

# **International financial credit and economic development in Colombia (1940-1966)<sup>1</sup>**

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## **Abstract**

This paper analyses the relation between international financial aid in Colombia after World War II. Focusing in particular on World Bank early loans and missions, we apply the social network analysis (SNA) to study the interaction between local and international economic advisors and their role in loans disbursement and management. This analysis of the micro-structure of an international financial aid case study allows getting a better understanding of international financial organizations’ practices and programs.

## **Key-words**

International financial aid, World Bank, economic advising, Colombian economy, social network analysis.

## **Introduction**

International financial organizations were peculiar actors in post 1945 world context, in many ways. They influenced widely financial relations among countries and elaborated economic models to be applied in the international order following the War. More important for our analysis, they also played a fundamental role in defining the “development” as a new area of intervention and international economic policies. If organizations such as the Export Import Bank had already applied development programs at the end of the 1930s<sup>2</sup>, it is only with the creation of the World Bank and the International Monetary Fund that financial aid became specifically shaped and designed towards development plans, defining the same missions of the international financial organizations. Among them, the World Bank not only pioneered these kinds of plans (negotiating the first development projects already in 1947), but also contributed, with its expertise and practices, to the elaboration of theoretical models and policies specifically dedicated to tackle and solve the backwardness of the so called “Third World” countries.

The World Bank’s history and the evolution of its activities, therefore, are particularly interesting for historians of economic development theories and practices. More specifically,

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<sup>1</sup> Very preliminary version. Please do not quote without permission of the author.

<sup>2</sup> We refer to Export-Import Bank loans, which will be described below.

the study of its origins and early years reveals how its mission toward underdeveloped countries gradually emerged and what ideas and policies contributed to this evolution. Despite the importance of this topic both for the history of international financial aid and for the economic history of the countries concerned, the World Bank became only recently a subject of historical analysis. Many economic analysis tried to estimate the impact of World Bank policies in recipient countries; on the other hand, its activities received only little attention by historians, except for a sort of official history of the World Bank, published in 1973 by two former World Bank experts, Edward S. Mason and Robert E. Asher (Mason et Asher 1973), which remains a fundamental study for the history of the World Bank, collecting an impressive amount of documents and memories about World Bank activities. Nonetheless, this study combined the historical narrative of World Bank origins and structure with an analysis of its functions, performance and relations with other international institutions. The account lacks, therefore, of a wider frame linking together the events and the historical context in which they took place. However, this aspect was far beyond the authors' purposes. More recently, the historiography became more and more interested to the history of World Bank action toward underdeveloped areas. In particular, Michele Alacevich wrote the first account of its early years of activities, focusing on the main debates that took place inside the organization and contributed to define its mission (Alacevich 2009), while other studies focused mainly on the loans the Bank disbursed in specific areas<sup>3</sup>.

My research<sup>4</sup> moves from these recent analysis but proposes a different perspective both for the approach and the methodology adopted. First of all, a comprehensive analysis of World Bank history needs to take into account the role of local actors and the context in which its policies were applied. One of the most compelling results of Alacevich' studies is the description of the multiple "voices" inside the World Bank, "below the official positions" (Alacevich 2009, 147). Indeed, his analysis of the First General Survey Mission of the World Bank in Colombia shows how the international experts shaped their thought and theories towards underdevelopment during their mission in the country<sup>5</sup>. This is surely a key aspect in order to understand how the Bank evolved and gradually defined itself in its early years. Nonetheless, in this narrative, local actors are almost totally neglected and appear as passive recipients of the guidelines proposed by the international experts. On the other hand, our

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<sup>3</sup> Such as Italy (Paganetto et Scandizzo 2010; Lepore 2013).

<sup>4</sup> This article resumes part of the finding of my PhD dissertation at the University of Paris Diderot/Università di Bologna.

<sup>5</sup> In particular his studies focused on Albert Hirschman and Lauchlin Currie, both working as international experts during the World Bank first loans in the country.

study tries to demonstrate that the interaction between local and international actors, as well as a deep comprehension of the historical *momentum* in which the country received the Bank mission are fundamental in order to understand why some policies were implemented, and in order to achieve a better comprehension of the stable relationship the Bank established with this country. Only by tracing this dynamic we can catch why some ideas were held and others abandoned. In other words, our analysis states that by looking at the strategies and the relative power each actor played during the negotiations for loans disbursements and implementations, we can get important elements to capture the frame of World Bank policies in more general terms.

To sum up, the World Bank economic policies surely did not evolve in a deterministic and pre-designed way (and Alacevich well documented this point), but the reconstruction of the multiple and sometimes contradictory positions among its staff and their evolution through time is not enough to get a comprehensive view of its action. With our research, focusing on the peculiarity of Bank early missions in Colombia, we look at its activities as a set of interactions and strategies among the international experts and the local staff of each country concerned. Through these interactions, some practices and institutions<sup>6</sup> locked in and became stable models of intervention and policies. The peculiar traits of this mission contributed to the definition of the World Bank further missions, on one side and of Colombian economic policy and institutions, on the other side.

This perspective enlightens the interest of applying the social network analysis (SNA) to the study of international advising. As we developed above, the policy of Bank and its different conceptions of development cannot be explained without focusing on the mechanisms that allowed the affirmation of a vision on the others. Our approach aims showing that the action of the Bank in the country is the result of negotiations between World Bank advisors and the Colombian politicians, experts and businessmen. From the demand for Bank intervention in the country, in 1947, to the institutions established to implement his recommendations, in 1951, the Bank's advising resulted in a set of contacts and ties mobilized by the actors involved in the Mission, being them international experts or local staff. The use of SNA, therefore, reveals how the nature of these ties had affected the work of the Bank in the country. In more general terms, the study of the micro-structure of the international advising,

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<sup>6</sup> We use the term « institution » as a set of formal or informal norms, procedures and practices, according with the institutional and neo institutional economy. In particular, we follow the frame developed by Oliver Williamson (Williamson 1975), Douglass North (North 1990) and Avner Greif (Greif 2006).

including its organizational structure, the strategies adopted by the actors demanding the loans, as well as the set of ties crystallized among the actors leads to a better understanding of international financial organizations' practices and programs.

