

Lauchlin Currie: Lights and Shadows in the Colombian Economy 1950-2000

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This paper explains the intellectual journey of Lauchlin Currie, Canadian by origin and Colombian by destination. His contributions were notable in the US at the time of the great world crisis of 1929-1932 in the field of monetary theory and policy and his first publication dates back to 1931, as referenced by his biographer. He directed the first World Bank mission to an underdeveloped country, Colombia, in 1949-1950. He proposed an original development theory applicable to the country and called it Operation Colombia (1961) supported by a book called "Accelerating Development: the necessity and the means". He was the inspirer and architect of the Development Plan of the Four Strategies in the early 1970s. He made recommendations to the 1991 constituent on free central banking and stability.

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INTRODUCTION

After advising President Roosevelt on economic matters since 1933 for three full presidential terms and beginning his fourth term, upon the President's death in April 1945, he wanted to distance himself from the center of power, now headed by H. Truman, of the same political party as the late President Roosevelt, but very distant from him on crucial issues. Immediately, Lauchlin Currie leaves the White House to practice economic consultancy in the office he opened in New York. Currie was a man of strong temperament that combined well with fine manners in his pleasant manner. J. M. Keynes therefore describes Currie's personality traits in a letter dated October 1943 and addressed to Sir Wilfred Eady, a high-ranking British diplomatic officer, in connection with the talks on financial commitments between the two allies, the United States and the United Kingdom:

(...) Currie is an old friend of mine and I know him well, but there is no harder person to deal with. He is extremely suspicious and jealous, very anti-British in such matters as India, and always inclined to assume the worst. It is not fundamentally insensitive or unreasonable. But I can assure you that he is very difficult. For example, if he takes a strong position regarding balance sheets, we may have a lot of difficulty before we can convince him otherwise. (Sandilands, 1990, p. 136)

After the war, in the U.S.A., from the institutional bodies of public power, presidency, congress and judicial courts, a campaign of persecution was launched against liberal thought for being the alleged communist infiltration orchestrated by the Soviet power. Senator Joseph McCarthy, in a full-scale witch-

hunt, accused Currie of the loss of China because in 1941 and 1943 he was associated with the work of the Office of War Information and traveled to China in 1942 to meet with General Chiang Kai-Shek, so that his alleged status as a crypto-Communist must have counted for their victory under Mao Tse Tung over the Nationalist forces in 1949, according to the inquisitive senator. Currie's role in the design of the *New Deal* policy was also noted as a serious indication of suspicion from the beginning. So his friends at the International Bank for Reconstruction and Development (IBRD), later the World Bank (WB), recommended him to place aid funds, other than European reconstruction, to lead the first comprehensive study of development in an underdeveloped country, Colombia.

The World Bank mission headed by Currie reached Colombia in 1949, under the conservative government led by Mariano Ospina Pérez, at a time of maximum political tension but promising economic situation, after the country was in turmoil between 1939-1945 due to the interruption of the international circuits of trade in goods, services and capital. Since the time of the Liberal Republic (1930-1945) the conservative party radically opposed two fundamental laws in the first presidency of A. López Pumarejo, the Land Law of 1936, which sought to legalize the occupation of uncultivated lands belonging to the nation by settlers who cultivated them and landlords who claimed them as their own, and the General Law of Education, which limited the power of the Catholic Church in education, while public education, losing its religious seal, opened to the secular character of education as was usual in the West, to access philosophical reflection and knowledge through the scientific practice initiated by the *Enlightenment* in the West since the seventeenth and eighteenth centuries.

The roughest conservatism, under the leadership of Laureano Gómez, adhered in religious matters to follow the doctrine established by the Catholic Church and in political matters its guide was the Falangism of Primo de Rivera in the Iberian Peninsula, interpreted by the dictatorial governments of Francisco Franco in Spain and Oliveira Salazar in Portugal; Gómez was an admirer of Mussolini's Italian fascism and Hitler's Nazism. Already in power since 1946, conservatism found a foothold in the postwar period, to approach the United States with its identification in the 'Cold War' against international communism radiated from Moscow by the Soviet power, about which it had a visceral revulsion. Internally with similar feelings, obviously against liberals, of atheist tradition or not, against communists and against Jews.

The scenario could not have been worse with the assassination of Gaitán in 1948, sole director of the Liberal Party and sure future president of the republic in the elections to be held in November 1949. His death caused urban violence and destruction on an unknown scale and multiplied such a state of affairs at the rural level². The IX Pan American Conference, which created the Organization of American States (OAS), was inaugurated in Bogota on March 30, 1948. The government charged international communism with the assassination, as a sabotage to the Conference, in addition to blaming it for the acts of violence following the brutal assassination of the popular leader. The government closed the Soviet embassy in Bogota and, once the Conference was resumed, the Organization of American States was created on April 26, 1948, which in turn accepted the United States proposal to incorporate in the military field the Inter-American Treaty of Reciprocal Assistance (TIAR), approved in Rio de Janeiro in 1947, into the OAS Charter. Liberalism, with majorities in the congress, requested an impeachment trial in 1949 against President Ospina, who then responded with the closing of the congress that same year and, under these conditions, Liberalism did not run in the elections in November 1949 and, therefore, as the only candidate, the new elected president of the republic for the period 1950-1954 was Laureano Gómez, who had served as minister of foreign affairs in the Ospina government.

Lauchlin Currie was a very unique character, with an economic education of excellence, initiated at the London School of Economics and later, with a doctorate at Harvard in 1931, endowed with a great analytical capacity to move with solvency between macroeconomic theory and its applications, economic policy, to solve concrete problems and, based on these, to ask himself which were the pertinent conceptual tools for their application. The search for economic development with its theorization was his obsession, given the fact that the objective sought to raise the standard of living of the population and not economic growth *per se*, which was simply a means, a necessary condition, but not enough to achieve the objective of development understood as wellbeing.

What must be sought is the raising of the standard of living of the great majorities that have great shortages, unsatisfied needs of essential goods to life, such as food, clothing, housing, work, transportation, communications and of course entertainment, since minorities are assured of all the comforts, often from the cradle, said Currie. He warned about the dangers and the high price to be paid by exchanging the end for the means, exchanging the welfare of the population for the greater and faster accumulation of capital. Accumulation makes it possible to leverage economic development, but it is only the means, not the end pursued.

He always had in mind to put together the multiple pieces of that puzzle that at a high level of abstraction is known as development theory, an endeavor to which he devoted his professional and multidisciplinary attention for more than six decades. His work was profuse and also profound throughout his life. Five years before his death in December 1993, he had 193 very varied bibliographical records, including books, book chapters, articles published in the most prestigious journals, memorandums, generally for the highest political and economic hierarchies and without counting his bulky correspondence. Six major topics covered 80 percent of his work, in the following order: monetary theory and policy, economic growth and development, construction and urbanism, regional studies and agrarian issues, the welfare-poverty duo, and economy and population; another 15 percent was focused on fiscal policy, international trade, recession and economic cycle, public administration, economic planning and technological change; the remaining 5 percent was devoted to other related topics, such as the general theory of J. M. Keynes, the teaching of economics, markets and underdevelopment, and the mission in China during World War II (Cánfora, 2008, pp. 433-451)³.

Currie was able to formulate a theory of development because from the beginning he was concerned with understanding the economy as a whole and the role of the parts and their interrelationships within a structure that gave them meaning. His analysis started from the situation diagnosis in order to identify problems whose solution required intervention in other areas not readily visible due to the complex nature of the chain of causal interrelationships. When the rising Keynesian thought prescribed the straightforward relation of investment towards the growth of income, already understood as an objective, Currie, on the contrary, considered investment as a result of the expansion of the market, which in turn deepened the specialization of labor and its subsequent pressure to carry further the division of labor in production and, thus, to turn Say's Law upside down, on the grounds that the described process of market growth, seen as effective demand, finally expands income and, thus, this (income) generates the funds for the required investment, because in this logic, *all demand creates its own supply*. A long missing link stood between Currie and the father of the economic discipline, Adam Smith. This was his Harvard professor, Allyn Young, who had died early and who had encouraged him to follow this path, starting with his famous 1928 article, *Increasing Returns and Economic Progress*, published in *The Economic Journal*. Great was the finding of the missing link: "Thus, in the Currie-Young perspective, the market turns out to be both a condition and a result of higher levels of specialization" (Gómez Jiménez, 1993, p. 418).

