not as the Colombian leadership had hoped, the final settlement with Venezuela, nor was it the closing diplomatic stroke in the search for frontier lines.

In view of the crucial importance that the formal agreement would have for the future relations between the two countries and between them and third parties, some attention should be focussed on the social and economic antecedents which caused the rift between the two leaderships to last for several decades. As noted in Chapter Five, the Colombian government headed by Dr Alfonso López was engaged in the search for a formula allowing it to boost agricultural production in order to bring food to the rapidly expanding urban centres, and to

provide raw materials for some of the incipient industries. Although the Venezuelan government under General López Contreras was urgently seeking similar solutions for similar problems, the sharp increase in oil revenues allowed him to launch a two-pronged campaign to boost coffee production and to create employment for the urban migrants.⁽⁵⁾ President López Contreras' wages policy however, prevented the expansion of coffee production as coffee growers were not in a strong enough position to compete for a labour force with the urban employers. Thus were created conditions for the emergence of an agricultural sector whose importance to the overall economic performance of the country became secondary when compared with other Latin American agricultural sectors.⁽⁶⁾ Of mutual interest to the fiscal authorities in both Venezuela and Colombia during the 1930's was the growing volume of legal and illegal transactions involving cattle and agricultural products in their border regions. As an acknowledgement of the need for co-operation between the two governments in order to boost customs receipts, a further agreement to stamp out contraband was reached between their representatives in 1938.⁽⁷⁾ Co-operation between the two governments had been made difficult before this, in part because the economic exchanges between the nationals of both countries had sporadically escaped the control of border authorities, but especially because of the inclination of both governments to expand their influence on the other's territory.

As seen from Colombia, the ideological rivalries between the authorities in Caracas and Bogotá had brought both countries to the brink of war at the beginning of the century. The granting of belligerent status by President Cipriano Castro of Venezuela to the Liberal forces of General Uribe Uribe who, in 1901, was waging war on the Conservative government of Vice-President Marroquín, produced strong reactions from the Colombian authorities who proceeded to decree the rupture of diplomatic relations between the two countries.⁽⁸⁾ The time which elapsed between the date when news of President Cipriano Castro's decision was reached in Bogotá and the Decree severing relations is, to some extent, explained by the military weaknesses of the Colombian government, but it was also the result of the divisions amongst Conservative leaders. The division in Colombia between the Ministry of Foreign

Relations and the Ministry of War regarding the choice of approach to deal with differences between the Colombian and Venezuelan governments was also evident in the latter where Minister of Foreign Relations, Dr Blanco continued to resist President Castro's attempts to implement a military solution.⁽⁹⁾ As seen by newly appointed U.S. Ambassador to Caracas, Herbert W. Bowen, the truth about the impasse existing between the two countries was "that Castro was bent on supplying the rebels in Colombia with arms so that they might overturn their government, and that he dreamed of making a great republic of Venezuela, Colombia and Bolivia, with himself as President. South American dreams, I concluded, were a little bigger than any other kind are, and the stuff they were made of was egotism."⁽¹⁰⁾

Important as the personal ambitions of both leaderships might have been, these were not as important as the fact that they were but a political by-product of long cherished integrationist ideals, and the legacy of Bolivarian thought. In view of the intensity of sentiments existing in Bogotá and Caracas, it is worth considering whether either government would have attempted imposing the re-integration of the two countries had it not been for restraints imposed on both Ministers of Foreign Relations by the possibility of external involvements. To illustrate the momentum which the idea of integration by extra-political means had gathered at the beginning of the century, the attempt to invade Riohacha (Colombia) by three Venezuelan warships in October 1901 can be cited. Weakened by the Thousand Days War then in progress, and by their country's notorious neglect of maritime affairs, the Colombian forces were spared from a conclusive defeat by the timely intervention of a French cruiser visiting the area to protect French interests - the Commander demanded a halt to the hostilities on learning that no state of war existed between Colombia and Venezuela.⁽¹¹⁾ Although it seems unlikely that the Venezuelan army could have restored Gran Colombia by military means owing to the topographical obstacles that any invading army would encounter in Colombia this episode highlights the political will to reassemble Gran Colombia even under a régime which considered itself Liberal. Furthermore, this episode is worthy of emphasis as it effectively marks the end of territorial expansionism in the region

which had been spurred on by predominately ideological factors. Despite this, it should be observed that the political homogeneity of the two countries has sporadically been sought by both governments through extending aid to like-minded partisans in the other country, in their attempts to regain control of government.

In 1902 such a trend became apparent when Venezuelan territory was invaded by "2,200 revolutionaries, including Venezuelan exiles and Colombians who began their march from Colombia". To prevent the escalation of the conflict, to quash Venezuelan allegations concerning Colombian official involvement as well as to conceal the weaknesses of the authorities in Bogotá, the Minister of Foreign Relations Dr Felipe Paúl denied Colombian involvement by asserting that unless the Colombian government was wanting in common sense, it could hardly embark in warlike adventures against its neighbours before having pacified its own country, neglecting its first constitutional duty of re-establishing order in all parts of the national territory.⁽¹²⁾ Although diplomatic relations between the two countries were normalised on April 30th 1904, in 1911 the two governments again tried hard to diffuse the tension created by rumours that Cipriano Castro, now deposed, was in Colombian territory gathering forces to overthrow Juan Vicente Gómez. Despite diplomatic exchanges at the highest level on the occasion of Venezuela's centenary celebrations, the British Minister in Bogotá, Mr Douglas Young, reported that relations between the two countries had been cordial "in appearance".⁽¹³⁾ Colombian Ex-President Ramón González Valencia and an entire body of cadets from the military school were sent to represent Colombia at the celebrations emphasising that in the view of the Colombian government a first priority was the need to ensure free passage of its North-eastern commerce through Venezuelan rivers, which, until then had been sporadically disrupted by the Venezuelan authorities.

Continued opposition in Venezuela to General Juan Vicente Gómez's régime however, would modify, during much of his mandate, the cordiality of relations between the two governments as his enemies frequently used Colombian territory as a launching base for unsuccessful assaults, and as a refuge after their defeat. A sudden worsening of relations was widely reported in the Venezuelan press in late 1920 as the Colombian

authorities had in their opinion again failed to prevent hostile actions of Venezuelan insurgents. Anxious to secure freedom of commerce through the Orinoco river, the Colombian authorities then interned numerous persons in the border region as a goodwill gesture.⁽¹⁴⁾

Aware of the increasing importance that commerce through Venezuelan rivers and Lake Maracaibo had for N.E. Colombia a further step designed to boost economic exchanges between the two countries, as well as to serve as a symbol of lasting friendship, was taken in 1925. This was the result of the unflagging efforts of the Colombian Legation headed by Dr Raimundo Rivas who campaigned for the construction of an international bridge linking two towns on either side of the border.

Owing to the widespread unpopularity of Venezuelan President, Juan Vicente Gómez (1908-1935), more border incidents would threaten the peace between Colombia and Venezuela before his régime came to an end. As time went on however, the Colombian authorities stepped up their efforts to match with deeds the solidarity announced from Bogotá with monotonous regularity. Following an armed clash between Venezuelan insurgents and Venezuelan troops in 1931, Colombian officials earnestly attempted to capture the rebels despite the death of a Colombian citizen and the discovery that the clash had taken place in Colombian territory.⁽¹⁶⁾ In view of the gravity of the situation, it is not surprising that both governments began looking for a formula to ensure that incidents of the kind described, and those produced by the lack of a clearly defined borderline in some areas, would be dealt with without the threat of war. Such a formula was finally agreed upon with the signature of the Treaty of Non-Aggression, Conciliation, Arbitration and Judicial Settlement on December 17th 1939. Article II of this Treaty states that "The two high contracting parties undertake, in conformity with the stipulations contained in this Treaty, to submit to the methods of peaceful settlement laid down herein all disputes, of whatever nature or deriving from whatever cause which may arise between them and which it has not been possible to solve amicably by ordinary diplomatic methods, excepting only those which touch directly the vital interests, the independence or the territorial integrity of the contracting parties."⁽¹⁷⁾ To ensure that these terms went beyond a mere statement of intent both governments

hastened the preparations for the signature of the Treaty regarding demarcation of frontiers and navigation of common rivers of 1941 mentioned above. The significance attached by both governments to the signature of this Treaty can be deduced as much from the fact that both Presidents attended the signing ceremony in the Villa del Rosario de Cúcuta where, in 1823, the Constitution laying the basis for the formation of 'Gran Colombia' was signed, as by President Santos' presentation to President López Contreras of the diamond studded cutlass given to Simón Bolívar by the British Legion when fighting on Colombia's side in the War of Liberation.⁽¹⁸⁾

Symbolic gestures notwithstanding, the importance of these Treaties should be stressed both for the light they shed on the two leadership's misconceptions about developments in the two nations, and their interpretation of each other's rôle in an international context. Despite the copious diplomatic exchanges between the two governments during the 1930's, by the time the above Treaties were signed, no arrangement had been reached regarding the abuses to which Colombian rural workers were submitted while working on Venezuelan farms in the border region.⁽¹⁹⁾ Since 1931 this trend had attracted the attention of Colombian officials, but it was not until 1942 that such irregularities were acknowledged through the signature of the Frontier Statute signed in Caracas on August 5th. From the Colombian viewpoint the importance of the issues to be negotiated with Venezuela can be deduced from the impressive list of names forming President Alfonso López's official party visiting Caracas between October 9th and 14th 1942. The President was accompanied by Gabriel Turbay (Minister of Foreign Relations); Nestor Pineda (Minister of Mines and Petroleum); Carlos Sanz de Santamaría (Mayor of Bogotá); General Domingo Espinal (of General Army Staff); José Vicente Combariza (Senator); Alberto Pumarejo (Deputy and former Ambassador to Venezuela); Luis Arturo Andrade (Deputy to Chamber of Representatives); Fernando López (President's son); Enrique Michelsen (Secretary of Protocol); García Peña (Director of El Tiempo, most prestigious Bogotá daily); Alberto Lleras Camargo (Director of El Liberal, owned by President López's family); Alfonso Lara Hernández (Private Secretary and ADC); Hernando Gómez Tanco (Industrialist).⁽²⁰⁾

As if to reciprocate the distinction bestowed on them by the composition of the Colombian party and to agree on the importance of the subjects to be discussed, the Venezuelan government did not fail to impress their guests and the diplomatic corps in Caracas with the lavishness of their preparations. Propitious as the negotiating circumstances seemed however, the thorny issues at stake frustrated an outcome in accordance with both parties' aspirations. On the subject of the artificial barriers (as President López regarded the high customs tariffs operated by Venezuela) no concessions were obtained by the Colombians. On the question of the resurrection of the Gran Colombian ideal and the formation of a "political and economic union of Bolivarian states" - approached rather tactlessly, in the opinion of the Venezuelans by President López in two public speeches - they saw "an endeavour by Bogotá to control Caracas,"⁽²¹⁾ and, in consequence, there was little room for satisfaction on this account. Yet a third area where agreement between the two parties was not forthcoming was the "advisability of both countries abandoning their present non-belligerent policy in favour of a joint declaration of war on the Axis." Regarding this the Venezuelans felt that owing to the vulnerability of their shipping and coastlines they could not accede to this. It was little wonder therefore that the whole visit, which in the opinion of the British Minister in Caracas, Mr Gainer was like a "Roman orgy", was, to the Colombians, an example of Venezuela's great wealth and "its inequitable distribution".⁽²²⁾

The signature of the Treaty regarding the demarcation of frontiers and navigation of common rivers of 1941, which in the opinion of Colombian experts is tantamount to the handing over of about 187 km of coast to Venezuela in the Gulf of Venezuela through the implementation of the arbitral award made by the king of Spain in 1891, in practice marks the beginning of the attempt by both countries' leaderships to rationalise the integrationist trends resulting from the complementary characteristics of the economy in the border region.⁽²³⁾ The 33 km of coast in the Gulf left to Colombia under the same Treaty however, have since then constituted a major obstacle not only to the bi-lateral integrationist efforts of the two countries but to their integration attempts at a sub-regional level. In consequence, this has become an additional factor

hindering the fulfilment of both the stated policies of the governments of the sub-region, and the integration plans endorsed at an international level by the U.N. soon after the end of the Second World War.