### **1) International financial organizations after the WWII: The World Bank structure and early activities**

After its creation through Bretton Woods Agreements, the World Bank started officially its activities only in 1947, disbursing a loan of 250 millions of USD to aid France reconstruction. It was a mayor loan, part of the US-France negotiations for reconstruction aid that took place in 1946 (Wall 1987). It inaugurated World Bank loans dedicated to Reconstruction, followed by loans to Netherlands, Denmark and Luxembourg (Mason et Asher 1973, 813-814). After these first loans, the Bank started shifting its attention to development and among the early missions towards developing country, the missions to Colombia played a fundamental role.

The Bank started shaping its organization in 1947, when John McCloy was appointed President of the Bank and Robert Garner vice-President, while Leonard Rist, was head of the economic investigation office. Together they represented the core management of the Bank until the early 1950s. The rest of the staff was divided among the two offices that handled all bank's activities: the Loans Department and the Economic Research Department. The members of Bank's missions were recruited directly by McCloy, Garner and Rist, based on personal and professional links. This means that at the beginning, the Bank did not have a stable staff and organization. Instead, when a mission was launched, the core management hired each member on *ad hoc* basis.

At the same time, also the policy of aid and loans was in definition. As we mentioned, the first loans to Reconstruction were quickly replaced by loans towards underdeveloped areas among in Europe and Latin America.

**Table 1. World Bank early loans (1947-1949)**

Project Name	Country	Approval Date	Lending Project Cost	WB Commitment Amount	Sector
Reconstruction Project	France	09/05/1947	250	250	Multisector
Post-war Reconstruction Project	Netherlands	07/08/1947	195	195	Multisector
Post War Reconstruction Project	Denmark	22/08/1947	40	40	Multisector
Steel Mill and Railway Project	Luxembourg	28/08/1947	12	12	Multisector
Agricultural Machinery Project	Chile	25/03/1948	2,5	2,5	Agriculture, fishing, and forestry
Power and Irrigation Project	Chile	25/03/1948	13,5	13,5	Electric Power & Other Energy
Holland America Lijn Project	Netherlands	01/07/1948	2	2	Transportation
United Netherlands Navigation Project	Netherlands	01/07/1948	2	2	Transportation
Netherland Line Project	Netherlands	01/07/1948	4	4	Transportation
Electric Power Development Project	Mexico	06/01/1949	24,1	24,1	Electric Power & Other Energy
Electric Power Development Project	Mexico	06/01/1949	10	10	Electric Power & Other Energy
Power and Telephone Project	Brazil	27/01/1949	75	75	Electric Power & Other Energy
Steel and Power Equipment Project	Belgium	08/02/1949	16	16	Industry

**Source : (Mason and Asher 1973, 812-826)**

The mission to Colombia was announced on 10<sup>th</sup> January 1949 and it started at the end of June of the same year. Its importance in the definition of World Bank policies has been nicely stated by Edward Mason and Robert Asher, according to which “in tracing the evolution of IBRD assistance to member countries in development programming, the historian quickly discovered that all roads lead not to Rome but to Bogota” (Mason et Asher 1973, 299). Indeed, this mission had one main peculiarity which made of it a key event in the evolution of the procedures of the Bank, in addition to the particular organization of the early years of Bank’s activity, we mentioned above and to the Colombian historical context to which we will refer below. This mission was the first “General Survey Mission” of the World Bank, i.e. a mission intending to make a report of the overall economic conditions of the country, in order to launch a comprehensive development program.

The idea of sending a General Survey Mission in the country was the result of negotiations between the Vice-President Robert Gardner and The Colombian World Bank Executive Emilio Toro. This Colombian coffee farmer, member of the Liberal Party and personal friend of former Presidents Alfonso López Pumarejo and Alberto Lleras Camargo, was part of Colombian liberal elites and well integrated into the inter-American economic and diplomatic

networks. Since 1946, it represented Colombia in the Executive Committee of the Bank and, in 1947, it proposed to Garner to undertake a “general survey” of Colombian economy, in order to establish a program of intervention. The results of this mission were published in 1951 in the report *The Basis for a development Plan for Colombia*, the first Bank’s study addressing the economic conditions of a country as a whole and planning a consequent strategy to development.

Thus, World Bank early activities are characterized by a fluid organizational frame, through which the staff and heads of the missions were hired *ad hoc*, and changed often from a mission to one another; a gradual shift toward developing regions<sup>7</sup> and a practice leaving wide leeway to local actors (such as Emilio Toro) in the negotiation of World Bank’s intervention in the countries involved, given to the fact that a stable procedure of loans request, terms and management has not been established yet<sup>8</sup>. Nonetheless, these features alone would not explain the importance of this mission in Colombian economy and Bank’s further interventions in Colombia and other countries. It is therefore crucial to analyze Colombian economic context, as well as its previous records with other international lending agencies, in order to understand the impact of this mission both for the history of the Bank and for the evolution of Colombian economic policies.

## **2) Colombia and international financial aid: the development programs in the long-run (1935-1948)**

We can broadly distinguish three different steps in the international financial aid in Colombia. The first phase concerns the international loans disbursed by US commercial banks, in the second half of the ‘20s, during the so called “dollar diplomacy”; the second phase coincides with Colombian default of 1935 and the Export-Import Bank loans in 1930s and 1940s and the third is the development of World Bank development programs, during the 1950, which constitutes the topic of this article. This frame suggests to look at long-run path in the study of Colombian economic development in relation with the international credit, coming back to the

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<sup>7</sup> It is important to underline that the shift from Reconstruction to development as main target of World Bank’s interventions does not mean that Europe did not receive loans or interventions. Countries as Italy, Poland and Yugoslavia received loans of large amounts addressing development issues, as it was the case for the South of Italy.