The well-known words of J. M. Keynes (1933) apply well to Currie in describing the conditions that anyone who aspires to be more than a good economist must have:

The economics study does not seem to require special endowments of an unusually high order. From the intellectual point of view, is it not a very easy subject compared to the higher branches of philosophy and pure science? However, good or even competent economists are the rarest of birds. An easy topic, in which very few excel! Perhaps the explanation for this paradox is that the master economist must possess a rare combination of gifts. He/she must reach a high level in different directions and combine talents that are not usually found together. He/she must be a mathematician, historian, statesman and philosopher, to some degree. He/she must understand symbols and express him/herself in words. He/she must contemplate the specific in terms of the general, and touch the abstract and the concrete in the same flight of thought. He/she must study the present in the light of the past, with a view to the future. No part of human nature or its institutions should be left out of consideration. He/she must be simultaneously purposeful and selfless: as detached

and incorruptible as an artist, but sometimes as close to the ground as a politician. (Streeten, 2007, p. 36-37)

We will outline a sequence in time to go through the itinerary where Currie was developing some ideas-force that in an embryonic way were always present throughout time, with the developments that he made permanently, in a context of quasi-permanent violence in Colombia. He devoted the last years of his life to finding a theory of development sufficiently solid to be worthy of the name.

BACKGROUND: THE WORKSHOP WHERE HE BEGAN FORGING HIS ANALYTICAL TOOLS

Antonio Hernández, who was Currie's student in the Economic Policy course that Currie delivered at the National University in 1966 and later they shared advisory services to the national government at the National Planning Department, reviews Currie's contributions since his time as a doctoral student at Harvard on the topics of monetary theory and policy, and they are summarized here, without the author's lucid handling of them. He reports that his interest in the subject originated when, for the Money and Banking course taught by John Williams at Harvard, Currie was appointed his assistant (Hernández Gamarra, 2008). Currie discusses the monetary issue in depth in his Harvard Ph.D. thesis, *Bank Assets and Banking Theory* of 1931, and later he would deal in depth with the monetary issue in his book *The Supply and Control of Money in the United States* of 1934. Until that time, the predominant theory in vogue pointed out that the main function of banking was to grant credit preferentially to commerce because it represented liquid assets. Currie reasoned that what made the securities liquid, which had been discriminated against until then, was not the use to which the loans backed by them were put, but the fact that they had a market.

Currie also pointed out, contrary to general belief, its relationship with the economic cycle, given that, in the contractionary phase, there is a decrease in the demand for loans and a correlative increase in the demand for money. For a rigorous thinker like him, precision in language was of paramount importance. The word "credit" had to be limited in its scope. Credit meant trust and this means that we are able to request a loan, that is, to access a debt and thus clarified that "loans are not means of payment because they must be exchanged for deposits or cash before being disbursed" (Hernández Gamarra, 2008, p. 15). This author recalls that thirty-three years later, in Colombia in 1987, Currie would return to the conceptual definitions already proposed in 1934 and with the same title, already Colombianized, Lauchlin Currie published *Currency in Colombia, behavior and control* (1987) and there he would specify that credit cannot be identified with the concept of means of payment and, by extension, with the value of money. He made it comprehensible in his own very pedagogical way, as Hernández Gamarra reminds us, saying that "money is a part of what the banks owe us, while credit is what we owe the banks" (Hernández Gamarra, 2008, p. 17).

Currie rightly blamed the Federal Reserve System for having fostered price deflation by promoting procyclical policies that intensified the drastic decrease in the quantity of money between 1928 and 1932, just in the depressive phase of the economic cycle that was going in the direction of greater demand for money and thus increasing the economic contraction by the amplitude in time of the Great Depression. From this situation, Currie gave an account in his 1934 article, *El fracaso de la Política Económica para evitar la depresión de 1929-1932*⁴, published in the *Journal of Political Economy* in the spring of 1934 (Hernández Gamarra, 2020, p. 89). The recognition of the theoretical depth of this contribution occurred in 1962 when the journal, to celebrate its seventy years of existence, made a selection of the best papers published during that period and Currie's paper was selected, together with works by T. Veblen, W. Pareto, J. Viner, J. Schumpeter, P. Samuelson and M. Friedman, et al. A couple of years earlier, in January 1932, Currie together with P.T. Ellsworth and H.D. White, from the White House economic team, had prepared a Memorandum to President F.D. Roosevelt with counter-cyclical economic policy measures in order to get out of the Great Depression and one of them was the recommendation of a massive civil works construction plan (dwelling) in multimodal transportation infrastructure and residential construction with massive employment generation (Currie, Ellsworth and White, 2006).

According to Hernández Gamarra (2008), it can be concluded that Currie made very important contributions to monetary theory and policy in the 1930s as a result of his careful observation and systematic study of the causes and consequences of the Great Depression. Experts consider that he was the first American economist to introduce the concept of speed of income instead of speed of transactions, given the greater ease of estimating national income instead of calculating total transactions and, therefore, he renewed the quantitative theory of money because instead of using the relationship between money and the price level, he redefined it as a relationship between money and income.

Relevant that leading monetarists such as Don Patinkin had noted the coincidence of the monetary series constructed by Currie and published since 1933 (*Quarterly Journal of Economics*) and 1934 (*Journal of Political Economy*) in anticipation of his 1934 book⁵, with very similar monetary series for the period 1928-1932 published in 1963 and 1970 by Milton Friedman and Anna J. Schwartz, because it was demonstrated that the pioneer was Currie, when Friedman pretended to be and that the importance of the findings could not be attributed to the ‘uniqueness’ of the University of Chicago, where Friedman and Schwartz were professors, as Friedman pretended, but that they were due to Harvard University, headed by Lauchlin Currie and Allyn Young, as the monetarist David Laidler also pointed out (Hernández Gamarra, 2008, p. 25).

Karl Brunner, wrote a prologue (*On Currie’s contribution to monetary theory*) to the 1968 reprint of Currie’s book, *The Supply and Control of Money in the United States* (1934) and this remarkable monetarist economist, was direct in demystifying ‘the data’ because he knew that data are just that, and a treatment is required to transform them into *information* and these, by means of regulated procedures, can aspire to reach the status of *theory*, which, *when confronted with reality, can accede to the condition of knowledge*, always provisional, in accordance with the well-known prescription of K. Popper. From there Brunner (1993) could say:

The data have no meaning by themselves. They acquire meaning and “speak to us” from the context of a theory that provides an adequate interpretation. Currie provided such an interpretation. The deliberate formulation and application of an empirical theory represents the most important contribution of Currie’s study. (p. 34)

THE PARADOXES OF PROPOSED REFORMS: ECONOMIC MODERNIZATION IN THE 1951 WORLD BANK REPORT IN A NON-MODERN CONTEXT

The task ahead of Currie was not an easy one for the country he found, nor for what he *wanted* to do, and he had doubts about whether he *could* do it, given the World Bank’s current practice of financing specific sectoral projects. Currie had in mind to make a development plan for the country, a new practice that entailed the elaboration of a *diagnosis* of the economic and social situation of Colombia and, on that basis, to carry out a *development program* with concrete proposals. He referred to the plan, in other words, to the theory applied as economic policy, as it goes back and forth from the initial state of the variables, hierarchized and with their interrelationships, to bring them to a desirable state for them, with real possibilities of execution, that is, of transformations. The idea was to propose a profound change to put the country on the path of self-growth or sustained growth.