III. Maritime Neglect from above/integration from below.

To illustrate the Colombian leadership's long neglect of the importance of the sea both as a means of enhancing the economic progress of the country, and as a means of carrying out policies affecting the country's relations with its Latin American neighbours and, in latter years, with the large maritime powers, a further general examination of the strength of its fleet shows the permanence of such neglect. Only 2 destroyers in need of urgent repairs; 1 frigate needing routine repairs and replacements; 3 gun boats belonging to the Ministry of Finance; 1 tug "not worth repairing"; 1 transport craft in good condition; 2 river transports "upkeep and maintenance not justifiable"; 4 river gunboats, generally in good condition; 1 freight transport, out of service; 2 tankers and 1 other tug "good for another 2 years" - constituted the entire fleet at the disposal of the Navy by 1949.⁽²⁴⁾

Bearing in mind that during the Thousand Days War and 30 years later during the Leticia conflict the respective governments had received sharp reminders of the need to maintain a fleet capable of carrying out the Executive's policies, consistent neglect calls for a detailed analysis of the causes and consequences of this permanent feature in the allocation of priorities. For the purpose of the present study however, greater emphasis should be placed on the consequences that this neglect has had on Colombia's foreign relations if only because all Colombian governments since the second world war have adhered to the directives laid down in Washington regarding proliferation of arms as demonstrated by the arms control initiative launched by Colombia in 1972, and its attempt to make it a feature of Andean group policy in the Ayacucho declaration of 1975.⁽²⁵⁾ Furthermore, it is unlikely that the present government of President Turbay Ayala could alter this stance in view of the capital intensive nature of current military spending.

The most immediate effect of the secondary importance awarded by

consecutive Colombian governments to maritime related questions has, thus far, been the inability to reach a final settlement over the demarcation of the Colombo/Venezuelan frontier and the concomitant stresses in relations between the two governments; this, in turn, has prevented the formulation of a maritime policy common to the five Andean group countries. Although by 1944, the Colombian authorities were certain of having settled the border issue with Venezuela (as agreed in 1941),⁽²⁶⁾ eleven years later this belief evaporated when the Colombian Minister of Foreign Relations, Dr Juan Uribe Holguín, informed the Venezuelan Minister in Bogotá, Dr Luis Jerónimo Pietri, that his government would not raise any objection to the exercise of Venezuelan sovereignty over the islets of Los Monjes at the entrance to the Gulf of Venezuela.⁽²⁷⁾ From the strictly technical viewpoint the diplomatic notes of November 22nd 1952, provoked widely diffused controversy concerning whether the dispositions laid down by the Venezuelan and Colombian constitutions for the modification of their respective borders had been violated, since both state that the borders of each country can only be modified by Treaty.⁽²⁸⁾ More important than this technical issue as yet unresolved, is, as far as Colombian policy makers and the diplomatic apparatus is concerned, their failure to take into consideration the economic and political repercussions that such a decision would have for Colombia. In 1919, Dr Esteban Jaramillo, one of the most influential Colombian financial experts of this century, granted a contract to General Enrique Arboleda for the exploitation of guano deposits in Los Monjes.⁽²⁹⁾ This antecedent Colombian exploitation of natural resources in the region still under dispute together with the two unilateral proclamations of U.S. President Harry S. Truman of September 28th 1945 - one regarding the continental shelf which declared that the shelf and its minerals adjoining the U.S. coasts were to be subject to U.S. control, although the waters above the continental shelf were not to be affected; and the other on fisheries stating the need for fisheries conservation in waters contiguous to U.S. coasts and proposing the establishment of conservation zones regulated jointly or solely by the U.S. depending on whether nationals of other countries traditionally fished in these zones⁽³⁰⁾ - either escaped the attention of officials in the Ministry of Foreign Relations when studying the course of action to be

followed in the Venezuelan issue, or were thought to be less relevant than subsequent developments would prove.

The late arrival of Colombian policy makers and diplomats to the study of maritime related questions has permitted the continuation of the dispute with Venezuela as both governments continue to strive after any minerals to be found in the disputed area; and has, in addition, created the circumstances under which the present Nicaraguan government of the Sandinista movement attempts to re-open the question of Nicaraguan claims to sovereignty over the San Andrés and Providencia archipelago and, in particular, the cays of Roncador, Quitasueño and Serrana. Arguing that at the time of the settlement of the sovereignty issue in the archipelago between the U.S. and Colombia in 1928, the Nicaraguan government had been powerless to raise objections because of the presence of U.S. marines in its territory, the Nicaraguan Minister of Foreign Relations, Fr. Miguel de Escoto attempted to rally Latin American sympathies for his views in late December 1979.⁽³¹⁾ To prevent a repetition of the de facto occupation of Colombian territory as in 1952 when the Venezuelan government took possession of Los Monjes, the Colombian government under President Turbay Ayala moved swiftly by sending a naval task force, the air force's Mirage squadron, and 500 additional marines to reinforce the garrison on San Andrés.⁽³²⁾

In view of the experience drawn by Colombian policy makers from the de facto occupation of Los Monjes by Venezuela, and their continuous reliance on solving international conflicts through the enforcement of the letter of Treaties, it is unlikely that any Colombian government in the foreseeable future will leave questions of sovereignty to the initiative of the other governments involved. In addition, if the leadership intensifies its efforts to diffuse still further the idea that for historical reasons Colombia is a country in the process of developing its human and natural resources outwards from its interior⁽³³⁾ and is now beginning to realise the economic potential of the sea, it is reasonable to expect in future a closer monitoring of maritime problems by the authorities. The historical absence of such an idea apart, it is unlikely however, that such views will have any immediate effect either in the demarcation of fishing waters or of sea bed zones because

of the inability of the leadership to invest at the required scale, and because the delimitation of the continental shelf with Venezuela, which is the issue at the basis of the Los Monjes dispute, is but one of the factors causing tension between the two governments.

More important than the solution of the Los Monjes dispute is the need for both governments to reach a mutually agreed formula on the issue of the constant flow of migrants from Colombia to Venezuela which is but the continuation of the trend over which the Colombian government first registered its concern almost half a century ago.⁽³⁴⁾ The intensification of the migratory movement of large numbers of Colombians in search of better salaries and better standards of living in Venezuela which could have more negative effects on bi-lateral relations than the Los Monjes dispute,⁽³⁵⁾ is a clear example of the way in which, regardless of directives set by the leadership through legislation, the Colombian masses are beginning to put pressure on both countries policy makers for new legislation catering for their needs. As Colombians on reaching Venezuelan territory continue to move from "borders to farms, then sometimes to the cities constituting one of the largest human migrations in Latin American history"⁽³⁶⁾ despite official disclaimers, relations at all levels between the two countries undergo sporadic periods of tension and the Venezuelan leadership fears the de-stabilising effects of the economic, social and political pressures that the estimated one million Colombian migrants might exert on employment opportunities, public services and, in due course, on electoral results in their country. In frequent re-enactments of the border crossings between the two countries from the beginning of the century already noted, sightings of Colombian guerrillas are today widely reported as are the continuous deportations of illegal migrants and the closure of consulates in Colombia designed to curb this de-stabilising trend.⁽³⁷⁾ Reports of abuses and/or atrocities in Venezuela against Colombian migrants have been widely diffused by the mass media of both countries⁽³⁸⁾ and, while not curbing the migration to Venezuela, heighten the animosity between the two countries and stretch even further the capacity of the two leaderships to find an adequate solution to this problem. By arousing the nationalistic feelings of the Venezuelan public however, the Venezuelan press has provided its

government with ready made support for any policy changes regarding its maritime dispute with Colombia. In view of the negligible effects on Colombian migration of concerted Venezuelan attempts to occupy its extensive borderline with Colombia and Brazil by resettling 60,000 families⁽³⁹⁾ as a pre-emptive policy echoing that implemented by the military in 1952 with their occupation of Los Monjes, it is to be expected that this or any similar plan will be increasingly accompanied by the realisation of infra-structure programmes. The improvement of communications in the border region coupled with the setting up of bi-national firms to exploit the economic potential of the area such as the Zulia-Ureña sugar processing plant,⁽⁴⁰⁾ while helping both governments to extend their effective control over the region provides them simultaneously with the means to bring nearer the integrationist goals laid down in the Cartagena Agreement. Conversely it is to be expected that, in the absence of comparable pressures from migrants towards Ecuador and Peru, the road transport and all other economic projects in these border regions will continue to grow at a slower rate much to the detriment of the overall integration programmes.

Owing to the overwhelming financial strength at the disposal of the Venezuelan leadership and its desire to accelerate its industrial development, it is reasonable to suggest that measures designed to enhance this objective through the efficient use of migrant manpower will continue to take the form of carefully drawn Treaties with Colombia based on the evaluation of the economic, social and political circumstances of the two countries. In view of the inability of the Colombian leadership to create the climate conducive to the fulfilment of the economic, social and political expectations of the rapidly growing Colombian masses, its co-operation towards a solution of the intricate bi-lateral issues with Venezuela is to be anticipated. As a result of the agreement existing between the Colombian and Venezuelan leaderships regarding the urgency of preventing social and/or political instability in either country stemming from the migratory movement, the solution of the Los Monjes dispute does not have at present, and is unlikely to have in the immediate future, the potential to create friction between the two governments as was the case in 1970. At that

time President Lleras Restrepo exteriorised the tension between the two governments by stating that "Venezuela has never tried and can never try to claim that the Gulf of Venezuela is an internal sea belonging to that country exclusively." For his part, Venezuelan President Rafael Caldera replied with equal vehemence that "neither President Lleras nor anyone else dare claim that they are going to penetrate into our gulf."⁽⁴¹⁾

From the Colombian viewpoint, the best way to solve the continental platform issue with Venezuela was, at the time, to submit it to the International Court at The Hague; whereas President Caldera was adamant that it should be dealt with bi-laterally since, in his view, for historical reasons Venezuelans suspected that under the arbitration award made by the King of Spain in 1891, Colombia was given more territory on the Goajira Peninsula than it had actually claimed.⁽⁴²⁾

Of more importance than the methods used by both governments to find a satisfactory solution to the dispute thus far, has been the lack of harmony in the stance adopted by the five Andean Pact countries regarding the question of territorial waters. The two unilateral proclamations of September 28th 1945 issued by President Truman served as the basis for an international movement spearheaded by Chile, Peru and Ecuador stating their need to extend the territorial waters of each state to an unprecedented 200 mile limit.⁽⁴³⁾ While the foreign policy of Peru and Ecuador was to a large extent geared towards adapting and implementing the terms stipulated in the fisheries proclamation, and to that effect their diplomats used every available opportunity to promote the 200 mile territorial waters claim,⁽⁴⁴⁾ their Colombian counterparts were prevented from strengthening the position of the Pacific countries because of their need to avoid making any statement which would arouse Venezuelan mistrust.

Although Dr José Joaquín Caicedo Castilla, Colombian Minister of Foreign Relations during the Presidency of Alberto Lleras Camargo in a session of the Inter-American Judicial Committee, came down in favour of Colombia joining the group of countries claiming the 200 mile territorial waters as a means to promote "international economic justice", consecutive governments, in the opinion of the present Minister of Foreign

Relations, Dr Diego Uribe Vargas, chose to ignore the directives laid down in documents as important as the 'Declaration of Latin American countries on the law of the sea' signed in Lima in August 1970, and to remain unaware of the economic potential of the country's territorial waters.⁽⁴⁵⁾

The increasing number of coastal states adopting the stance on territorial waters of Chile, Peru and Ecuador immediately attracted the attention of the traditional maritime powers who saw in this trend a direct conflict with the tenets of the traditional law of the sea, and a threat to the future régime of the oceans. Moved by the need to seek a compromise position between the unilateral claims of a growing number of Latin American governments and the overt opposition of the U.S. coupled with the reasons stated above regarding the treatment of the conflict with Venezuela, Colombian policy makers opted for the acceptance of a 12 mile territorial waters limit as opposed to the traditional 3 miles, and subscribed to the idea of having Colombia claim economic rights as opposed to rights of sovereignty over an additional 188 miles.⁽⁴⁶⁾ The extension of the national territory by about one third would underline even further the inadequacy of the Colombian Navy to guarantee the country's sovereignty, and would simultaneously demand the pursuit of the settlement of issues stemming from marine related claims through multi-lateral negotiations. Furthermore, in view of the identification of problems relating to the oceans as foremost amongst a number of "'global challenges of peace'"⁽⁴⁷⁾ by the U.S. administration under President Richard Nixon, Colombian diplomats chose to seek closer collaboration with Mexico and Venezuela,⁽⁴⁸⁾ thus widening their difference of opinion with their Peruvian counterparts. Such a position was further endorsed by the opinion of naval officers who, aware of the forces that competition amongst U.S. actual and potential users of the ocean and its bed could unleash, called for restraint in view of the restricted number of marine related activities into which underdeveloped countries could enter.⁽⁴⁹⁾

In the face of the U.S.'s actual capacity to use the underdeveloped countries lack of consensus on territorial waters claims for its economic and political objectives, and its determination to adapt "'the political

imagination''' of its leaders to the vision of its scientists,⁽⁵⁰⁾ Colombian diplomats, like their counterparts throughout Latin America, had to adjust their maritime interests to the exigencies of the powers endowed with the economic, military and technological resources to dictate the pace of maritime development.