<sup>8</sup> By this we do not intend to suggest a state of anarchy about loans’ approval and management. All proposals needed to be approved by the Executive Board, but the negotiations leading to the proposals did not follow a specific procedure.

first international loans offered by US commercial banks to Colombian local and national agencies and companies during the 20s.

The default in 1935 interrupted this long wage of credit transfer from the US to Colombia, but the negotiation for the debt repayment, eased by Roosevelt's Good Neighbour's Policy, gave to Colombian state planners and businessmen the access to the Inter-American economic and diplomatic organizations. It led also to first Export-Import Bank loans in the 1940s that, in turn, promoted the US companies' investments in the country, as well as the constitution of joint ventures among American and Colombian firms. This international pattern, built through economic and political networks as well as financial institutions, increased Colombian legitimacy and creditworthiness.

We will focus in particular on the second phase, in order to demonstrate how pre-war international financial aid to the country led to the development of a transnational network of ties that fueled World Bank advisors negotiations with local staff during the early missions. From the 1920s on, international credit became a resource of brokerage in Colombian local and national politics, while international agencies found in Colombia a useful case to apply the models of industrial and economic development they were about to conceive. From the first transactions during the '20s, to the World Bank intervention in 1949 a path dependent framework developed.

The loans for US commercial banks spread during all the 1920s. From 1923 to 1929 the foreign debt of the National government increased from 21 USD to 70 USD million, while the total debt of the country including departments and municipalities went up from 24 USD to 213 USD million during the same period. But with the crisis of 1929 the flux of US credit in Colombia interrupted. This went along the fall of the price of coffee. During the so-called *bonanza cafetera*, at the beginning of the 1920s, the revenues coming from the international coffee market more than doubled, while after the 1928 the coffee price fell down. This meant that, even if Colombian coffee exports remained almost constant, in volume, the revenues coming from this market decreased of the 25%. This critical situation provoked the rapid consumption of gold reserves. As well resumed by the Colombian historian Fabio Sanchez: "In August 1928, the Banco de la Republica [the Colombian Central bank] gold reserves reached the highest level since its foundation, 67.6 million pesos. Beginning that month, they started to fall reaching a low of 14.6 million in September of 1931, driving down, both the money stock and the monetary base" (Sánchez 1993, 53). At first, Colombian government

tried to avoid default, even when municipal and regional entities stopped the payments for their debts in 1932. President Enrique Olaya Herrera, in fact, feared to damage diplomatic and economic relations with the US characterized by the Good Neighbour Policy. However, in 1935 he was forced to declare a total default (Colmenares et Ocampo 2007).

The description of default repayment negotiations is interesting because it is strictly connected with the intervention of the Export Import Bank, starting from 1941. Indeed, the Export-Import Bank disbursed the first important Export-Import Bank to Colombia exactly as a part of the agreement on default repayment, negotiated by the Department of State. Almost all Latin American states benefitted of a large leeway in these negotiations and achieved a good degree of “debt forgiveness” (Eichengreen et Lindert 1992, 74). This is clearly expressed in the exchanges among the US appointees that took part in the transactions. For what concerns Colombian case, in 1938 no agreement had been reached and US government needed a rapid solution to this impasse, not to deteriorate the relation with bondholders associations who had been mainly affected by the Latin American countries’ defaults. When the Colombian proposal of a repayment with an interest rate of 3% was denied by US officials, the US ambassador in Colombia, Spruille Braden, made it clear that no other agreements could have been rapidly achieved:

“It is presently doubtful that the administration would dare support or Congress ratify a settlement on a substantial better basis. We may rail at their incomprehension and even at their Punic faith, but at least an equal share of responsibility for this unhappy situation rests in the United States [...] To conclude, it is well to face the hard facts that [...] a bad adjustment is better than none at all”<sup>9</sup>.

In 1939 the two parts reached an agreement, thank to the intervention of Esteban Jaramillo, one of the main brokers in the US commercial banks loans to Colombia, during the 1920s, and who was now the *Ministro de Hacienda*. The agreement stated that Colombian would have started immediately the repayment process, with an interest rate of 4,5%. In return, US government conceded the disbursement of 10 millions of dollars coming from the Export-Import Bank, to finance the *Caja de Crédito Agrario Industrial y Minero* or *Caja Agraria*, a new national credit institution that, thanks to small and large credit to agricultural projects, was able to assure to Colombian government the consensus of both small landowners and agrarian associations (Colombian National Federation of Coffee Growers among all).

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<sup>9</sup> *Foreign Relations of the United States* (FRUS) series, vol 5, 1939, p. 480.



This event is an important turning point, because, from this moment on, the Export-Import Bank became the most important international agency conceding credit to Colombia until World Bank mission in 1949. We can therefore trace a pattern connecting the “loan-boom” of the 1920s and the negotiations of the 1930s: foreign credit to Colombia did not stop with the default of 1935, on the other hand, this process marked a new departure. This is due also to a change in the political economy of the Export-Import Bank. The loan to Haiti in 1938 was the first “development loan” disbursed. The Bank had been created in 1934 to promote US exports, and Latin American countries were mostly interested by its action. With the Haiti loan the Export Import Bank started acting as developmental institution. As affirmed by William Becker and William McClenahan, “the role Ex-Im came to play in Haiti [...] lend to an entirely new kind of lending for the Bank, the so-called development lending, and new responsibilities in monitoring the projects financed” (Becker et McClenahan Jr 2003, 34). This account of the default and debt repayment transaction that led to the Export-Import Bank first loans to the country enlightens a strong relation between Colombian economic development policies and international financial credit. This is due to a combination of local and international factors that allowed Colombian local elites engaging a peculiar and durable connection with international financial institutions. One of the main results of this dynamic was the constitution of a group of Colombian “experts” that became the principal interlocutors in the negotiations World Bank General Survey Mission in Colombia, in 1949.