The Mission under Currie’s direction undertook the preparation of a Report called *Bases of a Development Program for Colombia*⁶, a little more than 600 pages long, without technical annexes, which was delivered to President Ospina in June 1950. *Bases of a Development Program for Colombia*, was a development plan based on the consideration of three strategic variables and their evolution over time: 1. Gross domestic product (GDP), 2. Population growth and its spatial distribution and 3. The result, as a summary, is GDP per capita. Widespread poverty had impressed Currie to the point of identifying it as the problem and, therefore, he included it in the Report:

It is not necessary to repeat here the conclusions of Chapter I, except to note that the standard of living of a large part of the people, in the terms just described, is distressingly low, considering the inherent wealth of the country. (Currie, 1951, pages 14-15)

The quest to raise the standard of living of the population, understood as economic welfare, depended, according to Currie, first, on the productivity per man achieved; second, on the way in which the production of goods and services is allocated to consumer goods and capital goods (investment); and, third, on the distribution of income and consumption among the population. Currie insisted on the need to move forward with a coherent and comprehensive program.

We consider this point to be of great importance: in order to achieve results in a short time, it is necessary to obtain simultaneous improvements throughout the economy. In general, isolated sectors of the economy cannot, separately, make rapid progress, and in the exceptional cases in which one sector develops much faster than the rest, the result can be a serious deformation of the economic and social structure of the nation. It is obviously difficult to achieve and maintain a high degree of efficiency in a general atmosphere of inefficiency. On the other hand, improvements in one sector make improvements in another sector easier. (Currie, 1951, p. 109)

It was clear to Currie that economic growth and social issues are intertwined. Water purification has a direct impact on the reduction of gastrointestinal diseases in a country with high infant mortality rates. Overcoming the threshold of three years of schooling for the economically active population meant not only improving living conditions, but also raising labor productivity.

Currie had no shortage of arguments to try to correct the Bank's orientation of believing that the sum of specific projects, in different sectors, constituted a program, and with the constancy that characterized him, he insisted:

This is, therefore, the rationale and justification for a global development program. Scattered and occasional efforts have little effect on the big picture. Only by advancing the entire economic system in favor of education, health, housing, food and productivity can the vicious cycle of poverty, ignorance, poor health and low productivity be decisively broken. But once broken, the process of economic development can be automatic. Each improvement leads to another and the overall level is raised. (Currie, 1951, p. 110)

This intertwining was not understandable to the World Bank and despite having approved a comprehensive program proposed by Currie, in the implementation with a five-year horizon, in the end, the Bank did not tie the specific projects to compliance with the global guidelines of the Program. The World Bank had immovable ideas and someone who knew it from the inside referred to the thinking of the Bank's president in this regard:

The Bank's position is clearly summarized in the words of Burke Knapp: Water is the first thing people suggest, but we have to distinguish between [...] services that raise the standard of living and [...] projects that will benefit the economy. Our emphasis will be on the latter. (Alacevich, 2010, p. 126)

These words are confirmed by Currie's biographer when he relates that WB Vice-President Robert Gardner, a personal friend of Currie's, told Currie in 1951: "Damn it, Lauch (...) we can't take care of things like education or health. We are a **bank!**" (Sandilands, 1990, p. 162).

From the beginning of his work in the WB Mission, Currie was clear that the agricultural revolution, understood as the technification of the countryside, was a necessary condition for raising the standard of living, since it would free up labor from the countryside with very low levels of labor productivity and

through rural-urban migration, this population that was in a situation of disguised unemployment in the countryside could find paid employment in the urban manufacturing sector and in services, such as trade, transport, among others, could find gainful employment in the urban manufacturing sector and in services, such as commerce, transportation, among others, as long as the urban-industrial sector had a dynamic growth as a sufficient condition. Currie saw in his favor the economic growth that came with the post-war period, the protectionist policies for the industrial sector that just twenty years earlier was taking off, and would do so to a greater extent under the protection of import substitution industrialization promoted by the State. This policy also benefited the agrarian sector, which barely had a glimmer of modernization in certain small islands with modern commercial agriculture crops, irrigated rice, cotton, sugar cane, sesame and sorghum, among others, located in the basins of some inter-Andean valleys of the Magdalena and Cauca rivers and on the Atlantic coast, in the Cesar valley, since the early 1950s. His optimism was based on an agricultural and livestock boom linked to the prospects of an increase in beef exports due to the growing demand in the West, already in the post-war period.

However, in contrast to expectations, government policy in the early 1950s increased discrimination against agriculture, as indicated by the fact that in 1950 the relative share of the agricultural sector in total gross fixed investment in machinery and equipment was 5.1 times lower than that allocated to the industrial sector, and three years later (1953) it was 11.7 times lower. The difference is enormous if one takes into account that while for industry such investment rose from \$163.5 million to \$303.9 million, for the agricultural sector it fell from \$32 million to \$26 million between 1950 and 1953. Thus, while the industrial sector was the recipient in 1953 of 43.2% of total gross fixed investment in machinery and equipment, the agricultural sector received only 3.7% (DANE, 1970, based on ECLAC, 1957), years in which the World Bank program directed by Currie was supposed to be in full implementation.

When reviewing the importation of agricultural machinery, it is evident that 1955 was a peak year for tractors, with 2,833 units imported, while in 1950 there were 1,519 units, and in 1960 this import force dropped to 2,410 tractors, and by 1965 it had fallen to 1,500 units. A similar movement took place with the combined machines, which brought together in a single unit several operations because it is a combine harvester, threshing machine and cleaner, going from 984 machines in 1950 to 777 in 1955 and in 1960 dropping even further to 670 units and reaching the bottom in 1965 with only 105 imported combined machines. Thus, in 1965, the import of combined machines did not reach one sixth of the imported fleet of this complex machinery. It should be added that seeders were unknown in Colombia, since only 78 were imported in 1950 (from USA), with a remarkable increase in 1955 with the importation of 455 units (from all countries) and a decrease to 225 in 1960 and only 130 seeders in 1965 (DANE, 1970, based on ECLAC, 1957, Table 72). It can therefore be argued that the mechanization of agriculture began with only a fleeting flash of light.

The explanation for this behavior can be found in the generalization of liberal-conservative political violence that literally exploded in rural areas after the 'Bogotazo' movement of April 9, 1948 (Gómez Jiménez, 2021, pages 294-318). The progressive hegemonic character of the conservative triumph in the 1946 presidential elections was notorious as a spark that would set the country on fire and set the course for the following three quarters of a century (1947-2022) of progressive consolidation of the large unproductive latifundium in the social sphere, with leadership in the leading continental and world class in terms of economic and social inequality, accompanied by a rising rent-based economy. It is worth noting that the growing insecurity in the countryside after the second half of the 1950s, when the pacification policy of General Gustavo Rojas Pinilla was exhausted from 1955 onwards and while banditry was eliminated until the mid-1960s, coincides perfectly with the progressive decrease in the importation of tractors, combine harvesters and seeders in the period 1950-1965.

The *Bases of a Development Program for Colombia proposed a mechanism to ensure the transition of the population from the traditional agricultural sector to a modern urban sector (capitalist)*⁷ with mechanized agriculture in the inter-Andean valleys and technified agriculture for coffee on the slopes and with a shift from extensive to intensive cattle raising to meet the growing domestic demand due to the phenomenon of accelerated urbanization and the expected growing external demand (meat exports).

In the hypothetical-theoretical field, it was about the use of the “fiscal weapons” proposed by Currie, as called by A. Hirschman (1964), a strong supporter of land reform (Gómez Jiménez, 2017, p.227).