In the case of Colombia's lukewarm support for the fishing interests of Peru and Ecuador, mainly because of the comparative insignificance of its fishing grounds on the Pacific coast, Colombian diplomats did not have to apply sanctions against U.S. fishing fleets, and thus the way was left open for the settlement of the Roncador, Quitasueño and Serrana sovereignty issue by a Treaty signed on September 8th 1972 by Colombian and U.S. representatives.⁽⁵¹⁾ With this settlement Colombian diplomats have gone a step further towards defining more accurately the country's territorial waters with other Caribbean states and towards the formulation of coherent policies for the exploration and eventual exploitation of sea bed resources. In view of the dearth of marine scientists in the country and of the certainty that in the immediate and medium term future no investment either by Government or private Colombian sources is likely, the need to train a growing number of officials for the handling of proposals presented by trans-national corporations interested in sea bed resources can be anticipated as Colombia's response to the rapidly increasing international interest in maritime affairs.

Colombia's recent growing awareness of the economic potential of the sea bed brought about partly by the drop in oil production through the unprofitability of exploiting some of its existing fields, and partly by the growth in internal demand has, together with the migratory movement discussed above, produced a growing understanding between the Colombian and Venezuelan governments. Despite the expectations of Colombians officials to the effect that by 1983 the present intensive exploration programme will increase oil production and enable Colombia to become self sufficient,⁽⁵²⁾ and despite the dwindling of Venezuelan oil reserves, the migration issue will continue to determine the tone of relations between the two governments. If however, developments in the oil industry of the two countries defy predictions, the fast growth of Colombia's industrial sector will find itself striving to accommodate Venezuelan needs, thus accelerating integration objectives. Similarly,

if the need to secure an alternative supply of oil to Venezuela becomes more evident, the Colombian government is likely to continue the pursuit of integrationist policies with Ecuador and Peru as both increase their oil production, regardless of the discrepancies over the territorial waters claims.

IV. The Collapse of an Amazonian Policy?

In the same way that Colombian foreign policy makers have to adjust their stance to provide the country with its energy requirements, the provision of funds to train Colombian scientists capable of assessing the economic potential of hitherto unexploited areas requires the urgent attention of central government. The monitoring of present and future activities in such areas by Colombian nationals either carrying out their own schemes or acting as the representatives of trans-national corporations deserves similar attention if longterm foreign policy objectives are not to be altogether abandoned. Besides requiring scientific assistance on hydrocarbons and marine related matters Colombian policy makers would also benefit from the findings of scientists studying the latent wealth of the vast forest areas of the south and east where the country's frontiers are still vulnerable to encroachment by economic, political and cultural forces beyond their control. The rapidly increasing number of ties between private and official Colombian institutions in charge of promoting the country's economic and social development and the trans-national corporations which, in the opinion of many observers hold the key to such objectives by offering access to capital, technology and advanced management practices,⁽⁵³⁾ while continuing to improve the statistical performance of the economy, widen the gap between the leadership and the masses in general regarding foreign policy achievements.

Brazil's readiness to develop its massive economic resources through close co-operation with trans-national corporations which, by 1970, had already prompted President Médici to observe that the economy was doing fine but the people were not,⁽⁵⁴⁾ when analysed by some sectors in neighbouring countries is seen as the instrument of such corporations to penetrate the region and ultimately as the U.S.'s economic 'Trojan Horse'.⁽⁵⁵⁾ In Colombia, as in other South American countries, such

apprehension about Brazil's actual and potential rôle in the regional context has determined, to a large extent, the leadership's responses to Brazilian trans-national corporation proposals regarding the development of the Amazon region. In view of the as yet unquantified economic wealth that Colombia like Brazil, Peru, Polivia, Ecuador and Venezuela, possesses in its 400,000 km² of Amazon territory, and of its age old objectives of contributing to the development of an Amazon based civilisation, the leadership took steps to rationalise the eventual exploitation of the region by joining the other powers in the signature of the Amazon Pact. Such a Pact agreed upon under the initiative of the Brazilian government and signed in the Palace of Planalto on July 3rd 1978, represents, in practice, the Colombian government's intention of keeping alive the long term objective regarding Amazonian development, and to increase contacts with Brazil in view of their growing economic exchanges.

Although the Amazon Pact does not make provision for the economic integration of the region, mentioning instead "the need of each member to integrate its own Amazon region into its national territory", thus appearing to strengthen national sovereignty,⁽⁵⁶⁾ it paved the way for the economic development of the region under terms dictated by the strongest signatory. The reluctance of the Colombian masses to heed the leadership's calls to establish economically viable settlements in the Amazon region, as exemplified by its low population density of 1-2 persons/km², while contrasting sharply with their attitude towards Venezuela, pre-empts any attempt to exercise full sovereignty and raised questions about the wisdom of the Colombian government in signing this Treaty.

For the Brazilian government however, the Amazon Pact will enhance the possibilities of incorporating the region into an economic zone with its natural centre in Manaus due to the advantages accruing to it from the vast road network already under construction.⁽⁵⁷⁾ Furthermore, the combination of the interpretation of influential Brazilians of the imminent emergence of their country as a 'world power', and the open identification of Manaus in geopolitical terms as the nucleus of the Amazonian space, is likely to ensure that the Brazilian 'developmental

horse" will keep ahead of its "diplomatic cart".⁽⁵⁸⁾

Whether Colombo/Brazilian relations in the foreseeable future will continue to depend primarily on the Brazilian desire to impede the strengthening of the Andean Pact as an instrument for the containment of their influence or on the need to obtain coal and petroleum from Colombia and Venezuela for their industrialisation programmes,⁽⁵⁹⁾ is an issue which escapes the control of the two governments and of the other governments in the region. What is immediately apparent however, is that Amazonian policies notwithstanding, Brazil's acute shortage of hydrocarbons, and Colombia's need to diversify exports will strengthen economic, cultural and diplomatic exchanges between the two governments. With the discovery of an estimated 3.5 billion tonnes of high quality coal in the Guajira region conveniently situated near the Caribbean coast and the Colombian government's decision to exploit it with the help of Intercor, a subsidiary of Exxon,⁽⁶⁰⁾ thus transforming coal into its second most important hard currency earner, such exchanges between the two countries are bound to increase, provided this coincides with Intercor's marketing policies.

While Colombo/Brazilian economic, cultural and diplomatic exchanges are likely to increase in the near future on the basis of the relative complementarity of their economies, it is certain that in view of the continued importance of coffee exports and the uncertain stability of coffee prices on the world market, the two governments will be compelled to sidestep other bi-lateral issues until the pressure of their marketing needs determines a change of course.

In the face of pressing economic issues of such magnitude and the continuing reluctance of significant numbers of Colombian nationals to settle the forest areas of the south and east, the Colombian leadership has opted for continuing to rely almost solely on diplomatic activities to sustain a Colombian presence in the area. Such an attitude is tantamount to the indefinite postponement of the implementation of the long term foreign policy objective of finding an economic and cultural Amazonian outlet envisaged by many generations of Colombian leaders.

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Map IV Coffee Production in Colombia

Source: Atlas Cafetero de Colombia p.XXVIII (Bogotá, Based on 1970 Coffee Census)

CHAPTER VIII - The Economic and Political Importance of Coffee for Colombia: the Federación Nacional de Cafeteros

1. Introduction

From the list of elements determining the leadership's understanding of Colombia's international rôle during the twentieth century none, thus far, has had more importance than the farming and marketing of coffee. Although the continuous dependence on it as the means to procure the hard currency required for the modernisation and industrialisation of the country has been the subject of sporadic attacks from many members of the leadership throughout the 80 years of this century, especially since the end of the second world war, comparatively little progress has been made towards raising national earnings from the production and sales of other products to relegate coffee to a secondary place.

Based on the farming and marketing of coffee an elaborate economic, political and cultural network has been set up with contacts in all significant activities of national life, acting as the main link between the economically active sectors of Colombian society and economic, political and cultural groups worldwide. While internally such a network has constantly served as the instrument used by the leadership to give expression to its economic, political and cultural objectives, internationally it has operated as the means of maximising the economic benefits yielded by coffee consuming groups, and to determine the degree of identification of interests with other coffee producing countries to safeguard social stability at home and to contribute to the expansion of the system of market economies.

Aware that Colombian coffee commands the highest price on the world market, mainly because of the demand produced by whims in public taste, and that the entire coffee market is subject to sharp fluctuations characteristic of non-essential commodities, Colombian leaders have frequently advocated the need to adopt coffee price policies in accordance with these realities.⁽¹⁾ In consequence, Colombian representatives take an active part in all international gatherings where coffee prices are discussed. This continued interest in coffee market trends combined with the need to improve the methods of production has ensured the

formation of a nucleus of Colombian experts which, owing to the specialist rôle assigned it, has remained relatively undisturbed by the intensity of partisan struggles. As will be seen later, the intricate linkages between the sector in charge of the management of coffee related problems and the legislators and members of the Executive have determined the marked interpenetration of the goals and policies of both groups. For this reason it becomes immediately apparent that while in charge of enhancing the interests of coffee farmers and merchants, the representatives of these sectors have constantly promoted the realisation of programmes designed to satisfy the needs of sections of Colombian society not directly involved. For analogous reasons the administrators of the Colombian coffee sector frequently emphasise wealth redistribution while participating in the fixing of coffee prices and quotas at an international level.⁽²⁾ From this viewpoint it should be emphasised that, like legislators and members of the Executive, the managers of the Colombian coffee sector are often willing to give priority to political expediency at national and international levels for the sake of the degree of social stability which will guarantee it some degree of continuing strength.

The emergence of the leaders of the coffee sector as the most influential modernising force antedates the Thousand Days War and the secession of Panamá, which, as has been seen, had lasting effects on the way the Colombian leadership perceived its rôle in both an international and national context. As a direct result of their political and cultural rôle in Colombian society stemming generally from their commercial connections in Europe and the U.S., the predominantly Liberal coffee merchants not only managed to obtain a virtual stalemate at the end of the Thousand Days War, but made their co-operation indispensable for the running of Government under Conservative directives. Such an economic bridge between the two political tendencies in the leadership did, in turn, constitute a basis for the organisation of governments from which, only in exceptional circumstances, the overt political influence of the rival party has been excluded.

While before the end of the second world war the tendency to share the spoils of Executive power between the two political parties was

particularly noticeable in the allocation of diplomatic posts, since then it has been extended to all departments of the Executive, and from 1958-1974 it was transformed into a constitutional prerequisite.⁽³⁾ Although the comparatively small budgets characteristically allocated to the Ministry of Foreign Relations makes it necessary to interpret the sharing of diplomatic appointments as a symbol of co-operation between the Liberal and Conservative parties, in view of the continuation of the political circumstances which made it necessary to extend this practice throughout the entire bureaucratic apparatus, it is reasonable to suggest that despite the ending of the sharing of Executive spoils by constitutional mandate this practice will continue to be observed as it is transformed into accepted political tradition.

Despite the changes in emphasis made by the Colombian leadership, in general, regarding the rôle that earnings from customs receipts ought to play in the modernisation and industrialisation processes throughout the present century, the firm belief shared by all concerned that the state should act as the main source of solutions for economic and social ailments has provided the basis for the survival of the same leadership in positions of economic and political command.⁽⁴⁾

II. Towards the unity of the coffee sector

With the recognition by coffee consumer and producer countries of the need to defend their respective interests through the introduction of the first international coffee agreement in 1959, coffee became a subject of international politics.⁽⁵⁾ This recognition by the consumer countries that there were economic and political advantages to be gained from the greater degree of stability and purchasing power in the producer countries constituted an inducement that their governments judged it expedient not to overlook, despite their reticence to intervene in the law of supply and demand. In the U.S. however, where the coffee producers have their largest market, upward fluctuations in coffee prices sporadically provoke orchestrated protests from organised consumer groups in the wake of disruptions in the supply of coffee beans.