### **3) The interaction among local and international experts during the World Bank mission: a social network analysis of the negotiations**

The World Bank General Survey mission began the 10<sup>th</sup> July 1949 with a team of 16 experts<sup>10</sup>. Only two of them belonged to the staff of the Bank, while all the others were hired on purpose for that mission. In particular, the head of the mission was Lauchlin Currie, a new dealer economist previously employed as advisor during the administration of Franklin Delano Roosevelt and a member of the Brain Trust of Harry Truman (Sandilands 1990). Thanks to the fluidity of the organizational structure of the Bank we described above, Currie could count on a large degree of autonomy in the decision making-process, for what concerns the team recruitment, the steps of the mission and the pattern to follow in collecting data on the economic conditions of the country and preparing a set of recommendations. The rest of

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<sup>10</sup> Alacevich made the most comprehensive account of the mission, whose some steps had been previously described by Roger Sandilands in his biography of David Lilienthal (Alacevich 2009; Sandilands 1990).

the team referred mainly to him and he was in charge of the communications with the Bank management in Washington. During the four months in Bogota, the mission collected data on all aspects of the Colombian economy. The report presented at the end of the mission, both to the Bank management and to Colombian President in 1950, *The Basis of a Development Program for Colombia* (Currie 1952), aroused great interest and curiosity among the other international organizations and marked an important moment in World Bank transition towards development policies. The general recommendations of the report focused mainly on the increase of productivity, both for the agricultural and industrial sector, on the improvement of the transportation system and on the development of a housing program. As a consequence, the first loans proposed and approved concerned the creation of hydroelectric plants (Loans 0038 and 0039, approved in 1951) and the construction of highways and railroads connecting the main coffee production and industrial sites in order to facilitate these products' market (Loan 0043 and 0068, approved in 1952 and implemented in 1953)<sup>11</sup>.

**Table 2: List of World Bank loans in Colombia following the mission (1949-1954)**

Project Name	Approval Date	Closing Date	Lending Project Cost (USD ml)	WB Commitment Amount (USD ml)	Sector
Agricultural Machinery Project	19/08/1949	01/04/1951	5,0	5,0	Agriculture, fishing, and forestry
Anchicaya Hydroelectric Project	02/11/1950	31/12/1954	3,5	3,5	Electric Power & Other Energy
La Insula Hydroelectric Project	28/12/1950	31/07/1953	2,6	2,6	Electric Power & Other Energy
Highway Project	10/04/1951	31/05/1955	16,5	16,5	Transportation
Lebrija Hydroelectric Project	13/11/1951	31/07/1954	2,4	2,4	Electric Power & Other Energy
Railway Construction and Rehabilitation Project	26/08/1952	31/03/1963	25,0	25,0	Transportation
Supplementary Highway Project	10/09/1953	30/06/1957	14,4	14,4	Transportation
Agricultural Machinery Project (02) <sup>12</sup>	29/12/1954	30/06/1956	5,0	5,0	Agriculture, fishing, and forestry
<b>Total</b>			<b>74,4</b>	<b>74,4</b>	

Source: World Bank loans database: <http://data.worldbank.org/data-catalog/projects-portfolio>

<sup>11</sup> The complete list of loans disbursed by the World Bank, as well as the documentation regarding loan proposals and approval is disclosed and online on the World Bank website: <http://www.worldbank.org/projects>.

<sup>12</sup> The two agricultural projects consisted in a further financing of the small projects approved before the General Survey Mission.

### **3.1 The source: the letters among the actors involved in the mission**

Our analysis aims understanding how the negotiations among international advisors and local staff led to this report and what consequences implied on both Colombian economy and further relations with the Bank. A social network analysis of these negotiations shows that the demand for Bank intervention in the country, as well as the institutions created to implement the report recommendations were embedded in a set of contacts and links mobilized by the actors involved in the Mission, both international and local. This analysis is based on the correspondence among the World Bank advisors and local actors before and during the mission. Having a large set of letters available enlightens the peculiarity of this mission: the Bank's procedures were emerging and changing over time. As we explained above, up to the half of the 1950s, its organizational structure was still fluid. The numerous letters exchanged between Washington and Bogota during the mission reflects this creative process. Indeed, in the 1960s, World Bank procedures were standardized: negotiations with local staff decreased and the material available to analyze those missions is limited to the reports compiled by the experts at different times in each mission.

On the other hand, in its early years, the great amount of exchanges during the missions was due to the need to develop patterns and procedures. This is why, from some 1,200 letters I could collect on Bank missions in Colombia for the period 1949-1970, over 80% of them concerns the first ten years and the remaining 18% concerns the years 1960-1970. The letters exchanged during the General Survey mission and during the application of its recommendations (1949-1951) represent, alone, the 23% of the total. Therefore, the correspondence is a particularly significant source, peculiar to this period and to the on-going process of definition of Bank's organization. In this context, local actors could intervene directly in the mission procedures and decision-making.

Most of the letters were exchanged between the head of the mission, Lauchlin Currie, and the management of the Bank in Washington, but the existence of other recipients, such as the other members of the World Bank team or the Colombian experts and politicians involved is also important. Moreover, obviously, the ties developed during the mission are not limited to individuals who exchanged letters. There was, of course, a wide range of exchanges which can be only partially detected. I decided therefore to include in the analysis all the individuals mentioned by each sender during an exchange. Through these ties we can analyze the role of each individual in the processes that led to the decisions adopted by the Bank and the

Colombian staff. Moreover, we can follow the changes in the morphology of the network and study the evolution of the organization set up to manage Bank lending in the country.