We believe that the most effective method to achieve maximum land use is a system of taxation that levies a tax on inappropriate land use. The special levies imposed in several countries on uncultivated land and the one imposed on unused lots in Colombia provide a precedent. The system could work something like this: The first step would be to revalue, for tax purposes, Colombia’s best cultivable land to reflect the steady increase in land values. Most of the suitable land is poorly appraised. Additional funds and facilities should be provided to the Military and Cadastral Geographic Institute to enable it to accelerate its agricultural property revaluation program. Attention would first focus on the highlands of Cundinamarca and Boyacá, followed by the valleys located in Valle del Cauca, Bolívar, Tolima, Huila, Magdalena, Cundinamarca, Norte de Santander and Santander. (Currie, 1951, pages 444-445)

The holders of underutilized land, but with productive potential, once the cadastral appraisal brought them in line with the commercial appraisal, had two options: to put them into production or to sell and/or rent them to those who wanted and could put them into production and thus there would be a winner: labor productivity, a condition for the reallocation to better paid occupations in the urban environment for the migrant population. Regarding this point, the governmental Committee on Economic Development (1950-1951), created to evaluate and filter the recommendations of the Report and composed of seven distinguished members, 3 Liberals, 3 Conservatives, rejected this recommendation:

One of the few suggestions made in the IBRD report that the Committee did not accept was the proposal for a tax on unused land in the Bogotá D.C. and Valle del Cauca savanna. This proposal had been violently opposed and was considered not feasible until further progress had been made in the cadastral study. (Sandilands, 1990, p. 176)

The Economic Development Committee, created in 1950 and operating until 1951, which was in charge of monitoring compliance with the recommendations of the report *Bases of a Development Program for Colombia*, did not endorse the proposal for a high tax on idle land. Forty years later, Hernán Echavarría Olózaga took a proposal to tax idle land to the 1991 Constituent Assembly, which was also rejected. Today, in 2022, the updating of the multipurpose land registry continues to be an aspiration and, with it, the political weight of the living forces that have historically kept the country in *pre-modernity* in the political and social spheres and in relative backwardness in the economic sphere is evident⁸.

The diagnosis and prospects for the industry were promising. As has been said, the requirements for machinery, equipment and inputs for industry, which had been detained during the world war, triggered the demand (imports) for these goods between 1946-1950, which were leveraged in foreign trade by the favorable terms of trade. In the end, agriculture’s share of GDP between 1944-1953 lost ten percentage points, while manufacturing industry gained five points, followed by services, and particularly, the transportation sector, in an effort to expand the land (rail and road), river and air communications network to connect the disintegrated regional markets, in the construction of an interurban fabric so that a national market could operate.

In 1945 the industrial census had been taken and the Mission recorded that *in general, the development of industry has so far been sound and logical*. However, the program *Bases of a Development Program for Colombia* notes serious shortcomings that, if not corrected, will be a source of serious problems in the future.

The factor that limits more than any other the growth of large-scale modern industry in Colombia is the limited volume of the domestic market. It is not only difficult to encourage specialization and division of labor where the market is small, but in many industries it is

actually uneconomical to attempt production. An example is the manufacture of light bulbs -electric-, which are produced very cheaply with highly mechanized equipment. The capacity of the smallest machinery would supply Colombia's current demand for one year in three months of operation. The small domestic market is mainly due to the extremely low purchasing power of the general population. (Currie, 1951, p. 110)

The small national market was directly related to the distribution of income marked by inequalities: "As far as we can calculate, almost a third of the national income is received by less than 100,000 individuals" (Cánfora, 2006, p. 34)⁹.

The title of this paper is intended to mean that, although *Bases of a Development Program for Colombia* was a milestone for the construction of knowledge based on the place, Colombia, and in that sense it was a success, as it cleared the way for future economic development plans in underdeveloped countries, the reader is not unaware of its failure for two reasons. First, because the World Bank, due to bureaucratic issues, was unable to honor the commitment it had made since 1948, as Sandilands (1990) states:

At the time, both Currie and the Colombian government hoped and expected that a substantial volume of loans would come from the World Bank if the government adopted most of the committee's recommendations as an integrated policy package or program. As it turned out, the World Bank did offer loans, but did not condition them on the adoption of the global economic program. In addition, the Bank refused to finance social projects. The definition given to "social" covered even aqueducts. As a result, the opportunity to exercise greater influence through a program, as opposed to a project-based approach to development, was lost. (p. 172)

The second reason for the failure was the ignorance that the agrarian elite of this country, influential in the entire economic and political elite, always maintained the backwardness of a good part of the peasant masses with high levels of illiteracy, with the support of the Catholic Church. Political and ideological subjugation went hand in hand with the obtaining of rents by the usufructuaries of the large territorial property in the countryside, to the point that an additional fringe and then majority of the liberal party also leaned towards the rent-based culture in economic activities.

But the determining factor for the shadows to prevail over the light was the state of total dysfunction in all State institutions, with deformation of functions, especially in those responsible for the legitimate use of violence, the military and police forces, which disfigured their function, without apparently leaving the formal institutional framework, according to the observation of the sociologist Fals Borda, who after examining abundant factual evidence concluded that "implicit here is also a deformation of functions within the institutions. The policeman is no longer a guardian of order but an agent of disorder and crime" (Guzmán Campos, Fals Borda and Umaña Luna, 1963, p. 402). When this flagship work on Colombian violence was published (1962), a second wave of violence was already beginning to develop in the sixties due to the political restrictions imposed by the two-party and excluding regime of the National Front¹⁰.

However, the work of the Currie Mission managed to influence the birth of modern agricultural entrepreneurship groups, promoters of commercial agriculture, minorities against the power of the 'lords of the land', with extensive cattle raising, the latter not interested in advancing by their own efforts, always thriving on the hunt for State revenues, but critical of public policies and achieving influence with this parasitic culture of land speculation, in other production guilds, to the point of achieving prominence.

THE DEVELOPMENT PLAN OF THE FOUR STRATEGIES OF 1970-1974

The immediate background to the government's development plan known as The Four Strategies, of the then president of the National Front, the conservative Misael Pastrana Borrero, whom Currie had met as private secretary to President Ospina Pérez in 1948, was provided by a brief version (1961) for the general public of the ideas contained in the 1950 World Bank report directed by Currie, a booklet (84 pages)

that was given a war name: Operation Colombia: A National Economic and Social Development Program since it proposed to defeat poverty and was circulated profusely, with great popularity for its author, who had always avoided it.

The liberal government of Alberto Lleras (1958-1962), had committed to ECLAC's advice for his government's development plan and then his successor, the conservative president Guillermo Leon Valencia, showed little interest in the economic issue, so by this time Currie devoted his energy to the Academy (National University of Colombia, University of Los Andes and Simon Fraser University of Canada) and to the refined elaboration of his vision of development for a country like Colombia in a book published in 1966 under the title *Accelerating Development: The Necessity and the Means*, published by McGraw-Hill, which announced the book as the winner of the contest for the best book on international development.

In the first part, the book dealt with diagnosis and presented the basic concepts of a general nature and the multicausal intertwining of variables, as well as the differential role played by them, depending on their place in the economic structure. In the second part of the book, which he called *The Plan for Breaking* (of poverty), he referred to Colombia, taken as an illustration, already counting on the collection of statistical information gathered in the previous years and between 1969 and 1971 in Canada, ¹¹he devoted a chapter of an unpublished book to the subject of how to escape the trap or vicious circle of poverty, raised by Rosenstein-Rodan, Scitovsky and Nurkse and taken up by Myrdal, among others, and later he would polemicize acutely with A. Hirschman (Currie, 2018).