Although coffee is regarded in the U.S. as "an emotive subject"⁽⁶⁾ its real significance in an international context stems from the fact

that it "ranks first among agricultural commodities in world trade", is surpassed only by petroleum in primary commodity trade, and constitutes the "staff of life" and the principal means of growth for much of the developing world.⁽⁷⁾

For Colombia, as the second largest producer of coffee after Brazil, and the producer of the highest priced coffee beans on the international market, the expansion of coffee-related activities has made it necessary to develop the required administrative mechanism to secure good relations with the U.S. market, while constantly exploring new outlets to avoid the economic and political repercussions of overdependence on a single market. To cope with the exigencies of maximising profits on international coffee sales, and to exercise the greatest degree of political independence possible to mono-export countries under a system of market economies, the various Colombian governments of this century have fostered the strengthening of their links with private citizens engaged in the production and distribution of coffee beans in order to allow the formation and adaptability of such a mechanism to promote the interests of both parties.

By 1904, in the wake of the disastrous Thousand Days War and the equally serious loss of control over the isthmus of Panamá, the Conservative government of General Rafael Reyes deemed it necessary to seek the co-operation of several leaders of the Liberal party, amongst whom General Rafael Uribe Uribe was the most popular.⁽⁸⁾ His appointment as special ambassador to Argentina, Brazil and Chile⁽⁹⁾ by a Conservative President, monetary constraints apart, could have been interpreted as President Reyes' attempt at the time to preclude the rallying of the Liberal party around such a prestigious figure. Although this was no doubt an important reason for this appointment, the simultaneous appointment of a Liberal businessman, Enrique Cortés, to the Ministry of Foreign Relations, suggests that President Reyes' decision stemmed also from his awareness of the need to give his government the economic advantages of establishing realistic links with the coffee markets in Europe and the U.S. without neglecting the monitoring of developments in Brazil as the largest producer.

Following the identification of coffee as the most immediate source

of revenue for the running of government and the payment of foreign debt servicing, in 1904 the Colombian leadership attempted the formation of an institution to rationalise the use of coffee revenues - The Society of Coffee Producers. At the time however, no realistic assessment of the revenues that each interested party could expect was forthcoming, and the society had to desist from its pursuits; but, in 1906 it re-emerged sharing the objectives of the Society of Colombian Agriculturalists (SAC), whose pioneering efforts in this field dated from as far back as 1871.⁽¹⁰⁾

Whether the coffee sector's lack of assertiveness, reflected in the formation of a society for the advancement of all agricultural products, came primarily from its desire to leave open the possibility of expanding its influence in the export of other agricultural commodities, or if it was the result of the lack of consensus amongst the Colombian leadership as a whole as to the way the revenues should be used, is a question still open to speculation. What is of undeniable importance for an understanding of the emergence of an economically and intellectually coherent group which, in subsequent decades, would become the basis of a determined, if chequered, modernising and industrialising process, is that it preceded the initial steps taken by lawyers to defend their own financial interests through their participation in the elaboration of the country's laws.⁽¹¹⁾ With the growth in importance of lawyers in the day to day running of the government and the diffusion of their conception of the rôle the state ought to play in the economic and political development of society, the leaders of the agricultural exporting sector were obliged to undergo a process of adjustment which would bring them to an eventual acceptance of the lawyers political leadership.

It is not possible to argue that the creation of the SAC to enhance the economic interests of agriculturalists, and the subsequent economic posture adopted by lawyers, marked the beginning of a division within the leadership along class lines. Such events do indicate that the process of the expansion of forces without an economic basis was gathering momentum. This explains the apprehension voiced in U.S. official circles during the negotiations leading up to the

TABLE 8-1

THE CHIEF EXPORTS OF COLOMBIA (%) FROM 1905 to 1975 (71 YEARS).

%										
YEARS	COTTON	SUGAR	BANANAS	COFFEE	LEATHER	GOLD	PETRO -LEUM	TOBACCO	OTHERS	TOTAL
1905	-	-	-	39,16	6,17	13,74	-	3,28	37,65	100,00
1906	0,13	-	3,35	42,08	8,64	20,55	-	4,60	20,65	100,00
1907	0,29	-	4,70	35,59	7,67	19,51	-	3,46	28,78	100,00
1908	0,01	-	5,22	37,56	8,24	26,26	-	2,40	20,31	100,00
1909	0,17	-	7,75	40,10	9,68	17,74	-	2,71	21,85	100,00
1910	-	1,04	9,38	31,02	10,40	18,94	-	2,12	27,10	100,00
1911	-	0,55	9,71	42,34	7,95	16,77	-	1,49	21,19	100,00
1912	-	-	6,20	52,07	8,26	20,59	-	1,37	11,51	100,00
1913	-	-	8,92	53,53	9,27	11,98	-	2,68	13,62	100,00
1914	-	-	9,16	49,33	8,29	14,55	-	1,20	17,47	100,00
1915	-	0,31	6,32	51,45	11,65	17,27	-	1,06	11,94	100,00
1916	0,01	0,59	4,37	53,70	11,13	14,80	-	1,04	14,36	100,00
1917	0,43	1,07	7,34	42,76	16,78	12,50	-	1,66	17,46	100,00
1918	-	0,49	6,51	55,21	7,98	6,74	-	2,68	20,39	100,00
1919	-	0,02	2,80	68,72	10,88	0,35	-	2,16	15,07	100,00
1920	-	-	-	51,15	-	-	-	-	48,85	100,00
1921	-	-	5,77	66,54	-	-	-	-	27,69	100,00
1922	0,24	0,30	6,77	68,82	4,69	10,00	-	0,45	8,73	100,00
1923	0,01	-	6,15	74,84	4,39	7,04	-	0,37	7,20	100,00
1924	0,03	-	5,18	79,84	3,37	2,23	-	0,32	9,03	100,00
1925	-	-	6,56	78,43	3,80	1,90	-	0,36	8,95	100,00
1926	-	-	4,75	76,88	2,37	1,36	8,45	0,30	5,89	100,00
1927	0,09	-	5,02	65,06	2,91	1,26	20,50	0,40	4,76	100,00
1928	0,04	-	6,46	65,99	2,71	0,83	19,32	0,15	4,50	100,00
1929	-	-	6,98	60,60	3,04	3,34	21,29	0,18	4,57	100,00
1930	-	-	7,72	54,42	3,08	8,00	23,21	0,17	3,40	100,00
1931	-	-	4,97	56,50	1,71	6,05	16,24	0,21	14,32	100,00
1932	-	-	8,56	61,07	1,20	1,13	23,26	0,11	4,67	100,00
1933	-	-	6,69	67,14	1,98	7,91	13,52	0,14	2,62	100,00

YEARS	COTTON	SUGAR	BANANAS	COFFEE	LEATHER	GOLD	PETRO -LEUM	TOBACCO	OTHERS	TOTAL
1934	-	0,05	4,02	54,12	1,88	18,71	18,48	0,17	2,57	100,00
1935	-	-	6,26	55,48	1,88	13,44	20,38	0,28	2,28	100,00
1936	-	-	5,21	58,36	2,22	13,19	17,93	0,16	2,93	100,00
1937	-	-	3,79	53,91	2,73	17,38	19,05	0,22	2,92	100,00
1938	-	-	5,44	54,38	2,37	11,51	22,79	0,63	2,88	100,00
1939	-	-	4,90	49,20	2,66	22,92	18,06	0,49	1,77	100,00
1940	-	-	3,34	44,10	0,88	24,92	23,78	0,19	2,79	100,00
1941	-	-	1,66	47,28	0,87	24,18	23,01	-	3,00	100,00
1942	-	-	0,15	75,40	0,34	10,93	7,40	-	5,78	100,00
1943	-	0,45	-	80,55	1,22	0,08	9,15	-	8,55	100,00
1944	-	0,21	0,22	72,50	1,27	0,07	16,42	-	9,31	100,00
1945	-	-	0,79	74,41	0,94	-	15,82	0,10	7,94	100,00
1946	-	-	1,11	77,86	1,19	0,16	11,85	0,72	7,11	100,00
1947	-	-	1,63	71,11	1,47	7,92	13,51	0,68	3,68	100,00
1948	-	-	1,90	73,44	1,10	6,53	14,14	0,48	2,41	100,00
1949	-	0,27	2,58	72,28	0,40	4,24	17,36	0,73	2,14	100,00
1950	-	-	2,16	77,70	0,35	-	16,64	0,52	2,63	100,00
1951	-	-	1,81	76,89	0,84	4,34	15,19	0,42	0,51	100,00
1952	-	-	1,91	80,27	0,30	2,03	14,80	0,34	0,35	100,00
1953	-	-	1,90	82,57	0,29	1,54	12,60	0,43	0,67	100,00
1954	-	-	1,97	83,72	0,38	1,79	11,33	0,38	0,43	100,00
1955	-	-	2,82	83,45	0,21	2,14	10,30	0,36	0,72	100,00
1956	-	0,11	5,09	76,92	0,36	2,65	12,68	0,54	1,65	100,00
1957	-	0,04	5,13	76,07	0,15	-	14,93	0,56	3,12	100,00
1958	-	-	2,36	84,88	0,27	-	10,12	0,43	1,94	100,00
1959	-	-	2,93	76,37	0,23	-	15,50	0,42	4,55	100,00
1960	2,74	-	2,95	71,52	0,12	-	17,22	0,51	4,94	100,00
1961	2,44	1,20	3,24	70,85	0,18	-	15,71	0,93	5,45	100,00
1962	3,39	1,59	2,30	71,65	0,34	-	13,07	1,23	6,43	100,00
1963	2,10	1,23	2,97	67,90	0,25	-	17,28	1,61	6,66	100,00
1964	1,15	0,60	2,26	71,92	0,49	-	13,68	1,72	8,18	100,00
1965	1,49	1,41	3,45	63,79	0,50	-	16,35	1,34	11,67	100,00
1966	0,44	1,63	3,94	66,84	0,59	-	14,12	1,09	11,35	100,00

YEARS	COTTON	SUGAR	BANANAS	COFFEE	LEATHER	GOLD	PETRO -LEUM	TOBACCO	OTHERS	TOTAL
1967	3,03	2,21	4,90	63,23	0,32	-	12,01	0,86	13,44	100,00
1968	5,03	2,67	4,42	62,96	0,26	-	6,51	0,88	17,27	100,00
1969	5,39	2,43	3,25	56,61	0,31	0,75	9,33	1,19	20,74	100,00
1970	3,78	1,91	2,46	63,46	0,63	1,08	7,97	0,97	17,74	100,00
1971	3,28	2,28	2,12	57,93	0,83	0,13	6,63	1,33	25,47	100,00
1972	4,36	3,28	1,59	49,71	1,82	0,29	3,62	1,14	34,19	100,00
1973	3,13	2,56	1,31	50,78	1,72	-	2,27	1,27	36,96	100,00
1974	2,50	5,36	1,86	46,43	0,57	-	0,33	0,96	41,99	100,00
1975	1,98	7,45	2,44	47,81	0,40	-	-	1,23	38,69	100,00

SOURCE: Boletín Mensual - Vol 6, Nos.4, 5 & 6 April 1976.

indemnisation payment agreed upon by the Thomson-Urrutia Treaty ratified in 1922. It also explains why several consecutive governments, bent on finding the means to achieve national unity through the opening of communications and transport networks, did not oppose the construction of a railway system primarily devised to link the various centres of exportable commodities to river and seaports, choosing instead to exploit it for its employment potential.⁽¹²⁾ Under such circumstances, it is not surprising that a further attempt to organise the producers and exporters of coffee into a coherent group was carried out in 1920 in Medellín, the capital of the country's major coffee producing region.⁽¹³⁾

Although by 1920 coffee had already been for many years the country's largest source of revenues (as seen in Table 8-1), with the U.S. as the main market,⁽¹⁴⁾ the political uncertainties created by the prolonged discussion in the U.S. Congress as to whether the Thomson-Urrutia Treaty would be finally ratified, tended to relegate to a secondary place the purely economic issues the coffee sector was trying to solve. The sudden upturn in U.S. investments which followed the ratification of the Thomson-Urrutia Treaty, given the continuing power to raise loans abroad enjoyed by the various departmental and municipal authorities, meant further setbacks for the efforts of the leaders of the coffee sector to group together. The continuing unwillingness of Britain to expand coffee consumption in place of tea imported from its colonies,⁽¹⁵⁾ combined with the comparatively small growth of Germany and France as markets for Colombian exports and the realisation that almost all the major loans entering Colombia came from the U.S., demonstrated beyond doubt to the leaders of the coffee sector and political leaders in general that adjustment in the responses to external economic and political pressures were required. "... the final abandonment of the ultra-conservative policy of aloofness from the modern world" which was finally adopted during the Government of Dr Miguel Abadía Méndez, was thus made possible by the gradual realisation of Colombian leaders that in view of the predominance of coffee as an instrument to link Colombian society with modernising forces abroad, and the predominance of the U.S. as a market, one single group should be formed to orientate relations with the U.S. This explains the reasons for the creation of the Federación Nacional de

Cafeteros (Fedecafé) in 1927, and the acceptance in 1928 by departmental and municipal authorities of the Decree⁽¹⁶⁾ curtailing their power to raise loans abroad, which was, for political purposes, the final step in the process of transforming Colombia into a single political unit.