This presentation focuses the analysis to the letters concerning the mission (1947-1950), and the development of the recommendations of the Bank (1951-1954). It is a corpus of 584 letters, from multiple archives: of course, the World Bank archives, but also the personal funds of the two main advisors who took part in the mission chief Lauchlin Currie and Albert Hirschman, who participated in the World Bank operations in the country between 1952 and 1954. In this analysis, I consider only those ties enlightened by a letter, regardless of the other ties (family relations, friend or professional ties, etc.), revealed by other sources. It is of course a limited and partial vision of the relationships between these actors, but coherent and consistent. Therefore, I analyzed each letter as a set of relations, founding out 202 individuals involved, who were either senders or recipients, either individuals mentioned in the letter.

**Table 3: Sample of the set of relations enlightened by the exchanges**

IDLetter	IDPerson1	IDPerson2	Date
210	122	4	28-apr-47
210	122	3	28-apr-47
58	2	127	15-mag-47
161	162	164	19-mag-47
160	163	164	02-giu-47
160	163	162	02-giu-47
209	86	4	25-feb-48
208	8	7	28-apr-48
207	7	8	30-apr-48
207	7	97	30-apr-48

**Source: Extraction from the author’s database<sup>13</sup>**

Through this study I focused on:

<sup>13</sup> The letters exploited come from the World Bank Archives (Washington DC); The Lauchlin Bernard Currie Papers, 1930-1997, Duke University Library, Durham (NC) and the Albert Hirschman Papers, Seeley G. Mudd Manuscript Library, Princeton University, Princeton (NJ).

- 1) The links between the actors involved, in order to show how these ties were mobilized by Colombian actors to gain access to the Bank's negotiations during the mission
- 2) How these links have guided the Bank's policy in the country

### **3.2: The analysis of the epistolary exchanges. The social capital mobilized during the mission**

As we described in the second paragraph, before the World Bank mission in the country Colombian elites had already developed a well-established relationship with other international lending agencies. The expertise progressively developed in that way has been applied during the first contacts leading to the Bank's intervention. The first negotiations were inaugurated by the businessmen Alfonso Araujo and Jose Gutierrez Gomez, representing the Colombian Industrial National Association (ANDI), who required a first intervention of the Bank in 1948 to finance agro-industrial projects. The ties they had mobilized during the 1940s, gave them the international creditworthiness to convince the leaders of the Bank of the opportunity to intervene in the country. At the same time, in 1948, Emilio Toro proposed to the Vice-President Robert Garner to carry out the General Survey Mission. Therefore, on one side a group of entrepreneurs directly activated the intervention of the experts from the World Bank, on the basis of their transnational networks and on the other side, the negotiations led by Emilio Toro, within the World Bank. The general survey mission, therefore, was the result of the mobilization of different interests and action, placed on multiple levels, from local to transnational. Graph 1 (Annex 1) shows indeed the presence of two "cliques", the first around Clee, Torfs, Iliff, Araujo, Gutierrez; the second around Toro, Garner, Ospina Perez (the Colombian President) Gonzalo Restrepo Jaramillo (the Colombian ambassador in Washington) and McCloy (President of the World Bank). This shows the complexity of the mechanisms leading to the enduring relationship between the Bank and the country. If we focus on Colombian actors, the two cliques reveal political and social marked difference: the first (Gutierrez, Araujo) is made by actors from the industrial and conservative environment, which was consolidating and enlarging its influence, especially internationally. The second clique refers to the more formalized contacts between the leadership of the World Bank and Colombian politicians, favored by Emilio Toro. Moving from a completely different path than the one of Gutierrez and Araujo, Toro can be considered the first "technician" who collaborated with the Bank. The mission offered him the opportunity to act as an intermediary between the President of Colombia and the Bank. From its elaboration, therefore, the General Survey mission appears as the result of the negotiations between local and international

actors, pursuing different interests and logics. The social network analysis reveals the space of concrete action (Crozier et Friedberg 1977) in which the mission took place and demonstrates that the evolution of the Bank's policy cannot be analyzed only in terms of a confrontation of different ideas. In order to understand why a development model was established, we have to look at the interactions between individuals and their relative power in the negotiations.

If we look now at the exchanges during the mission, we found again the importance of Emilio Toro in organizing the operations. He is central in the recruitment of the staff and in the decisions about the sectors (or regions) to study during the mission. He also ran the mission's operations with Currie. The final report was mainly influenced by the intervention of local staff, instead of being the result of economic doctrines developed uniquely by international advisors. This is very significant for the understanding of the emergence of the international economic advising and its reception. It has been already well established by the historiography that international development programs are re-adapted by the countries recipient (in contrast with the theory of "one size fits all"), but my analysis goes further showing that these policies are, actually, made through the interaction with the local staff concerned, which contributes to the development of ideas and policies developed.

This is confirmed by the composition of the network of contacts crystallized during the mission. Graph 2 (Annex 2) concerning the people involved between 1949 and 1951, shows a network of 112 individuals, where almost half of the nodes (41) are linked with a single node. In this set, stands out a clique formed by Currie-Garner-Toro-Torfs-Zuleta, because of the frequent and repeated exchanges among these actors. Moreover, 45 individuals are Colombians. We expected, of course, to find Toro and other national political leaders, but we can easily see the strong presence of local politicians and entrepreneurs (mayors, head of local public enterprises, regional governors etc.), directly related to Currie. This implies that the mission has been a channel for the local elites to integrate a wider transnational network and have access to international credit. This point is confirmed by the distribution of the local and international advisors overall the network. Among the 202 individuals involved, almost the 50% were local advisors (95). Moreover, their number increased through the steps of the mission. During the 4 months of the mission only 13 Colombian individuals appeared in the letters, while in the years following it (1950-1953), other 82 new Colombian individuals appear. To sum up, during the mission the Colombians experts acted as brokers and gradually mobilized new local actors that integrated the network and intervened directly in the management of the loans. We can find in this dynamic an example of what Michel Grossetti,

Jean François Barthe and Nathalie Chauvac called “relational chains”. This concept marked a notable contribution among the multiple SNA theories and concepts because it allows maintaining a certain degree of temporality in social network representations and measures. Instead of treating and visualizing networks in a static way, we can essay to “reconstruct the concrete mobilizations of social relations in processes for accessing resources” (Grossetti, Barthe, Chauvac, 2011, 11). In our case study, we saw how some interactions among local and international advisors crystallized during the mission, allowing further mobilizations of other actors, aiming to gain access to international credit. If we analyze the loans financed by the World Bank during the 1950s, digging below the loans appraisals and looking at the people involved in the negotiations we can see a correlation among the evolution of the network and the loans disbursement, since we can estimate how the social capital mobilized through the mission was reinvested.