When Misael Pastrana became President of the Republic (1970-1974), Currie had not finished writing the Plan of the Four Strategies and his predecessor Lleras Restrepo, with the support of ECLAC, was advancing his Triennial Development Plan 1969-1972. Unlike *Accelerated Economic Development: The Necessity and the Means* (1968), where references to Colombia were an illustration, here, in the *Development Plan of the Four Strategies*, it is a very detailed study that starts from the diagnosis, where it discusses the constraints from both the supply side (underutilized resources) and the demand side (notable income inequality). Now a strategy of four sectors to intervene or just a plan with four strategies is proposed: 1) the dynamism of urban construction that would act as a magnet to attract surplus labor in the countryside; 2) the promotion of exports that serve to pay for the required imports; 3) the significant increase in agricultural productivity that frees labor to be transferred to industry and urban services with better wages and 4) the issue of redistribution of taxes with progressive character, to reduce inequalities.

In a very typical Currie's logic, it is stated in the general part of the Plan that the problem is not of a sectoral nature, but that a good part of the conditions for its resolution are to be found outside agriculture itself, "through greater opportunities for the agricultural labor force to move to more remunerative occupations" (DNP, 1972). Professor Dudley Seers had presided over the employment mission requested by Lleras Restrepo in his administration (1966-1970) and delivered the report at the end of it. The principal recommendation was to avoid urban employment growth, given the effect of the Harris-Todaro (1970) model of attracting more rural-urban migration, with higher urban unemployment. Therefore, previously the obvious recommendation of Professor D. Seers' mission was to retain the rural population in the countryside, totally contrary to Currie's position and to the agricultural policy of Misael Pastrana's government. In fact, urban employment was growing below its trend line, so that, between the late 1950s and the late 1960s, manufacturing employment growth slowed from 3 to 1% per year (Misas Arango, 2019, p. 80).

This author, Misas Arango, inserts the Plan of the Four Strategies 1970-1974, in a long-term perspective of analysis and intertwining, first, the field of economic decisions, in other words, the governmental economic policy; second, with the political field and its scenario of action such as the Congress of the Republic and, third, with the field of legal institutions that regulate the functioning of the institutionality, the high courts and all the three previous fields related to the field of power, in the hands of the elites in the entire international, national, regional and local spatiality. Therefore, according to Misas Arango (2019):

The Pastrana Borrero administration undertook to satisfy the demands of the power camp and did so through: i) attacks, pressures and cooptation of ANUC leaders, which ended

with the division of the association - peasant users; ii) repression against peasant mobilizations that left dozens dead, wounded and arrested; iii) the issuance of a new agrarian law, marking the end of the reform era, and iv) a new development plan (p. 77).

This long-range vision allows him to contextualize the structural changes that were taking place in the post-war period, such as accelerated industrialization by import substitution, with a decline in the first half of the 1960s, a boom in non-traditional exports due to the international trade situation in the second half of the 1960s, the beginning of the expansion of the subregional market with the birth of the Andean Pact (1969) and, at the domestic level, the deepening of the bimodal structure in land tenure and use, with the expansion of the agricultural frontier through the colonization of vacant lands and a relative contraction of the area occupied by the peasant economy.

There were remarkable changes in demographic growth, close to 3% annual rates in the 1951-1964-1973 intercensal periods, accompanied by annual population growth rates of 5.5% in the large cities and 6.8% in Bogotá D.C., evidenced the weight of rural-urban migratory flows as a result of agro-industrial technification, and, above all, the massive expulsion of the rural population due to the intensification of political violence in the countryside, which contributed to urban *demographic* growth, as well as growth due to internal displacement caused by intense migration.

Agriculture as a whole and, in particular, small farmers suffered the consequences of the new economic policy first steps that began the transition to the great disaster that would continue for the rest of the 20th century. Paraphrasing Berry (2017c), who estimates that, in the calculation of total farm income, this could have been 80 to 100% higher than what was obtained in 2010 and additionally some of the capital income could have been transferred from large to small producers and farm labor force income could have grown more than farm GDP. The above estimate is consistent with the current and potential income trajectories of the agricultural population as defined. Income growth has fallen between 1950 and 2010 within a range of 1.1 to 1.5% per year. Initially with a partial agrarian reform accompanied by good technical support, this income could have risen to 2.5-3% per year, in which case the current income of this group could have been 2-3 times higher than that obtained in 2010.

Table 1 shows the changes in the area occupied by small, medium, large and giant properties, as well as the number of owners between 1960-2000 under different titles. For the 1960 census, the area measured in hectares was counted by operating units and their corresponding surface area in hectares, and for the 2000 census, it was counted by owners. Although the measurement has problems to make the comparison, given that one owner may have several Agricultural Production Units (UPA by its Spanish acronym) and one UPA may have several owners, in the end, more important than the precision in the measurement, what is of interest is the trend.

Table 1 indicates a surprising expansion of the additional area appropriated in 40 years, of 48 million hectares between 1960 and 2000 and 33.5 million of them corresponding to owners with plots larger than 2,000 hectares, but also with an increase of 2.37 million operating units and/or owners, so that, in the end and over the total area increase of 48 million hectares, an average increase of 1.45 hectares per productive unit corresponded to the category of *small plots*; for *medium-sized plots*, 29.43 hectares; for *large plots*, 117.09 hectares, but for *giant plots*, the average increase per productive unit and/or owner was an outrageously large 23.685 hectares per productive unit and/or owner. Table 1 also reveals the extent of the inequality between the two censuses because while small properties multiplied their area by 1.74 times, giant plots of land, larger than 2,000 hectares, multiplied by 7 times in that intercensal period from 1960 to 2000.

This massive and gross acquisition of land, which does not necessarily mean purchase of land, with dubious land titles and up to date with the DIAN for the payment of derisory taxes, are generally successful in lobbying practices. In this connection, it is illustrative the news of the following content, such as the one published in the press in the middle of the second half of the last century, on November 19, 1975, whose headline was as follows: YES THERE WILL BE TAX CUTS, and with subtitle:

TABLE 1
LAND DISTRIBUTION BY SIZE OF PLOTS BETWEEN OWNERS (2000) AND FARMING UNITS (1960)

| Size of surface (Hectares) | 1960 | | 2000 | | Increase 1960-2000 | | Average increase in surface area/owner (hectares) |
|---------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|--------------------|--------------------------------------|---|
| | Units (thousands) | Surface area (thousands of hectares) | Units (thousands) | Surface area (thousands of hectares) | Units (thousands) | Surface area (thousands of hectares) | |
| A. Small plots | 1.040,07 | 3.975,80 | 3.088,60 | 6.956,20 | 2.048,53 | 2.980,40 | 1.45 |
| Micro plots < 3 hectares | 606.42 | 677.96 | 2.049,70 | 1.324,80 | 1.443,28 | 646.84 | 0.45 |
| Mini plots 3 to < 10 hectares | 319.33 | 1.725,77 | 751 | 2.834,10 | 431.67 | 1.108,33 | 2.57 |
| Small plots 10 to < 20 hectares | 114.32 | 1.572,08 | 287.8 | 2.797,30 | 173.48 | 1.225,22 | 7.06 |
| B. Medium-sized plots | 149.28 | 8.315,32 | 442.6 | 16.947,90 | 293.32 | 8.632,58 | 29.43 |
| 20 to < 50 hectares | 86.97 | 2.638,70 | 264.1 | 5.880,50 | 177.13 | 3.241,80 | 18.3 |
| 50 to < 100 hectares | 39.99 | 2.680,47 | 117.7 | 5.646,80 | 77.71 | 2.966,33 | 38.17 |
| 100 to < 200 hectares | 22.32 | 2.996,15 | 60.7 | 5.420,60 | 38.38 | 2.424,45 | 63.16 |
| C. Large plots | 19.81 | 9.533,29 | 44.8 | 12.459,30 | 24.99 | 2.926,01 | 117.09 |
| 200 to < 500 hectares | 13.69 | 3.994,32 | 32.4 | 5.657,50 | 18.71 | 1.663,18 | 88.91 |
| 500 to < 1000 hectares | 4.14 | 2.730,76 | 9 | 3.707,90 | 4.86 | 977.14 | 201.1 |
| 1000 to < 2000 hectares | 0.98 | 2.808,21 | 3.4 | 3.093,90 | 1.43 | 285.69 | 200.48 |

| | | | | | | | |
|---|-----------------|------------------|-----------------|------------------|-----------------|------------------|------------------|
| D. Giant plots > to 2000 hectares | 0.79 | 5.513,41 | 2.2 | 39.004,80 | 1.41 | 33.491,39 | 23.685,57 |
| Total (A +B + C + D) | 1.209,60 | 27.337,82 | 3.578,20 | 75.368,20 | 2.368,60 | 48.030,38 | |

Sources: For 1960 Berry, A. was consulted. (2017b). *Avance y fracaso en el agro colombiano S. XX y XXI*. Bogota D.C.: Editorial Universidad del Rosario, pp. 15-16. From this same author are taken the data from the 1960 Census in Berry, A. (2017a). *The Development of the Agricultural Sector of Colombia into the 1960s*. Bogota D.C.: Editorial Universidad del Rosario, table A-50, p. 980.