III. The Federación Nacional de Cafeteros

Preoccupied with the adverse effects that the lack of cohesion in production and marketing policies was having on the coffee sector, as well as with the future prospects of the industry in international markets, the Antioqueño section of the SAC called representatives of the coffee producers and merchants to participate in the Second National Congress of the sector to begin on June 21st 1927 in Medellín. Like the Congress of 1920, which was presided over by Conservative Ex-President Ramón González Valencia, Conservative Ex-President Carlos E. Restrepo presided over the second gathering and to his illustrious name was added that of Dr Esteban Jaramillo, the Colombian financial genius of the period.⁽¹⁷⁾ The importance of the names of the participants notwithstanding, the criterion applied for their selection, consisting in the appointment of two representatives out of a list of three submitted to the Governor of each department by the departmental branch of the SAC, or simply appointed by him in the absence of the short list, set a precedent of close co-operation between the public and private sectors.

In this second Congress an elaborate set of decisions reflecting the predominant economic and social trends in Colombia was agreed upon with the specific objective of establishing well defined links between the coffee sector and the national government on the one hand, and between these two and the commercial authorities and marketing firms in the consumer countries, on the other. "The concept of a gremio as a means of co-operation between government and private interests and as an active agency for implementing administrative programs of economic development," which has since been extended to relations between government and private sectors,⁽¹⁸⁾ thus received official and private sanctioning with the approval by the coffee sector of Resolution No.2 of the 1927 Congress and the passing of Law 76 of the same year (No.16th) creating Fedecafé.⁽¹⁹⁾

As will be seen below, representatives of the coffee sector had by 1927 developed a high degree of awareness of their economic and political rôle in the life of the country allowing them to select advantageously a series of decisions which would make Fedecafé an institution flexible enough to withstand national and international economic and political pressures. As an institution in charge of grouping together the various regional coffee growers and merchants, the founders of Fedecafé gave it at its inception the all encompassing goal of acting as an association for all those interested in the coffee industry⁽²⁰⁾ to preclude the disruptive effects of diverging regional interests. Similarly, the Second Congress of coffee growers and merchants studiously avoided making any decision regarding the way the activities of Fedecafé were to be financed as it was deemed inexpedient by all concerned to raise the question of tax for such a purpose. In consequence, Fedecafé had initially to depend on the appropriation of public funds by the National Congress, the departmental assemblies or the municipal councils, the contributions of its affiliates, and donations, for the fulfilment of its rôle. However, such an unsatisfactory state of affairs would soon be remedied by the initiative of the First National Committee of Coffee Growers and Merchants, also set up at the Second Congress, which proposed the novel idea of establishing by law a tax on all coffee exports.⁽²¹⁾ To ensure that the revenues from this tax would be channelled into Fedecafé's activities, the spokesmen of the coffee sector celebrated a legally binding contract with the government by which Fedecafé would render a specified number of services designed to promote the interests of the coffee sector in exchange for payment by the Government of the total sum collected from this export tax. Scarcely ten months had elapsed since the sessions of the Second National Congress when this contract was formally signed on April 16th 1928, and a few months afterwards the tax on coffee exports began to be collected.

To judge by the efficiency with which the representatives of the coffee sector managed to persuade the government to levy and collect the export tax, their economic and political influence had reached a new peak between 1927-28. Furthermore, it is possible to deduce that their strength stemmed above all from the realisation that individual interests

in the various coffee producing regions would hamper the collective interests of the sector, in the same way that the marked tendency to exercise excessive powers by the departmental and municipal authorities had thus far impeded the transformation of Colombia into an effective economic and political unit. It was no accident therefore, that when in 1928 the government acceded to the demands of the coffee sector, the various departmental and municipal authorities complied with the Executive's desire to centralise the power to raise loans abroad.⁽²²⁾

According to Law 76 of 1927 and the contract between Fedecafé and the government of April 16th 1928, the former undertook to promote the sales of Colombian coffee; to encourage improvements in coffee farming techniques; to set up warehouses for the storing of beans; to study international market trends; to foster the opening of roasting plants for Colombian beans, both inside and outside the country; to keep complete statistics for the industry; and to open new markets, using for these purposes the revenues from the export tax mentioned above. In view of the wide range of functions that Fedecafé undertook to perform according to this contract, it is not surprising that additional revenues from various taxes levied on the coffee sector would be made available by the government, as required; and the success of Fedecafé in the administration of such funds has since then allowed both parties to agree on all changes in taxation policies from the outset, without straining their relations. From this viewpoint, therefore, it is worth emphasising that the economic and political importance of the signature of this contract stems, above all, from its symbolic value as an instrument of co-operation between private and public sectors,⁽²³⁾ because through it the former was given the opportunity to develop the expertise which would allow it to act as the modernising nucleus in the country, while the Government preserved its right to exercise influence over it. Due to the symbolic nature attached to the contract confusion has arisen in the minds of politicians and economists alike when analysing the relationship between Fedecafé and the government. The presence of official representatives in the National Committee of Coffee Growers and Merchants, one of the highest administrative bodies within Fedecafé, coupled with the national representation of Fedecafé's

Director General in international coffee negotiations, obliterates the differences between the objectives of the two sectors. This confusion has also been increased by the rôle that Fedecafé's experts have played in the running of the industry at a national level. Their surveillance of the activities of the roasters, their participation in the granting of export certificates to other exporters, their power to control the intermunicipal transport of coffee beans and their active involvement in the collection of taxes at customs posts, have indeed distracted the analyst's attention from Fedecafé's solely technical rôle in all these functions.

In June 1979, in an effort to secure "long term customer loyalty" abroad and to prevent internal monetary maladjustments, the Colombian government resorted once again to Fedecafé's marketing expertise by putting it in charge of all coffee exports,⁽²⁴⁾ despite the resentment of other private exporters. It is not surprising that on several occasions, the highest magistrates in the country have had to reassure everyone concerned of the private nature of Fedecafé⁽²⁵⁾ to suppress the feeling that in Colombia there are some sectors more private than others! Considering however, the paramount importance of the tasks assigned to Fedecafé, especially that of acting as the main link between the most economically active sector in Colombia and the international coffee markets, and of administering substantial financial resources as an integral part of its duties, it is not surprising that from time to time important political repercussions follow in the wake of purely economically inspired decisions. To ensure the accumulation of managerial and financial expertise and its concomitant stabilising effects, all Colombian governments have endeavoured to leave Fedecafé free of partisan interference. With the exception of the thwarted attempt to "replace the Liberal Manager and General Secretary of the Flota Mercante Grancolombiana" (one of the most important offshoots of Fedecafé) with Conservatives⁽²⁶⁾ by interim Conservative President Urdaneta Arbeláez in 1952, the administrative freedom given to Fedecafé has constituted an unwritten rule continuously observed by Conservative and Liberal governments alike. This administrative continuity is best exemplified by the permanence in the post of the Director General of

Fedecafé. In 1938, such a trend was started with the appointment of Senor Manuel Mejía, who occupied the post until his death, as a result of a heart attack, in 1958.⁽²⁷⁾ He was then replaced by his assistant manager Dr Arturo Gómez Jaramillo who still occupies the position.

Although relationships between Fedecafé and various governments have undergone changes dictated by the Director General's perception of international coffee problems and the perception of these problems at both national and international levels by government officials when taking part in the sessions of the National Committee of Coffee Growers and Merchants, such relations have remained cordial enough to safeguard both the interests of the leadership of the coffee sector and the various governments. Comparing the stability enjoyed by Fedecafé's administration with the frequent changes at all levels resulting from political pressures in the Ministries of Foreign Relations, Finance, Economic development and Agriculture, which are the Ministries represented on the Board of the National Committee of Coffee Growers and Merchants,⁽²⁸⁾ it is proper to conclude that the tone of relations between the two sectors is set by the expertise of the coffee sector.

Within Fedecafé the man best placed to take maximum advantage of its accumulated expertise when dealing with the government on behalf of the coffee sector and/or with international organisations on behalf of the joint interests of the coffee sector and the government is the Director General. As laid down by the Charter of Fedecafé, it is his duty to edit the Revista Cafetera de Colombia, and all other publications of Fedecafé. He has to submit its budget for the approval of Congress which, in practice, allows him to orientate public opinion regarding any issues he chooses and to inform the Legislature of the industry's needs as perceived by him.⁽²⁹⁾ In addition to his powers to influence public opinion at all levels, the Director General has also been endowed with powers to visit any centres of production, processing or marketing of coffee, either inside Colombia or abroad, with the approval of the National Committee of Coffee Growers and Merchants. This in practice enables him to establish and conserve lasting personal links with key political and economic figures.⁽³⁰⁾ This latter prerogative coupled with his permanence in the post gives the Director General the elements

he needs to fulfil successfully Fedecafé's short and long term objectives free of the constraints it would have to work under if his appointment was subject to the side effects of political fluctuations.

IV. Coffee pricing and diplomacy.

Scarcely four years had elapsed since Fedecafé's foundation when President Olaya Herrera, at the request of the National Committee of Coffee Growers and Merchants, agreed to send Dr Mariano Ospina Pérez, Fedecafé's first Director General, as Colombian delegate to the 1931 International Coffee Conference at São Paulo,⁽³¹⁾ thus opening the opportunity to use Fedecafé's expertise for official purposes through granting diplomatic status to the Director General or to other officials approved by him.⁽³²⁾ With such a step, representatives of the coffee sector have, in consequence, made their expertise available to the government to compensate for the drawbacks imposed on the diplomatic service by the frequent changes in its members especially before 1967.

At this early stage in the existence of the coffee sector as a coherent organisation, it is already possible to detect the concerted efforts of its leaders to exercise effective control of the economic/political mechanisms that would guarantee them the required flexibility for long term planning. Whether the acceptance by the government of the rôles that the coffee sector was to play in the economic, social and political life of the country depended on its desire to find short term economic solutions to the effects of the world depression by winning over the will of coffee growers and merchants to co-operate economically during the emergency, or whether it was due to a conscientious analysis of the soundness of the economic and political structures already erected by the coffee sector, is not easy to ascertain. The emergence of the coffee sector as the group best endowed to serve as the basis for the formulation of Colombia's foreign policy however, was by then clearly apparent. At the request of Fedecafé's experts, a Pan-American Conference with delegates from "nine American republics producing approximately 22 million sacks annually, or, roughly, 80% of the world's crop" was convened in Bogotá in October 1936.⁽³³⁾ At this conference a price difference of 2 cents per pound on the New York

market between the Colombian and Brazilian coffee sectors was informally agreed and 'an agreement was also made for a period of six months, beginning November 15th, to take such steps as were necessary to raise the level of coffee prices then ruling by 1 cent per pound during the first three months of the six months' period, and another cent per pound during the second three months of the six months' period.'⁽³⁴⁾ Both these decisions had lasting effects on the Colombian coffee industry, as price policies have ever since been fixed on the basis of the highest prices for Colombian 'milds', which became the standard for price controls regarded as beneficial by all producers. Of paramount importance to the future of the Colombian coffee industry was also 'the announcement on October 15th by the National Federation of Coffee Growers of Colombia, that it would buy coffee, without any quantitative limitations and for immediate delivery or delivery up to the 31st December, at 4.45 pesos per arroba for Medellín Excelso, with others in proportion. The effect was to establish at once domestic market quotations for Colombian coffees at a level higher than those that had prevailed. In order to enable the Federation to buy and hold coffee, a loan of 500,000 pesos was made by the Bank of the Republic on the guarantee of the government, the bank being authorised to earmark 10 percent of the proceeds of the 12 per cent tax on export drafts for the service of this loan. In practice, this loan enables the Federation of Coffee Planters to control 2 million pesos worth of coffee, or four times the actual amount of the funds advanced by the bank. This result is achieved by the use of discountable coffee warrants; the Federation, for coffee delivered, paying the planter 25 percent in cash and 75 per cent in warrants discountable in the Bank of the Republic. In point of fact, once this system of price control was set up prices reacted at once in the domestic market without the Federation being called upon actually to purchase any great amount of coffee.'⁽³⁵⁾

As a result of the activities of Fedecafé's experts in 1936, the coffee sector implicitly accepted the task of persuading consumers abroad that the 2 extra cents per pound they would have to pay in comparison with Brazilian coffee was indeed the effect of the superior quality which for practical purposes called for an immediate improvement

in its marketing techniques. At the same time, this price differential protected the Colombian coffee industry from entering into direct competition with its Brazilian counterpart better endowed by its size, patterns of land tenure and availability of labour, to produce greater quantities of coffee. Likewise the Colombian producers were shielded from sudden fluctuations by Fedecafé's decision to find the means for effective price control.