The importance of these contacts is revealed also if we look at the mission’s aftermath. Virgilio Barco, former Colombian President, leader of the Liberal Party and Executive Director of the World Bank for Colombia, stated in 1986 that in Colombia there were only two types of political economy: “that before Currie and that after Currie”<sup>14</sup>. This statement well summarizes the role that the mission headed by Currie had in country’s development. The report of the mission led to the creation of the Comité de Desarrollo Economico (in 1950), headed by Currie and whose staff was strictly connected with the mission. Other than another World Bank’s advisor, 6 Colombian “technicians” directly nominated by Currie were recruited. The combination of the particular *momentum* in which the World Bank mission took place and the networks established among international and local actors, therefore, helps understanding how the World Bank shaped its policies and the importance of the Colombian case for their elaboration. The mission inaugurated a stable World Bank presence in the country, which is confirmed by the fact that Colombia leded all other Latin American countries as for the number of loans the World Bank disbursed from 1947 to the end of 1960 and it is the third among all the countries financed (Annexe 3).

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<sup>14</sup> Quoted by Barend de Vries during an interview : Interview of Charles Ziegler to Barend De Vries. “Transcript of interview with Barend De Vries” World Bank Oral History Program, 21 janvier 1986, p. 15.

## Conclusions

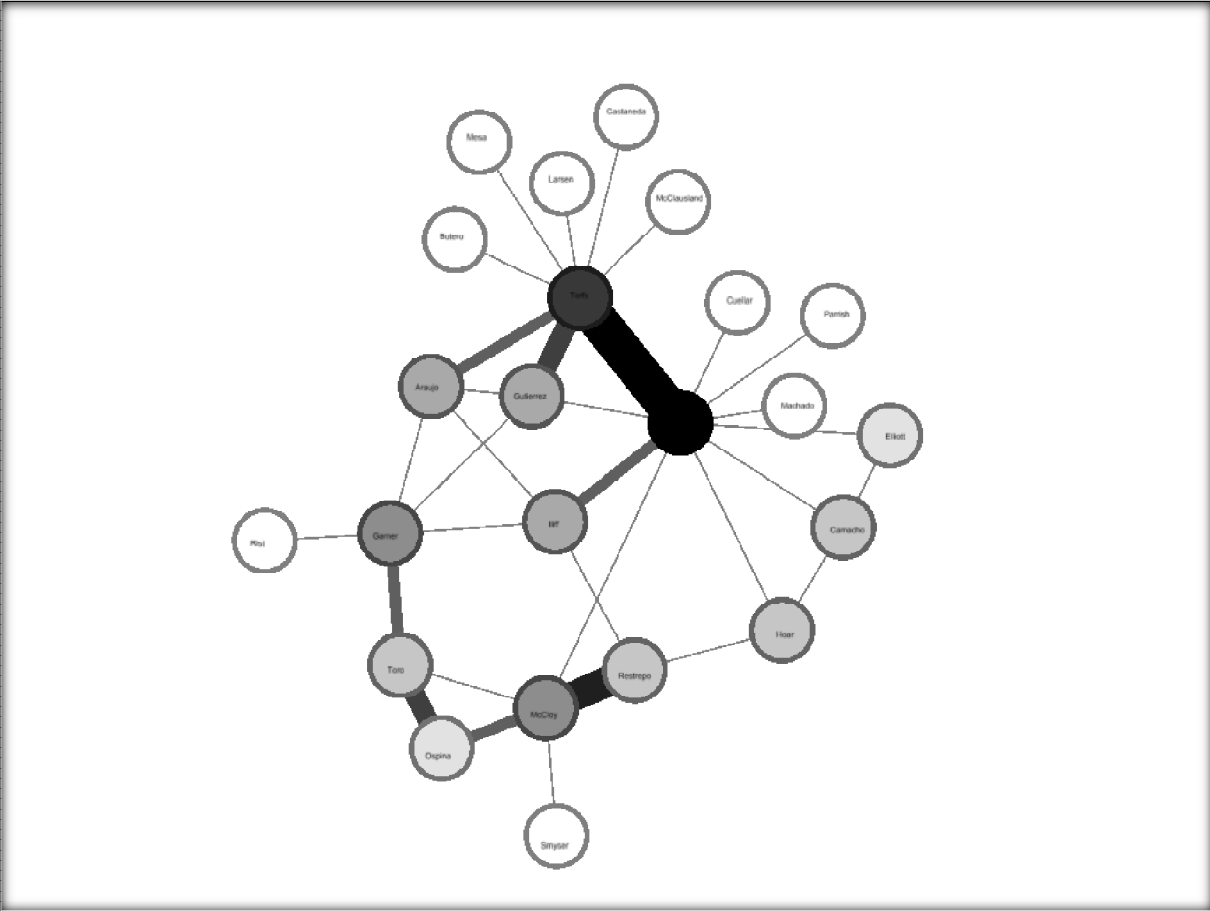
This article aimed revealing why the General Survey mission of the World Bank's was seminal in orientating World Bank's loans in the country and how the relative position of each individual involved in negotiations influenced the mission's process, features and aftermath. Given the peculiarity of the early years of activity of the Bank and the Particular relationship Colombian elites developed towards international lending agencies during the 1940s, the local staff was able to use the ties developed during the mission to have a direct access to international credit. This was achieved through their direct intervention in mission's data collection, recommendations and loans management and implementation. The social and relational capital that some actors gained during the mission, moreover, influenced the loans disbursement. We can affirm, therefore, that the development programs design and decision-making occurs *during* and not *before* the settlement of the organizational procedures. And relational ties play a fundamental role in the emergence and affirmation of these procedures.