For the 2000 data based on Kalmanovitz, S. and López-Enciso, E. (2006). *Colombian agriculture in the 20th century*. Bogota D.C.: Economic Culture Fund, Table 37, p. 322. This last source is taken up by A. Berry (2017b), in Table 2.1, p. 38.

Minister RODRIGO BOTERO: tax relief. Authorization for cattle ranchers to pay one-third of the income tax with new Class A shares issued by them in the name of the Government. The Minister of Finance explained that the tax relief bill means lower tax revenues for 1975, by \$1,495 million pesos; for 1976, 2,700 million pesos; and for 1977, 4,000 million pesos. (Uribe López, 2013, p. 340)

Albert Berry, one of the leading scholars of economic performance, states that:

According to a comparison of PTF performance -Total Factor Productivity- among Latin American countries for the period 1960-2000 the vast majority experienced averages between 1 and 2% per year (Días et al, 3.736). The rate of 1.55% indicated for Colombia is close to the average for the Andean region, but as noted above, this figure does not match the values in the table for Colombia in the study by Días et al. (which are presented in Table A.1), which is at most 0.73 and more likely to be around 0.58...Based on these considerations it seems likely that Colombia's PTF progress was below the typical observed in the region during 1960-2000 (Berry, A., 2017b:294-295).

Complementary to the line of analysis we have taken, Berry provides the context that accounts not only for the poor performance of the PTF but also for the attacks against the peasantry and therefore lapidary sentences in his study already cited (2017b):

(...) Colombia entered the 21st century with a heavy burden related to violence and deaths in rural areas, a huge number of displaced people and serious challenges in the areas of employment and equity. All these problems reflect the failure of rural development policy, particularly since the 1970s, to create sustainable, peaceful and equitable development. (p. 2)

When consulting other sources of information, it is obvious that the data are different; the trend of poor performance of agricultural productivity (agriculture and livestock) is maintained. Table 2 shows that for Colombia, according to ECLAC, from the 1970s to the end of 1990s (1971-2000), the average annual growth of TFP (total factor productivity) decreased from 2.64 to 1.57 and 1.16, respectively.

TABLE 2
LATIN AMERICA: AVERAGE ANNUAL GROWTH IN TOTAL FACTOR PRODUCTIVITY IN THE AGRICULTURAL SECTOR, 1961-2000 (IN PERCENTAGES) *

| Country | 1961-1970 | 1971-1980 | 1981-1990 | 1991-2000 | 1961-2000 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| Argentina | 4.63 | 3.72 | 1.78 | 3.47 | 3.4 |
| Brazil | -1,73 | -1,38 | 2.34 | 3.6 | 0.68 |
| Chile | 2.07 | 0.31 | 2.55 | 3.06 | 1.99 |
| Colombia | -0,47 | 2.64 | 1.57 | 1.16 | 1.22 |
| Mexico | 0.36 | 2.73 | 1.02 | 2.12 | 1.55 |
| Uruguay | 1.74 | 2.67 | 0.89 | 1.26 | 1.63 |
| Venezuela | 2.79 | 2.35 | 1.04 | 2.16 | 2.08 |

*Countries with an abundance of land (Ha/PEA > 12)

Source: Based on Misas Arango, G. (2019). Accumulation regimes and regulation modes: Colombia 1910-2010. Bogota D.C.: School of Economics and Institute of Political Studies and International Relations IEPRI, National University of Colombia Publishing House, Table 9.1: Average Annual Growth of Total Factor Productivity in the Agricultural Sector, 1961-2000, p. 433.

Additionally, with the exception of Brazil, Colombia had a lower TFP than Argentina, Chile, Mexico, Uruguay and Venezuela during the entire period 1961-2000 and in the decade of the 1960s, Colombia's TFP was negative (-0.47). On the other hand, Berry (2017b) in Appendix A.2. in Table A.1. shows results for TFP below unity between 1960-2000, based on Kalmanovitz and López (2006) and Días *et al.* (2010), of 0.83 for the former and 0.41 and 0.47 for the latter¹². To conclude, we make our own the words of the philosopher Carlos Rincón (2014) who warns us that:

To learn about the failed purposes of modernization in Colombia, access to material from Lauchlin Currie's archives, provided by Elba Cánfora Argandoña, which inspired the *Bases of a Development Project for Colombia*, designed in 1950 by the former *New Deal* advisor, was invaluable. (p. 15)

Currie's efforts in fighting strenuously to convince the elites about the adoption of new proposals were barely heard and finally the bicentennial inertia of Colombia since Independence, of concentration of privileges inherited from the Spanish Colony, typical of the pre-modern State that refuses the true formation of nation (Gómez Jiménez, 2021), was imposed, making void the efforts to distance itself from the current socially harmful structure that has prevented the adoption of a superior system for Colombia (Berry, 2017b, p. 238), which cries out for it.

On the other hand, after 16 years of the National Front pact (1958-1974) the country was again entering a new phase of armed insurgency (González González, 2014, pp. 317-318) with the emergence of guerrilla groups since the mid-1960s (FARC, ELN, EPL and M-19). The ultra-conservative opposition of the Laureanist wing of the conservative party put the brakes on the agrarian reformist initiatives of the liberal party, aligned with the Lleras family, and managed to change the political agenda, with the support of the more traditional sectors of the liberal party, by placing the fight against communism and its peasant bases (the "Independent Republics") at the forefront, in the middle of the Cold War, which weakened the reformist positions in agrarian matters. After three years in the Congress of the Republic, Law 135 of 1961 on Agrarian Reform was passed, which was stopped during the conservative government of Guillermo León Valencia and neutralized during the government of Misael Pastrana Borrero, also a conservative, with Law 4 of 1973, which embodied the landlord reaction to the *Chicoral Agreement* of 1972, which left the agrarian reform brain dead, and in the economic sphere, with Currie as the inspirer of the Development Plan of the Four Strategies, where the third strategy on the increase of agrarian productivity, first ignored the agrarian

reform and then the government policy finished it off with Law 4 of 1973 as an embodiment of the Chicoral Agreement of 1972, which was a declaration of war on the peasantry.

CONTRIBUTION ON THE ROLE OF CENTRAL BANKING IN ECONOMIC STABILITY AND ITS RECOMMENDATIONS TO THE 1991 CONSTITUENT ASSEMBLY¹³

Once the Constituent Assembly was convened and the Supreme Court of Justice established that this body had no limits to reform the current constitution of 1886, it took up the monetary issue in depth. The Office of the Comptroller General of the Republic commissioned Fedesarrollo to coordinate a research on the issues to be addressed in the constituent assembly and invited experts to report their positions in the Colombian Economy Magazine of the same Office, in an issue entirely dedicated to this matter, with the purpose of forming an enlightened opinion in the constituents, in the first place. Eduardo Lora representing Fedesarrollo and Professor Currie participated on the topic, directly monetary, the former with proposals that barely disguised the traditional monetary management and the latter that challenged it.