At a wider international level, the Pan-American Conference of October 1936 laid the foundations for the establishment of a Pan-American coffee office in New York the following February to be financed by "contributions from exporting countries in proportion to their annual exports of coffee to the U.S."⁽³⁶⁾ Since the office was to serve as the basis for the International Coffee Organisation, after 40 years of continuous assistance to the producers and consumers of the continent ⁽³⁷⁾ it should be stressed that as the organisation most able to act as a linkage between the coffee sector and the Colombian government on the one hand and foreign producers and consumers abroad on the other, Fedecafé had, by 1936, acquired the economic and diplomatic skills it needed to influence the orientation of Colombia's foreign policy.

Following this demonstration of Fedecafé's utilisation of its economic and diplomatic skills and its concern for the 'campesinos' involved in the production process, in view of the worsening international situation during the late 1930's the Colombian leadership judged it necessary to call upon it for further assistance. Amidst the increasing economic and political uncertainties created by the European war - the contraction in the international coffee market and the dwindling of shipping facilities - prominent members of both political parties began to explore, in conjunction with Fedecafé, the best way to minimise the economic, political and social consequences of the emergency. After several public exchanges in which Fedecafé's experts and political leaders debated the wisdom of joining the other coffee producing countries in a quota agreement to share the shrinking U.S. market, Dr Esteban Jaramillo, as President of the National Committee of Coffee Growers and Merchants dissuaded those opposing the signature of the quota agreement.⁽³⁸⁾ To guarantee the efficiency of Fedecafé in the

negotiations in progress at a continental level, the revenues of two new taxes on coffee exporting activities were made available to it by the Government of Dr Eduardo Santos. On November 22nd 1940, six days before the quota agreement was signed in Washington, Fedecafé received through Decree Law 2076, the task of administering those revenues which were immediately deposited in a special account in the National Treasury.⁽³⁹⁾

With the creation of the Fondo Nacional del Café (National Coffee Fund) as this account became known, the political and economic links at national and international levels established by Fedecafé were strengthened, and with this, the power of the coffee sector to influence Colombia's foreign policy was further increased. While with the new agreement between Fedecafé and the government the former undertook the responsibility of ensuring the fulfilment of the quota agreement and of storing and/or marketing coffee beans according to international requirements, the government indirectly strengthened its stance regarding State intervention in vital matters affecting the economic, political and social developments of the country. As shown in Table 8-1, by 1940 the relative economic importance of coffee had declined to pre-1912 levels, which explains to some extent the government's decision regarding the new taxes. It also sheds light on the rationale behind the anxiety of the Finance Minister of the day, Carlos Lleras Restrepo, to ensure that the government would have the power to intervene in the orientation of industrial programmes through the creation of the IFI.⁽⁴⁰⁾ As there was no evidence of a concerted effort on the part of the leaders of the coffee sector to transfer their financial interest to industrial activities, the time seemed right for laying down the foundations for the policies that in any future emergency could shield the country from shortages of manufactures, and would reduce the National Treasury's dependence on coffee revenues. Thus, with the coffee sector's co-operation the Colombian leadership in 1940 signalled the long term objectives of its economic and social development, as well as its future foreign policy. Dr Eduardo Santos' openly recognised preference for the strengthening of relations with the U.S. notwithstanding, the acceptance by the coffee sector of the concomitant duties of its prerogatives had by then given a tangible economic base to his government's internal and external policies.

V. Coffee based diplomacy under test.

Despite the rapid increase in importance of coffee in the Colombian economy which, as seen in Table 8-1, reached an unprecedented peak in 1943, Fedecafé's Executive felt compelled to find a prompt solution to the shipping difficulties that had hampered the progress of the industry in times of international crisis. The granting of a larger shipping tonnage for Colombian commerce by U.S. officials following the promulgation of President Santos' doctrine of "neutral but not indifferent" and his efforts on behalf of the Allies at a regional level did not change the objectives of the leaders of the coffee sector regarding the transport of their product abroad. The creation of a merchant fleet, as one of the instruments to fulfil more successfully its first contract with the government, had been one of the objectives of Fedecafé since its foundation. To no avail had been the efforts realised to this effect during the first decade of its existence; not even the decision to sell shares for the creation of a national merchant fleet, adopted by the 7th Coffee Congress meeting in Bogotá in 1936, managed to spur the public or the government to join in the venture.⁽⁴¹⁾ In 1944, however, the 14th Coffee Congress held in Ibagué authorised the National Committee of Coffee Growers to set up the merchant fleet with or without official participation and/or with or without help from other economic sectors. Finally, on June 8th 1944, the Flota Mercante Grancolombiana (henceforth referred to as the Flota) was founded financed in part by resources allocated for the purpose from the National Coffee Fund.

In view of the characteristic reticence of other Colombians to confront maritime-related problems, Fedecafé's representatives had successfully approached the governments of Venezuela and Ecuador.⁽⁴²⁾

While such an achievement was carried out by Fedecafé as part of its programme to fulfil its obligations to the rest of the coffee sector and to the government, its desire to draw strength from the Gran Colombian ideal, one of the most cherished political objectives of the leadership, was altogether too apparent. Although the performing of a diplomatic rôle by coffee experts was part of the agreement between the government and the coffee sector, in this instance the expertise

of Fedecafé's executives was found to be wanting. By the end of 1946, for example, it had not been established if the running of the Flota would be entrusted to a "British technical and administrative expert."⁽⁴³⁾

In 1947, the U.S. government instructed its Ambassador in Bogotá to deliver a protest note on the grounds that "'by Law 10 of 1946 exempting Grancolombiana (Flota) from income and inheritance taxes and from payment of port dues, and by a policy of the Federación Nacional de Cafeteros de Colombia, a government organisation of the Republic of Colombia, under which it will sell coffee to merchants, dealers and exporters only upon condition that such coffee be exported in steamships of Grancolombiana'", discriminated against U.S. shipping interests.⁽⁴⁴⁾

Spurred by the publicity given to this note by the Liberal press of Bogotá⁽⁴⁵⁾ a "crowd of approximately 500 university students later augmented by others assembled in front of Embassy (U.S.) at 11.30 this morning (September 10th 1947). They threw stones breaking windows, overturned one Embassy car, deflated tyres of others, sang national anthems, yelled 'down with Truman and with Imperialism'," to show their support for the Flota.⁽⁴⁶⁾ Petroleum workers, railway workers, Confederation of Colombia workers, and bank employees let it be known that "'every manifestation effected by governments and peoples of Gran Colombia tending to prevent any abusive interference of Yankee imperialism in the legitimate interests and rights of our nation'" would receive their full support.⁽⁴⁷⁾

Although the immediate outcome of Fedecafé's decision to found the Flota is not altogether clear as U.S. representatives showed restraint by including in their evaluation of the problem the Colombian Ministry of Foreign Relations' view that "'with reference to discrimination by Coffee Federation" the latter was a private entity, and that in any case foreign companies had "access to Colombian courts and Council of State",⁽⁴⁸⁾ the most immediate effect was the close identification of the objectives of the coffee sector with those of the national leadership and a new upsurge in widespread Gran Colombianism. In the long term however, the withdrawal of Venezuela from the Flota in 1953 indicates that the attempt to enhance the interests of two intrinsically different economic sectors - coffee in Colombia and oil in Venezuela -

proved to be impractical. Likewise the attempt to engage in competition with the well established international shipping companies based on foreign designed and built vessels and port facilities reveals that despite the domestic political consensus induced by the coffee sector's interest in the creation of the Flota, it had misjudged the international economic climate. Furthermore, in view of the fact that 33 years after the foundation of the Flota only approximately 50% of Colombian coffee exports is guaranteed the advantages it offers,⁽⁴⁹⁾ it becomes clear that Fedecafé has not, as yet, found the political and/or economic formulae that would allow it to spread its services evenly throughout the coffee sector. From the point of view of the efficiency and zeal displayed by Fedecafé, these shortcomings are compensated for by the fact that although only 22% of all international Colombian commerce is transported in Colombian vessels, 95% of this is transported by the Flota.⁽⁵⁰⁾

As the group best endowed to act as the main link with economic and cultural centres abroad, the coffee sector, through the creation of the Flota, has begun to acquire new expertise, and with the continuance of the Ecuadorean government as a partner in the venture, it has given tangible proof that with a degree of political will multi-national companies can be made to survive in spite of other external factors. To corroborate the economic/political nature of the decision to create the Flota, it will suffice to note that with the formal authorisation of the government, Fedecafé lent the Ecuadorean government one million dollars out of the two million share it needed to join the venture.⁽⁵¹⁾

The foundation of the Flota can be interpreted as one of the most significant steps taken by Fedecafé on behalf of the coffee sector as a whole because of the reaction of the international shipping companies, the attitude adopted by the Venezuelan and Ecuadorean governments, and the popular support it elicited within Colombia. This significance can hardly be overstated as, in practice, Fedecafé as the representative of the coffee sector has through the Flota proved that it can act as a link between the various sectors of Colombian society and the relevant economic sectors of centre and periphery countries alike.

TABLE 8-11

Colombian Coffee Production and Total World Production Compared
(1934-1979)

Millions of sacks of 60 kilos of Coffee

<u>Coffee Year</u>	<u>Colombia</u>	<u>World Total</u>
1934-35	3.5	31.4
1935-36	4.2	36.1
1936-37	4.4	42.7
1937-38	4.5	39.8
1938-39	4.4	39.1
1939-40	4.4	35.5
1940-41	4.8	31.4
1941-42	5.5	30.9
1942-43	5.3	38.6
1943-44	5.5	30.6
1944-45	5.5	26.9
1945-46	5.5	31.1
1946-47	6.5	35.5
1947-48	5.8	34.6
1948-49	6.1	40.4
1949-50	5.7	37.6
1950-51	5.0	38.2
1951-52	5.7	38.5
1952-53	6.4	41.5
1953-54	7.1	44.0
1954-55	6.4	42.4
1955-56	6.8	50.3
1956-57	6.5	45.5
1957-58	7.8	55.1
1958-59	7.7	61.8
1959-60	8.0	78.8
1960-61	7.7	65.7
1961-62	7.8	72.0

<u>Coffee Year</u>	<u>Colombia</u>	<u>World Total</u>
1962-63	7.5	67.4
1963-64	8.2	70.8
1964-65	7.6	50.6
1965-66	8.2	31.6
1966-67	7.6	60.6
1967-68	8.0	68.6
1968-69	7.9	61.0
1969-70	8.5	66.3
1970-71	7.8	58.3
1971-72	7.2	71.8
1972-73	8.8	76.4
1973-74	9.5	64.3
1974-75	9.0	80.5
1975-76	8.5	73.2
1976-77	9.3	60.6
1977-78	9.8	68.6
1978-79	10.1	74.6

SOURCE: Fedesarrollo p.163, adapted from Table VIII-1

VI. The Expansion of the Coffee Sector's influence

In spite of the limited success imposed on Fedecafé by overwhelmingly superior international economic and political forces, it has consistently managed to elicit sufficient support at a national level to keep the coffee sector at the vanguard of the Colombian economy. A glance at Table 8-1] reveals that with the exception of the decline in production between 1947 and 1951 attributable to domestic disruptions caused by the sharp upturn in rural violence (La Violencia), total production has, since then, continued to rise with only minor fluctuations. This demonstrates Fedecafé's success in the propagation of new farming techniques as a hedge against international competition based on volume. At the basis of the coffee sector's success in gradually expanding production since the beginning of its commercial exploitation during the early 19th century has been the low degree of technology required for the farming of the crop and the suitability of land available to the campesinos for the purpose. The combination of these two factors fostered the formation of an important rural nucleus capable of attending to the production of staple foodstuffs while awaiting the coffee harvest. In Colombia the land suitable for coffee farming is located on the slopes of the Andes between latitudes 0° - $30'$ and 11° North, and at an altitude of between 800 and 2000 metres above sea level.⁽⁵²⁾ In these conditions all farming activities have consistently favoured labour intensive practices. Using "traditional technology", until 1970 most coffee farms had between 900 and 1,200 coffee trees/hectare and required between 90 and 110 days work/year, mainly during harvesting to produce approximately 500 kilos of green coffee beans/hectare/annum.⁽⁵³⁾ Of the approximately 300,000 coffee farms occupying a total area of about 4 million hectares in the early 1970's, only one quarter was occupied by coffee trees.⁽⁵⁴⁾ The other 75% of the area, while acting as a source of employment for the rapidly expanding population, helped to check an increased migratory movement towards the urban centres and relieved the pressures on land in the flatter areas.