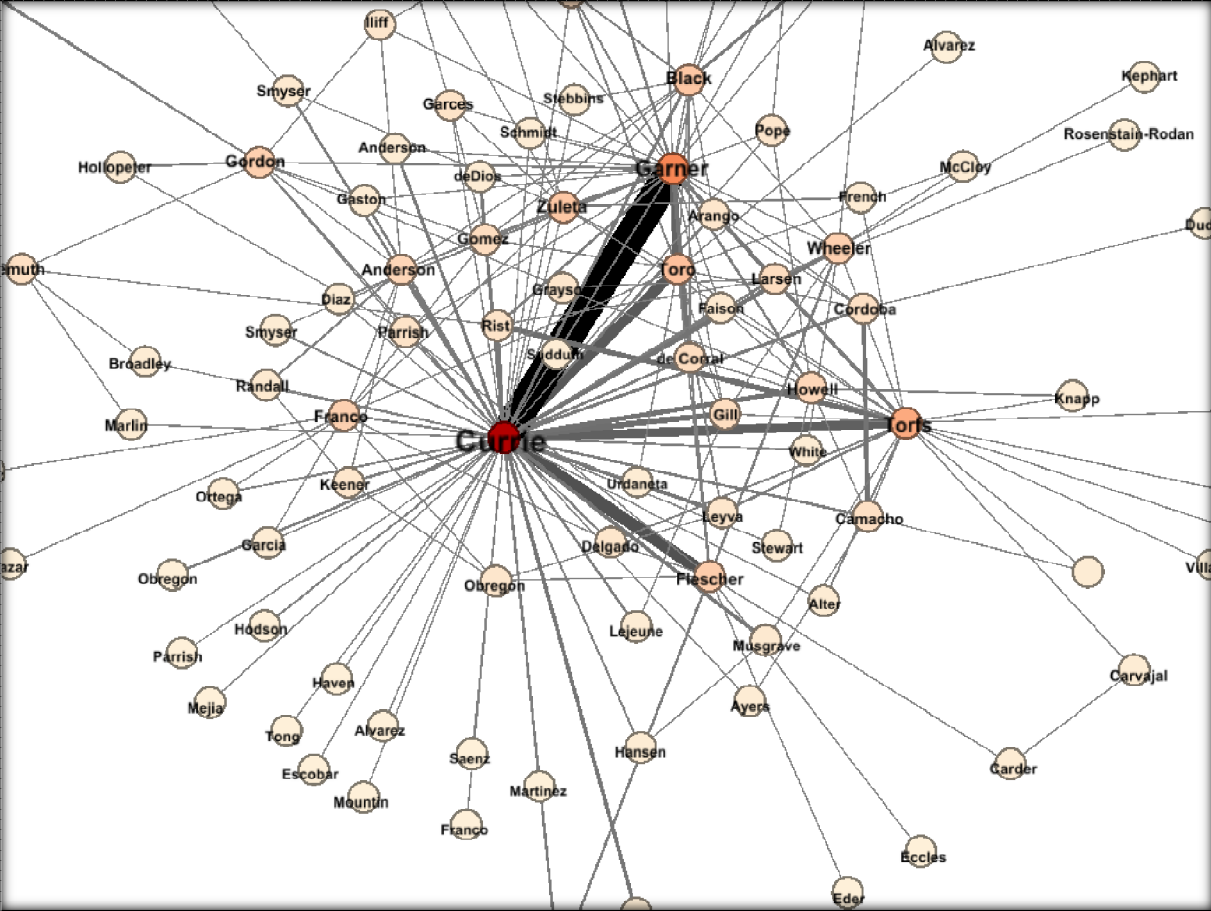
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**Annexe 1: Network of the contacts preceding the mission (1947-1949)**

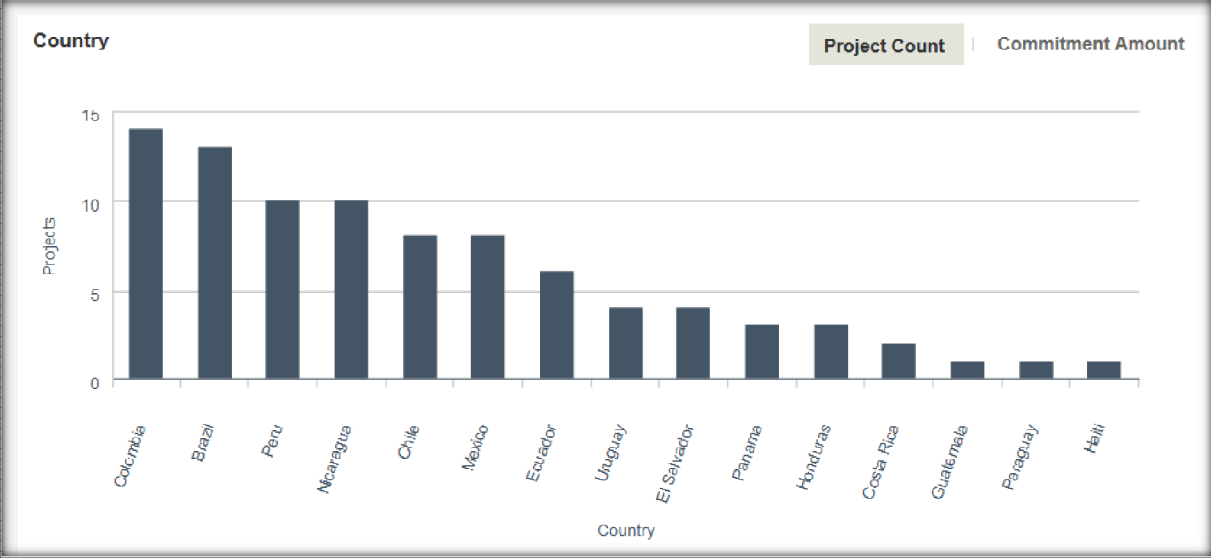


Annexe 2: The network among the actors involved in the mission (1949-1952)