Positions were first expressed as matters of form that really had a lot of substance. Thus, Lora argued that it was logical that monetary reforms were not a matter for the Magna Carta but for Congress, given that the reforms were within its scope of action and not that of the political constitution. There is no room for the Banco de la República to waive the ‘issuance’ generated by the power to grant primary credits and affirmed:

The law -and not the constitution- should be in charge of indicating the general criteria within which this financing can be granted (...) In short, they consider that monetary policy is too important to be left to the government, an argument that is difficult to justify, since it is the government that is responsible for guiding economic management, of which monetary policy is the centerpiece. (Lora, 1991, quoted in Hernández Gamarra, 2008, p. 52).

E. Lora, aligned with Fedesarrollo in the most orthodox positions of the economy, argued that it was enough to reform Article 76 of the current constitution (1886) in relation to the powers of Congress to make laws and other provisions, to set the scope of government action to regulate the money supply, credit and the financial system. An alternative position, which was actually a variation of the orthodoxy, was put forward by the manager of the Banco de la República, Francisco Ortega, and delivered to President Gaviria, under the title “*Proposal on the Monetary Regime in the Constitutional Reform*”.

When President Gaviria consulted Professor Currie about the *Proposal*, he declared himself in favor of making Banco de la República totally independent from the Government. Minister R. Hommes also wanted to go further and considered that the Bank’s document was *a modest advance in favor of administrative and technical autonomy, aimed more at isolating the Bank from the state bureaucracy, its controls and its political clients... and less at creating a fully autonomous modern authority within the State, accountable for policies, for the inflation rate and for the exchange rate.*

The constituent introduced changes worth highlighting (Hernández Gamarra, 2008, p. 55):

1. The composition of the Board was not *legally* required, as the Bank and the Government insisted, but was *constitutionally* mandated, stipulated not simply by a constitutional reform, but by a new Political Constitution.
2. However, F. Ortega, manager of the Bank, managed to obtain exceptions that did not free The Bank from the old practices and therefore maintained the management of lines of credit from international and multilateral organizations and with such funds granted loans to the non-bank private sector.
3. Congress was prohibited from authorizing credits from the Bank to the Government, and the Board was also prohibited from authorizing credits to the Government unless the vote was unanimous.
4. The Bank’s function of granting credit to the non-financial private sector was terminated.

Currie was invited to shed light on the Constituent Assembly and his ideas were published in No. 234 (April 1991) of the Colombian Economy Magazine of the Office of the Comptroller General of the Republic, associated with Fedesarrollo to enlighten the constituents, but the interview entered into circulation at a late stage, after the end of the Constituent Assembly session (December 1990). However, Currie circulated his text in due course through constituent Carlos Ossa Escobar, entitled *A Framework for the Formulation of Monetary Policies*, and there he pointed out: a) the monetary origin of inflation; b) the institutional difficulties existing in the country to control the money in circulation; c) the lack of clarity on the functions of the Banco de la República as lender of last resort; and d) the conflict of interest reflected in the composition of the Monetary Board. In summary, Currie, according to Hernández Gamarra (2008), stated that:

1. Total independence of the monetary authority from the government.
2. A Board of the Banco de la República, without the participation of the Minister of Finance, whose members were to work full time, have technical capacity and not represent any particular sector of the economy.
3. Drastically restrict Banco de la República's credit to the Government.
4. Enact a law that would charge the monetary authority, as its main function, with procuring price stability. (p. 56)

His position was adverse to the Minister of Finance being part of the Bank's Board of Directors and argued: "although for the purposes of economic policy coordination one could argue in favor of the presence of the Minister of Finance on the Board, this has generally led to a bias towards excessive monetary issuance" (Currie, 1991a, quoted in Hernández Gamarra, 2008, p. 56).

Currie anticipated criticism that the absence of the Minister of Finance on the Bank's Board of Directors would undermine economic policy coordination:

(...) Among macroeconomists today, the idea prevails that the best contribution the monetary authority can make is to promote a framework for price stability within which the government and Congress can formulate other economic policies. (Currie, 1991b, quoted in Hernández Gamarra, 2008, p. 57).

Finally, in the text approved for the new Political Charter, Currie's position to exclude the Minister of Finance from the Board of the Bank of the Republic was defeated.

In 1992, in issue No. 170 (October) of the journal *Economic and Financial Strategy*, the penultimate one he wrote, Currie pointed out important gaps in the 1991 Constitution, writing that:

Neither the Monetary Board nor the Bank's Board were given priorities in their objectives. The authorization granted by the new Constitution to the Issuing Bank lacks clarity and in fact leaves the determination of priorities to the Bank's own Board. (Currie, 1992, quoted by Hernández Gamarra, 2008, p. 58).

One of Currie's proposals that was incorporated in the new constitution was the one that clarified the differences between the Bank's manager as head of the administration and as a member of the Issuer's Board of Directors, present in Articles 36 and 37 of Law 31 of 1992 regarding the exercise of the Bank's functions. Later, by Decision 481 of 1999, the Constitutional Court declared unconstitutional that inflation targets should be lower than the results of the previous year and thus granted the flexibility that the rule required (Hernández Gamarra, 2008, p. 58).

As proof of the importance of the Bank's role in the maintenance of a healthy currency, it is appropriate to recall some of the paragraphs of the communication addressed by Antonio Hernández as Co-director to José Darío Uribe and Gerardo Hernández, then Technical Manager and Executive Manager of Banco de la República, respectively, in a communication dated February 26, 2001:

...It will be a long time before the fight against inflation will be a valued task. This is because those most affected by the deterioration in the purchasing power of their income do not usually have a voice in this society. Even if they did, they would not be echoed, as it usually happens in many other events of national life. As a result of this reality, the Banco de la República will have to preserve, almost alone, the ideal of a sound currency in the midst of an environment of open hostility, misunderstanding or the beatification, open or surreptitious, of very specific interests that are usually covered by the general interest of the nation. Therefore, do not delude yourselves with the idea that you will receive public praise for your work. Worry about the day when compliments will be frequent... (Hernández Gamarra, 2020, pp. 308-309)

Many colleagues are unaware of how Professor Currie's living thought transcended the life cycle of his existence by devoting the last years of his life to the search for and exposition of his ancient and at the same time novel theory of development¹⁴ anchored in the market as the engine of growth, inspired by the path blazed by his teacher at Harvard, Allyn Young. This is a classical, Smithian formulation (Sandilands, 2022) that establishes a bridge with the advances in the direction of endogenous growth proposed by Paul Romer (Nobel Prize in Economics in 2018), with the benefit of the theoretical contributions of the great economists of the twentieth century. Far from being eclectic, Currie formulated a heterodox theory of development, whose contours were rigorously clarified by an in-depth scholar of his work, who pointed out how Currie was able to move away or distance himself from neoclassical micro, Keynesian and conventional macro (Lorente, 2020) and identify the central role of innovations (technological and reorganization of productive factors) in the generation of extraordinary profits as a condition for achieving self-sustained exponential growth, thanks to productivity gains.