Bearing in mind its commitment to promote the interests of those involved in the coffee production process, Fedecafé adopted policies designed to achieve this through a more complete utilisation of the

coffee areas as early as 1943. With these policies Fedecafé attempted to stabilise and/or increase the income of the campesinos; to establish the conditions for the creation of a system to control the price of staple foodstuffs; to enable the campesinos to adjust their production according to fluctuations in demand; and to open further employment opportunities in the coffee areas. A new bond between Fedecafé and the government was created on September 13th 1946 with the signature of a contract authorising Fedecafé to invest initially up to 110,000 pesos/year for the advancement of these diversification projects. Encouraged by the initial results, the government and Fedecafé in 1963 created the Fondo de Desarrollo y Diversificación de Zonas Cafeteras (Fund for the Development and Diversification of the coffee zones), which received the recognition of the Inter-American Development Bank a year later and subsequent financial assistance.⁽⁵⁵⁾

The fluctuations in the relative importance of Colombia as a producer in the world coffee market reflected in Table 8-III suggests that Fedecafé's desire to shield coffee growers and merchants from foreign induced changes in the international market has led it to become a staunch supporter of diversification projects in order to protect the coffee sector, as a whole, from the damaging consequences that all-out competition could have on it.

Sponsored by Fedecafé, extensive research was undertaken during the 1960's to find a new variety of coffee tree which could step up the volume of production. By 1970, growers using new technology were able to plant ten times the number of trees/hectare and to produce 1,900 kilos of green beans/hectare/annum, and enjoy the advantage of collecting the first harvest two years after planting, as compared with the four to five years using traditional methods. Likely environmental side effects notwithstanding, the expansion of the new farming practices have initiated a process of specialisation in the coffee zone as new varieties do not require the shade of other trees, and the campesinos have to receive training in the use of fertilisers.⁽⁵⁶⁾ In addition this technology has meant that since its introduction coffee farms have been exploited increasingly by those who can afford the new production costs or who can make use of the loans extended by Fedecafé through its various subsidiaries. This in turn has fostered the transformation of relations

TABLE 8-111

Colombia's coffee exports on the world market

<u>YEAR</u>	<u>Exports</u> (millions of 60 kg sacks)	<u>% of World</u> <u>Total Exports</u>
1947	5.3	18.4
1948	5.6	17.3
1949	5.4	16.7
1950	4.5	15.6
1951	4.8	15.1
1952	5.0	15.6
1953	6.6	19.1
1954	5.7	19.8
1955	5.9	17.6
1956	5.1	13.3
1957	4.8	13.7
1958	5.4	14.8
1959	6.4	15.2
1960	5.9	13.9
1961	5.7	13.0
1962	6.6	14.2
1963	6.1	12.5
1964	6.4	13.7
1965	5.6	12.5
1966	5.6	11.1
1967	6.1	12.1
1968	6.6	12.1
1969	6.5	12.1
1970	6.6	12.4
1971	6.5	12.2
1972	6.6	11.8
1973	6.8	11.0
1974	6.9	12.5
1975	8.2	14.1
1976	6.3	10.7

<u>YEAR</u>	<u>Exports</u>	<u>% of World Total Exports</u>
1977-78	7.6	14.8
1978-79	11.4	17.7
1979-80	11.5 (estimate)	19.2 (estimate)
1980-81	10.07 (estimate)	18.0 (estimate)

SOURCE: Fedesarrollo p.184 and p.186.
Latin America Commodities Report, Oct 24th 1980, CR-80-21
p.7.
International Coffee Office Statistics.

between farm owners and labourers in favour of a more clearly defined employer/employee relationship, since the more capital intensive new technology tends to exclude the payment of services rendered by services returned, foodstuffs and cash.⁽⁵⁷⁾

As a direct result of the specialisation process set in motion by Fedecafé the coffee sector has embarked on the promotion of other agricultural products on a commercial scale which have led it to participate in agro-industrial enterprises. Such is the origin of the dairy firms Industrias Lácteas El Pino (Manizales), Celesa S.A. (Armenia) and Lácteos Puracé (Popayán); the yucca flour mill in Armenia and the plantain flour mill in Restrepo; mills producing animal foodstuffs in Chinácota, Candelaria, Cartago, La Mesa, Bogotá and Medellín; a corn mill in Pinchote; a honey processing plant in Ibagué; and many other firms spread throughout the entire coffee producing zone. Of all non-coffee related projects sponsored either entirely or partially by Fedecafé by far the most ambitious have been the sugar cane mills - Ingenio de Risaralda and Agrozulia. The former is thought to be the largest diversification project undertaken by any coffee producing country.⁽⁵⁸⁾

In view of the variety and scope of non-coffee related projects embarked upon by Fedecafé, and the increasing investments required by the coffee industry itself, the Executives of Fedecafé have also undertaken the responsibility of granting the financial assistance required by those willing to enter into the new ventures as well as offering them insurance cover. For this reason a complex network of banks and insurance companies serving the needs of coffee growers and merchants, and the growers and merchants of products covered by the diversification programmes, has been developed. Such a network has been extended throughout the entire country, and has given Fedecafé effective control of a large proportion of all national savings and of numerous agricultural and/or industrial enterprises of all sizes set up with its credit, thus transforming it into the largest financing institution in Colombia.⁽⁵⁹⁾

VII. Coffee and Politics

As can be deduced from the degree of Fedecafé's involvement in most of Colombia's economically significant enterprises with the government's approval, the degree of identification of the economic goals of both and the concomitant social and political repercussions can scarcely be underestimated. Such a degree of identification of goals and methods of attainment, it should be stressed, constitutes the cornerstone of the expansion of the coffee sector's influence and of the Executive's political platforms as well as its foreign policy formulation. Without Fedecafé's increasing knowledge of the intricate economic and social problems of the most densely inhabited rural areas, the frequently changing teams of bureaucrats and legislators would have been unable to sustain any degree of social and political stability or to formulate any coherent response to international pressures. This explains, to a large extent, the circumstances which allowed consecutive governments since 1938 to postpone the implementation of the terms of Decrees Nos. 319, 320, 321 and 592 of 1938, organising the diplomatic service, while remaining abreast of international economic events likely to affect the national economy. It also explains the reasons which led President Lleras Restrepo (1966-70) to include in his reorganisation programmes the adaptation of the Ministry of Foreign Relations both to meet the needs imposed by his policy of opening new markets for Colombian products and of strengthening relations with other underdeveloped countries, as well as to bid for a greater degree of presidential control in economic matters.⁽⁶⁰⁾ Similarly it sheds light on the motives which prompted Dr Alfonso López Michelsen, his Minister of Foreign Relations in 1968 to equate the failures of non-Ministry employees with crimes against the national economy, as part of his effort to bring to an end the patronage endemic in his Ministry.⁽⁶¹⁾

Dr Lleras Restrepo's global understanding of Colombia's economic and political problems and his desire to strengthen presidential control in economic matters, led him also to strengthen Fedecafé's power within the Colombian diplomatic apparatus by subscribing officially to the terms of the diversification programmes adopted in 1968 through the Agreement between producer and consumer countries, and by favouring the discussion of pricing policies through the International Coffee Organisation rather

than through UNCTAD (United Nations Council for Trade and Development).⁽⁶²⁾

To some analysts the economic reforms undertaken by Dr Lleras Restrepo, especially Decree 444 of 1967, represent negative aspects of the interventionist stance of the Colombian Executive which transformed it into a virtual "fiscal and economic dictatorship".⁽⁶³⁾ The administration of coffee revenues as the main resource available to the Colombian government for the funding of modernisation and industrialisation projects however, is too important an issue to be left for the enhancement of the primarily economic activities of the private sector. Following the noticeable price rise that came in the wake of the severe Brazilian frosts of 1975, members of Asoexport, the Association of private Colombian coffee exporters which exports mainly to the U.S. market, upset the balance in the administration of coffee as a resource by seizing the opportunity to further its own aims giving rise, in the opinion of some analysts, to unprecedented economic disruptions. Members of Asoexport by themselves however, could not have caused such disruptions despite their attempts to by-pass Fedecafé's price control after 1975. The "drastic steps taken to control the money supply, and the policies adopted to manage the coffee industry, development funds, official and private imports, the national budget, and foreign debt, etc." were, in reality, the best possible measures to satisfy a wide range of differing objectives rather than the exclusive effects of Asoexport's activities.⁽⁶⁴⁾ To prevent similar occurrences and to ensure continuity in the modernisation and industrialisation programmes, Dr Jaime García Parra, first Minister of Finance in the present government of Dr Julio César Turbay Ayala, temporarily banned the activities of Asoexport in June 1979 as soon as reports of yet other Brazilian frosts threatened the government's effective loss of control of development plans through the fear of another acceleration in inflation caused by the inflow of dollars from speculation in international coffee markets. Such a measure was regarded by the government as an essential element in the formulation of a coherent coffee export policy and the securing of "long term customer loyalty". It was also taken in the hope that the inflationary process started by speculative manoeuvres in the wake of the 1975 Brazilian frosts would be checked.⁽⁶⁵⁾

The implementation of such a measure demonstrates that there are internal divisions within the coffee sector and that the government can pursue its aims more readily through the use of the vast expertise amassed by Fedecafé, - the 38 or so firms which form Asoexport renewed operations on May 11th 1980, rather than after the 60 day period stipulated in the original decision in June 1979. Despite the progress of non-coffee exports during the past 14 years, coffee revenues still provide the government with "about 60% of its foreign exchange".⁽⁶⁶⁾ Under these circumstances it is not surprising that the Executive attempts to deter economic disruptions in order to keep within reach the ambitious social and economic goals of the current five year development plan. The leap in communications and transport improvements judged necessary to match the 6.4 per cent industrial GNP growth rate of the decade (1970-80)⁽⁶⁷⁾ will not be attained unless the government finds the means to persuade the various economic sectors to lend their co-operation on bases resembling those on which Fedecafé has thus far acted.

For identical reasons, Dr Arturo Gómez Jaramillo remains adamant that the future survival of the Colombian government on "democratic lines" could be in jeopardy unless coffee consumers stand by their political decision to make this viable for all producers through price stability.⁽⁶⁸⁾ In view of the reluctance of the consumer countries, and especially the U.S., to guarantee coffee price stability or to index-link any primary commodity,⁽⁶⁹⁾ in August 1978 Fedecafé opted for the strengthening of its marketing position through the creation of an organisation of producers to extract concessions from consumers, which became known as the Bogotá Group.⁽⁷⁰⁾

To lend credence to their wish to stabilise prices, despite the displeasure of the New York roasters, the eight members of the Group launched Panacafé Productores Asociados, a multinational coffee trading company which, from June 24th 1980, was to take over officially the rôle of the Bogotá Group. The initial capital of the new company of US\$ 500 million was made up of US\$ 280 million contributed by the eight member government's to finance the Group's support operations over the past two years, and profits of more than US\$ 200 million made on its

market operations. Colombia and Brazil are the major shareholders in the company, each holding 32%; Mexico, Venezuela and Guatemala each hold 8% and Costa Rica, El Salvador and Honduras 4% each.⁽⁷¹⁾

From the Colombian viewpoint, this development exemplifies the Executive's desire to formulate its foreign policy in the closest co-operation with the strongest economic sector. From an international perspective, however, it was made possible in part by the relatively minor importance which all primary commodities originating in underdeveloped countries, with the exception of oil, play in the U.S. economy, and in part by the belief held by U.S. officials that in view of the changes in military planning imposed by technological developments, no major commodity stock-piling is now required.⁽⁷²⁾ At the end of the deliberations of the International Coffee Organisation on October 3rd 1980 held in London to discuss export controls and prices, pressure from the consumer countries especially the U.S., and lack of unity among producers imposed the liquidation of Pancafé. This decision forces the producer countries to rely once again on the imposition of quotas under arrangements negotiated through the International Coffee Agreement (ICA)⁽⁷³⁾. Colombian official reaction to this setback to Fedecafé/ Government coffee policy was best expressed by Dr Turbay Ayala who said that the formula was "reassuring but not perfect."⁽⁷⁴⁾ The complexity and size of the U.S. economy coupled with the multiplicity of political issues that the government has to confront precludes any predictions regarding the course that its foreign policy may take in the foreseeable future. If détente with the Soviet Union and China was to occupy a prominent place in U.S. foreign policy planning national and group self-interests would come to the fore in relations with Latin America, as no threat to the national security of the U.S. can be perceived coming from that quarter. If, alternatively the pressure from groups like the Committee on The Present Danger, which seeks to check Soviet military activities through U.S. rearmament were⁽⁷⁵⁾ to gather momentum, adjustments in relations with strategic commodity producers would be forthcoming.