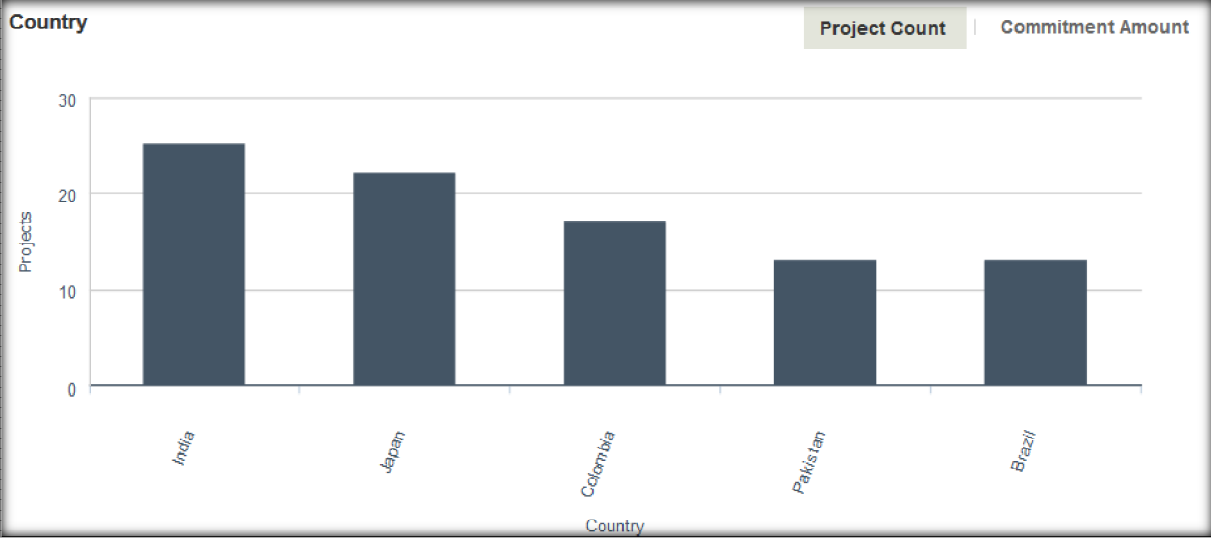


**Annexe 3: Distribution of World Bank loans in Latin America and worldwide**

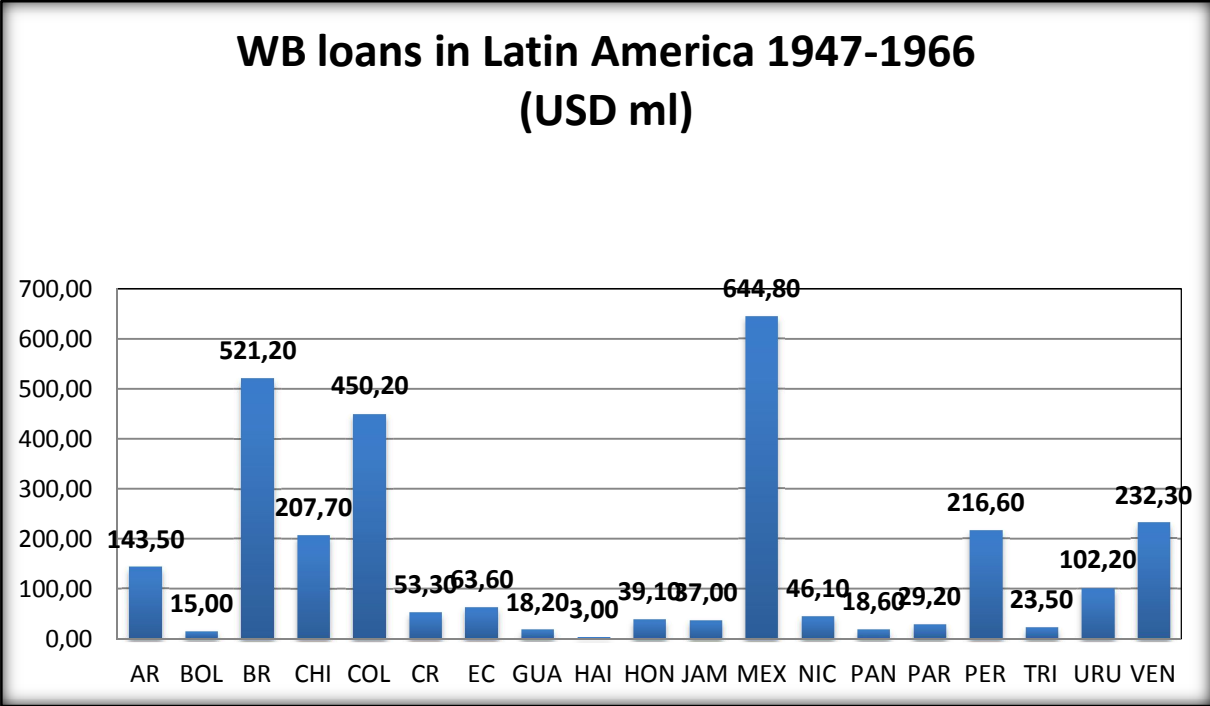
**Projects financed by the World Bank in Latin American countries (1947-1960)**



**First five countries financed by the World Bank as for the number of projects (1947-1960)**



World Bank loans amount in Latin America (1947-1966)



Source: World Bank datasets: <http://www.worldbank.org/projects>.