CONCLUSIONS

1. Currie's contribution since 1934 as a member of the 'Young Brains Group' at the Treasury Secretary (Sandilands R. 1990: 57) and then as an advisor to F. D. Roosevelt in the theoretical clarification of money creation was relevant, given the state of knowledge on the nature of money. His contribution to monetary policy was equally important when he rightly blamed the Federal Reserve System for having caused price deflation by promoting pro-cyclical policies that intensified the drastic decrease in the quantity of money between 1928 and 1932, just in the depression phase of the economic cycle that was going in the direction of greater demand for money and thus increasing the economic contraction due to the amplitude in time of the Great Depression.
2. Colombia selected by the World Bank, was a pilot for the design in 1949 of the so-called 'economic and social development plans' and the chief economist designed for such a mission was a wise choice. The design of the project was also a success (Lauchlin Currie), but its execution, which lasted five years, was a failure. There are two reasons for this: The first, that the World Bank was just that, a bank and did not understand the comprehensiveness of the plan with the multidimensionality and multidisciplinary that went with it, so that instead of a complex program it reduced it to a simple sum of 'specific projects', without linkages or priorities.
3. The second reason for the failure was political. The regime established in Colombia in 1946 was hegemonically conservative and stately as of 1948, because the government only sought to develop the country's industrial base by promoting industrialization with the required public works infrastructure. Therefore its name: Bases of a Development Project for Colombia. The government of the ultra-conservative Laureano Gómez was in charge of implementing the plan, and the bipartisan commission to evaluate the Currie Mission's recommendations saved only the appearance of national political unity for a country sinking into liberal-conservative violence. One of the main recommendations of the Mission was rejected by the Commission in charge of its evolution, that of placing heavy taxes on idle land, the large unproductive estates, so that market

forces would be in charge of allocating it to those who, through free sale and purchase, knew how and could produce food for the population and raw materials for industry.

4. The structure of agrarian property would remain unchanged as it had been since the beginning of the Republic. Years later, the conservative president Misael Pastrana would make it clear when he adopted the recommendations of the ‘living forces’ of the nation (political parties -conservatives and liberals-, congressmen -liberals and conservatives-, representatives of the economic unions, among others) by sanctioning Law 4 of 1973, which fully accepted the recommendations of these bicentennial living forces convened at a meeting in one of the facilities of the Caja Agraria bank in the town of Chicoral (Tolima) in January 1972 and known as the Chicoral Agreement, by which the peasantry would have nothing to expect from the so-called ‘agrarian reform’.
5. Currie, being a pioneer of the dualist theories of development, understood as a process of urban-industrial and service modernization and accompanied by the ‘emptying’ of the countryside by accelerated rural-urban migratory flows, with very low labor productivity in rural areas and with expectations of better urban wages and living conditions, by improvements in health and education through increased schooling, all of which increased social mobility. For the Currie peasantry, the only thing to say was that they only had a future as urban wage earners or rural wage earners if they remained in the countryside in the service of modern agricultural, livestock and agro-industrial enterprises.
6. Albert Berry, like others, was responsible for demonstrating the efficiency of the small family farm and the high levels of productivity and efficiency achieved and measured by the total factor productivity (TFP) of the small farm, which explains its permanence in the long term, despite all kinds of attacks to liquidate it.
7. During his entire life, Currie made very important contributions to the constituent assembly that drafted the new political charter of 1991 that governs us today, with emphasis on the importance of the independence of the Banco de la República for the maintenance of a healthy currency and the contribution of the central bank to harmonize it with the economic policy objectives of raising the standard of living of all Colombians.
8. He was able to mitigate the pains of his role as an advisor in the design of economic policy with his dedication to the elaboration of an integral theory of economic and social development, on which he worked arduously with his biographer Roger Sandilands, so that postmortem he continued to contribute to the obsession of his life, the elaboration of a theory of development worthy of the name.

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ENDNOTES

1. See in Sandilands, R. J. (1990). *Vida y política económica de Lauchlin Currie*. Bogotá D.C.: LEGIS Editores S.A., p. 418.
2. From the beginning of 1947, “the conservatives understood that it was necessary to purge the Police of liberal elements and began its reorganization in a way that served the interests of their Party. From that moment on, the creation of the POPOL, or Political Police, began to be promoted within the Government, which would come to validate the assassination of the antagonist as part of political censorship, and would contribute decisively to sow violence in the country” (Reyes, 2021, p. 22).
3. From the list of publications between 1931 and 1997, the last one being a posthumous paper released by his friend and historian 25 years after his death.
4. First published in Spanish as Currie, L. (1993). *El fracaso de la Política Económica para evitar la depresión de 1929-1932*. Cuadernos de Economía, 18-19, 39-74.
5. It is very significant that in 2004 some excerpts from Currie’s doctoral thesis were published in the *Journal of Economic Studies*, 31(3-4), 235-260, according to Hernández Gamarra (2008).
6. A second edition in 1951 was published by the Banco de la República and we refer to it here for quotations.
7. Currie, with his report *Basis of a Development Program for Colombia* (1950), anticipated the dualistic models of development with surplus labor in the rural sector to be transferred to the urban industrial sector, pioneered by W. A. Lewis (1954) and the relevant papers that resulted in the 1950s and 1960s: Ranis, G. and Fei, J. (1961) and his later book (1964); Harris, J.R. and Todaro, M.P. (1969-1970), et al.
8. In 1826, direct taxation (contribution) was dismantled, approved as a law by the Congress of Cúcuta in 1821, due to the tenacious resistance of the miners and landowners of the time who alleged that, in the absence of an efficient land registry, taxation discouraged productive activity in the countryside. See Gómez Jiménez, A. (2021). *Raíces de una nación marcada por la desigualdad*. 12 ensayos histórico-económicos siglos XVI a XXI. Academia Colombiana de Ciencias Económicas y Ediciones Aurora, pp. 116-133.
9. At the same time (1954), another international mission investigated in the field on the subject, although its report was published years later (1958), and premonitory concluded that in the mid-twentieth century only 10% of the population had an income above the average income, but more than four fifths of the population had an income below the average income and therefore it was stated that: “(...) Under the economic aspect alone, the raising of the purchasing power of the people is a condition for the markets necessary for industrial and agricultural development (...) The ethical aspect and the economic aspect are therefore combined for the leaders of the country to prepare an evolution of the income structures. The maintenance of the current structure will only provoke, in the medium or long term, an aggravation of the social unrest that can already be perceived in the nation”. (Lebret, 1958, p. 28)
10. German Guzmán Campos, co-author of the aforementioned work *La Violencia en Colombia* (The Violence in Colombia). Study of a social process, as Final Words, recorded the question, “Are there promising signs on this horizon of desolations?” His optimistic answer was: “We do not want to force the chronology, because we thought of elaborating the positive part of the immense effort made since May 10, 1957, to present it in a second volume to be called: *HOW PEACE IS MADE*”. See Guzmán Campos, G., Fals Borda, O. y Umaña Luna, E. (1963). *La Violencia en Colombia*. Study of a social process. Volume 1, Bogota. Tercer Mundo Editores.
11. Roger Sandilands in an article of his authorship refers that “This article presents Chapter 19, ‘The Big Push and Balanced and Unbalanced Growth,’ from the hither to unpublished manuscript of a book on economic development that Lauchlin Currie (1902-1993) wrote between 1969 and 1971 at Simon Fraser University, Canada.” See Sandilands, R. J. (2018). Albert Hirschman, Lauchlin Currie, la teoría de los “eslabonamientos” y el “gran impulso” de Paul Rosenstein-Rodan. *Revista de Economía Institucional*, 20(39), 53-68.
12. The definition of TFP should be recalled: “(...) In the discipline of economics, the standard measure of the economic efficiency of a production unit (be it a company, a farm, an industry or whatever the unit of interest for the analyst) is the total factor productivity (TFP), which is defined as the ratio between the value of its production and the opportunity cost of the inputs used. As long as this ratio reaches a level greater than one, the production unit is contributing (positively) to GDP, and when it is less than one, its activity is reducing GDP”. (Berry, 2017b, p. 288)
13. The text closely follows point 4. The monetary thought of Currie and the constitutional reform of 1991, from the essay *The monetary thought of Lauchlin Currie and its influence in Colombia*, by Antonio Hernández Gamarra (2008), recognized monetarist and former co-director of the Banco de la República. Hernández

Gamarra was first his student and then they shared professional life and friendship in the last 25 years of Currie's life.

14. His biographer helped put the final touches on his publication, three years after Currie's death. See Currie, L. and Sandilands, R. J. (1997). Implications of an endogenous theory of growth in Allyn Young's macroeconomic concept of increasing returns. *History of Political Economy*, 29(3), 413-443.

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