In view of the paramount importance of the U.S. market for Colombian products, particularly coffee, immediate responses to economic

and political changes in the U.S. can be envisaged. Colombia's continuous dependence on coffee as its chief export, and on the U.S. as its main market, exasperated by the restrictions imposed on its products by the E.E.C.,⁽⁷⁶⁾ relegates its international rôle to the continuation of an overwhelmingly political one markedly resembling that of the early 1940's when the "neutral but not indifferent" doctrine was proclaimed.

Whilst at the international level Fedecafé, as the main representative of the coffee industry, will continue to serve as the principal link between the Colombian economy and the most important economic groups in the centre nations, its expertise in obtaining the best possible deals for the country in a system of market economies will continue to secure for it, in the foreseeable future, its privileged position at a national level. As Fedecafé's economic influence expands throughout the agricultural, industrial and financial sectors, Colombian politicians will inevitably continue to tap its organisational skills in order to increase the efficiency of their own programmes. In this way the degree of social stability resulting from the combined efforts of the coffee sector's representatives and the existing leadership is likely to encourage the strengthening of present economic, political and cultural links with the centre nations. This, in turn, will restrict the number of practical Colombian initiatives in the field of foreign policy as both groups continue to be forced to respond to the economic and social problems produced by the fluctuations in the forces of supply and demand of the international system of market economies.

CHAPTER VIII - Footnotes

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8. See Chapter 3.
9. Bergquist (1973), p.403.
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11. See Chapter 3.
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18. Koffman (1969), p.33.

19. Historia de las leyes, Tomo VI, Legislatura de 1927 (Imprenta Nacional, Bogotá, 1928), pp.449-453 cited in Fedesarrollo, p.380; Revista Cafetera de Colombia, Sept-Dec 1972 No 153 p.97.
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22. Mackereth to Attlee. Jan 26th 1948, Despatch No 8, Annual Report for 1947, FO 371-68218. This discusses final settlement of departmental and municipal debts; Foreign Relations of the U.S. 1947, Vol VIII, The American Republics (Washington, 1972) p.570 FF.
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24. Latin America Commodities Report, May 23rd 1980, CR 80-10.
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26. Koffman (1969), pp.203-204.
27. El Tiempo, Feb 11th 1958, p.22.
28. Estatutos de la Federación Nacional de Cafeteros de Colombia, (Bogotá, 1973), see Article 19 pp.17-18.
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CONCLUSION

The magnitude and complexity of the internal economic, social and political problems faced by consecutive generations of Colombian leaders combined with their need to secure survival through adjusting their political stance to prevailing international trends, has transformed the task of the analyst of Colombian developments during this century into a constant search for the characteristics that distinguish the country from the rest of the underdeveloped world. From the numerous factors that have contributed to the moulding of Colombia's international relations and its foreign policy none has been more significant than the persistent inability of consecutive governments to exercise other than limited influence in the economic, social and political affairs of the regional administrations, and their almost negligible influence in the shaping of international events. Such inability is more easily observable during the first quarter of the century as a direct consequence of the continuous constraints placed upon governments by the crucial state of their finances and the persistent tendency of regional administrations to promote the modernisation process of their respective areas through the opening of direct links with commercial and financial authorities in Europe and the U.S.

The devastating effects of the Thousand Days War worsened by the secession of Panamá which was caused partly by the inability of the central government in Bogotá to influence local developments, and partly by the overt and covert intervention of private U.S. citizens and public officials, threatened the very existence of Colombia as a sovereign state and has left indelible imprints in the minds of successive Colombian policymakers. Unable to reverse the separatist process in Panamá and to influence the decisions adopted in Washington by the administration of Theodore Roosevelt, the Colombian government reacted by adjusting its policies to preclude the success of any other separatist movements, but remained committed to its long term goal of striving to modernise Colombian society.

Despite the administrative reorganisation promoted for these purposes during General Rafael Reyes' administration, municipal and departmental authorities managed to preserve their power to raise loans abroad in

practice hampering the leadership's efforts to achieve effective national unity. The drive for national unity however, based on the maximisation of political benefits derived from the propagation of anti-U.S. sentiments imposed delays in the adjustment of Colombia's trade patterns to international trends and its wholehearted subscription to the system of market economies.

The inclusion of members of the Liberal party with ample commercial contacts in Europe and the U.S. as members of the diplomatic apparatus in several successive Conservative administrations ensured the exposure of Colombian society to modernising economic and cultural forces, and the eventual placing of the country within the U.S. sphere of influence. While the process of integration into the system of market economies was being spearheaded by the better endowed members of the Liberal party and commercially minded Conservatives in their dual rôle as private citizens and diplomats, the age old objective of opening direct links with Europe via the Amazon Basin was sustained by meagre official resources and the missionary zeal of the Roman Catholic Church.

This desire to contribute to the establishment of an Amazon-based civilisation was, in practice, one of the channels utilised by the Colombian leadership to promote the ideal of national unity as a response to the far-reaching events of the beginning of the century, and to signal its agreement with the governments of the region to draw definite boundaries for all Central and South American states. The leadership's ability to strike a balance between the manifestations of anti-U.S. sentiments, and the growth of pro-U.S. forces within the government's ranks, gave it in the long term the stability required to maintain its position, while achieving national unity and complying with the designs of aggressive U.S. private investors during the 1920's.

It was during this decade that SCADTA was transformed by the leadership into a symbol of national unity and national independence and into the promise of a solution to the country's acute transport problems despite the technical and financial hold exerted on it by German and U.S. technicians and investors. It was also during this decade that the combined effects of the economic activities of Colombian merchants and U.S. investors coupled with the spread of U.S. banking techniques

signalled the decline of British financial pre-eminence. The realisation that Britain was unable to increase coffee exports compelled the Colombian leadership to sanction the intensification of economic and cultural exchanges with the U.S. and to accept, without reservation, the fact that the security of the country and its economic and political survival would be guaranteed by alignment with the U.S.

At the same time a successful attempt to rationalise the production and marketing of coffee was carried out since by then the leaders of both the Liberal and Conservative parties had reluctantly come to terms with the idea that only through coffee exports would the modernisation process be enhanced. The creation of Fedecafé is thus central to the analysis of major economic and political developments as it marks a culminating point in the expansion of influence of the private sector, and a tacit acceptance by the Government of its inability to handle the most profitable asset of the national economy. From a strictly political viewpoint the creation of Fedecafé and the subsequent underwriting of the administrative contracts by each consecutive government reveals a conscious decision by the leadership to exclude the administration of coffee from the rewards that members of both parties traditionally expect on gaining power. Since its inception Fedecafé has exercised its influence by contributing expert advice to the decisions the government should adopt to obtain maximum benefits in international negotiations where the future of the coffee industry is at stake as part of its legally binding commitment to study the state of the coffee market and to promote its sales abroad. Such involvement has, to a large extent, shaped Colombia's foreign policy as good relations with the U.S. government and merchants have consistently been sought, and co-ordinated attempts to come to production and marketing agreements with other coffee producing countries have been undertaken.

In the field of export regulation the most important step taken jointly by the political leadership and the coffee experts was that of avoiding all-out competition with Brazil for coffee markets on a quantitative basis. Instead, during the late 1930's, higher prices for Colombian coffee beans were sanctioned as a measure to boost revenues. Regarding relations with the U.S., the leadership under Dr Eduardo Santos

proclaimed the "neutral but not indifferent" thesis and offered what little assistance it could to the Allies during the Second World War despite the severe disruptions endured by coffee exporters as a result of wartime shipping arrangements. To signal its dissatisfaction with restrictions on trade patterns imposed by the international emergency as much as by its desire to transform industrialisation into a goal comparable with modernisation, the leadership officialised state fostered industrial development through the creation of the IFI. Despite its commitment to build Colombia into an industrialised society, the leadership has thus far proved unable to find the formulae to transform official revenues into the instrument to build the required infrastructure or to increase them by extracting more advantageous commercial agreements with Colombia's trading partners. It has however, taken a series of decisions during the post war period designed to give the government increasing economic power through utilising the technical and financial expertise accumulated by the coffee sector. The diversification of both agricultural production and markets spearheaded by Fedecafé has however, redressed any imbalances that the drive for industrialisation might have put in the hands of the official sector, and has created the conditions for the continuation of the same political practices prevalent throughout this century. It has also determined the pattern of Colombia's relations with its main commercial partners and/or with its competitors.

In view of the virtual stalemate between the political and economic forces of the private and official sectors, no major changes in such political practices can be foreseen for as long as the members of the Liberal and Conservative parties continue to leave the management of the coffee sector out of the list of bureaucratic rewards. On the contrary, the advance of the process of rationalisation of the system of sharing bureaucratic rewards, almost constantly present in all the administrations of this century but accelerated since the creation of the Frente Nacional, makes the prediction of the consolidation of the status quo more credible. Such political stability has an equally important proviso which is embodied in the need to stabilise Colombia's relations to meet the political requirements of its major trading partner, that is the U.S.

To the analyst of the political and economic decisions adopted by the Colombian leadership in pursuance of its modernisations and industrialisation objectives for the country, it may appear that these have been formulated to the detriment of other long term objectives and, in particular, to the creation of a larger economic and political unit comprised of several Latin American states in accordance with the ideals of Simón Bolívar. These ideals inherited intact by Colombia's twentieth century policymakers have however, remained latent and appear sporadically in their public speeches. Since the diffusion of the integrationist programmes in the post-war period and especially since the 1960's, trade agreements and political projects designed to promote them have become part and parcel of official long term planning despite the changes in attitude towards such proposals by industrialists and merchants. It is in the integrationist programmes in general, and the hopes of the re-creation of Gran Colombia in particular, that the leadership's inability to influence the private sector is most clearly observable. In the absence of significant commitments to integrationist ideals from the coffee sector, consecutive governments have had to resign themselves simply to declarations of intent. Particularly affected by the lack of private sector interest has been the development of projects for the effective exploitation of the full potential of the Amazon area, and the idea of building an economic and cultural outlet through the region has almost vanished. Conversely, the comparative ease with which industrialists, merchants and the labour force in general, have assimilated the idea of exploiting the economic opportunities and, on occasions, the safety of the Venezuelan border area especially, has compelled consecutive Colombian governments to formulate definite policies to avert any resulting unwanted side effects. In view of the economic and political repercussions that neglect in formulating policies towards influencing Venezuela's stance on matters of immigration in particular, and integration in general, could have on the Colombian leadership's prospects of survival and the stability of the area, the investment of greater resources to gain a better knowledge of the complex nature of relations between the two countries can be anticipated. As with Venezuela, the political stability of the region is likely to continue to be the main consideration of the

Colombian leadership while formulating policies towards other Latin American states, even indeed if this presupposes the sacrifice of its long term integrationist ideals. The pursuit of the status quo throughout Latin America either by the exercise of any degree of influence that the Colombian leadership might muster, or by disassociating itself from any concerted efforts to challenge the hemispheric supremacy of the U.S., or the social effects of the system of market economies, is certain to continue to be the main objective of a leadership traditionally convinced that wealth is obtained through close links with the wealthy.

Stress should be laid on the fact that as an exporter of a non-strategic commodity Colombia, on the one hand, is bound to seek agreements with other coffee producers to present a common stance in international negotiations, and on the other, to keep a constant watch that would allow it to take advantage of any mistakes in the commercial policies of other coffee producers. For this reason any analysis of recurring themes in the country's foreign policy should be focussed on the decisions reached by the coffee sector in general, and Fedecafé in particular, when formulating production and marketing policies. From this viewpoint it is also necessary to emphasise that, as in the other countries whose main source of revenue is coffee, continuity in the existing political structures will remain the main aim of the Colombian leadership. As a direct consequence of this Colombia will likewise remain on the economic periphery responding to international pressures from the industrialised centre nations.

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