

HISTORY OF AGRICULTURAL CREDIT DURING THE LIBERAL GOVERNMENTS (1930-1946), A CASE STUDY IN THE PROVINCE OF VALLEDUPAR (MAGDALENA GRANDE).

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1. Introduction

In recent years, regional economic history has seen significant progress on the Caribbean coast.¹This has been possible through the creation of the History program at the University of the Atlantic and the University of Cartagena, which promotes the professionalization of the discipline, the development of historiography, the holding of academic events, and the organization of archives.

Likewise, journals dedicated to the dissemination of historical research have contributed.²and the Center for Regional Economic Studies—Cartagena Branch—of the Bank of the Republic, founded in 1997, which has also strengthened the academic debate on Caribbean economic history.

According to Adolfo Meisel Roca (1991a, 2005b, 2017c), the main problems addressed in regional economic history have focused on the study of the colonial period, livestock farming, business activity, the export sector, and banking; however, agricultural credit, which is fundamental to agricultural development, has not received the same research attention.

Furthermore, as an institution, it is a "determining factor for economic development and they are the ones responsible for disseminating formal rules (...)" [in social interaction]³ (North,1993:17).

However, agricultural credit, as an institution, has had effects not only on agriculture and livestock, but also on the historical land problem in Colombia, a topic that has aroused greater interest by highlighting the conflicts surrounding property rights.⁴Therefore, its impact on rural development remains to be explained and evaluated.

¹The rise of regional history in Colombia began in the 1970s, within the framework of multi-scale analyses aimed at understanding historical events from different levels of observation. However, its development has been problematic in the national context, as while it has made local and regional particularities visible, it has also contributed to reinforcing fragmented identities that have sometimes hindered the consolidation of a national project. One of the founding texts is Adolfo Meisel Roca (editor) (1994). *Economic and Social History of the Colombian Caribbean*. Santa Fe de Bogotá; Uninorte Publishing.

²Among the main magazines in the Caribbean are: *Historia Caribe* (U. del Atlántico), *Huellas* (U. del Norte) and *El Taller de la Historia* (U. Cartagena).

³This locked up is mine.

⁴The research works are Orlando Fals Borda (1979-1987) *The Double History of the Coast*, Absalón Machado C. (1986) *Agrarian Policies in Colombia 1900-1960*, Darío Fajardo M. (1986) *Haciendas, Peasants and Agrarian Policies in Colombia, 1920-1980*, Catherin Legrand (1988) *Colonization and Peasant Protest in Colombia 1850-1950*, Hermes Tovar Pinzón (1994) *Let them take us into account: settlers, businessmen and villages Colombia 1800-1900*, Albeiro Valencia Llano (1996) *Daily life and regional development in the Antioquian colonization*, Augusto Gómez G. (1991) *Indians, settlers and conflicts: a regional history of the Eastern Plains 1870-1970*, Oscar Gonzalo Londoño Díaz (1989) *Colonization of the Ariari 1950-1970: approaches to a regional history*, Jesús Antonio Bejarano (1979) *The agrarian regime from the export economy to the industrial economy* and Alejandro Reyes Posada (1978) *Latifundio and political power: the cattle ranch in Sucre*. Finally, Marco Palacios (2011) *Whose land is it?: property, politicization and peasant protest in the 1930s*.

In fact, the research of Eduardo Posada Carbó (1998)—*The Colombian Caribbean: A Regional History 1870-1950*—It lacks a discussion of the role of agricultural credit in promoting agriculture and livestock in the Caribbean, despite exposing the causes of agricultural backwardness, including: labor shortages, the use of obsolete technologies, precarious means of transportation, and adverse physical conditions, both in summer and winter; factors that, in turn, favored the expansion of livestock farming.

There is no research on agricultural credit in the province of Valledupar. This subregion, which at the time belonged to Magdalena Grande—now the capital of the department of Cesar—was isolated from the main population centers and river ports through which most trade and commerce circulated. However, this situation began to change, albeit slowly, during the Liberal governments that exerted a strong influence between 1930 and 1946, a period known in traditional history as the Liberal Republic, which emerged after 44 years of Conservative hegemony.

In this context, a modernization process was undertaken that included the creation of state financial institutions aimed at promoting progress in Colombia. These included agricultural credit, administered through the Agrarian, Industrial and Mining Credit Fund, and the Central Mortgage Bank.⁵ both founded two years after the economic crisis of 1929, which seriously affected agricultural production, exacerbated the conflict over land, and monetary, exchange and credit policy generally favored the coffee union.⁶

However, while these financial institutions promoted agriculture and livestock, their impact was considerably complex in a context of state centralism. Therefore, this research will analyze the effect of agricultural credit provided through the Caja Agraria and the Banco Central Hipotecario in the province of Valledupar.

2. Objectives

To analyze agricultural credit during the governments of the Liberal Republic (1930-1946), as a case study in the province of Valledupar (Magdalena Grande), to determine its effect on the promotion of agriculture and livestock, as factors that contributed to the subregion's gradual emergence from its isolation and its beginning to integrate as a hinterland into the El Banco river and commercial circuit. This port, recognized as a lumber and fishing center on the Magdalena River, near the mouth of the Cesar River, functioned as a strategic exchange node that connected Valledupar with Chiriguana, in the northeast of the country, as well as with Santa Marta and Riohacha, through the navigability of the Cesar River and the Magdalena basin, which articulates 18 departments and 728 municipalities.

Likewise, the study seeks to reconstruct, through the analysis of documentary, archival, and oral sources, the socioeconomic dynamics that drove agricultural development in the province of Valledupar; to examine how agricultural credit, provided through the Agricultural, Industrial, and Mining Credit Fund (Caja de Crédito Agrario, Industrial y Minero) and the Central Mortgage Bank (Banco Central Hipotecario), contributed to the promotion of agriculture and livestock.

3. Methodology

⁵Coincidentally, both entities were liquidated during Andrés Pastrana's administration in 1998.

⁶For an analysis of monetary, exchange rate, and credit policies under liberal governments, see Mariano Arango (1982). *Coffee in Colombia, 1930-1958: Production, Circulation, and Policy*. Bogotá; CIE, University of Antioquia, Carlos Valencia Editores.

The research is framed within a mixed methodological approach, which uses complementary quantitative and qualitative data to address the stated objective and achieve the required level of depth. In this sense, the study can be classified as descriptive, hermeneutic, analytical, and explanatory.

The collected information will be subjected to different analytical techniques: in the quantitative component, statistics will be generated from monitoring agricultural credit; while in the qualitative component, semi-structured interviews will be conducted to gain an understanding of the social world shaped by agricultural credit (Tarrés, 2008, p. 68).

3.1 Methods and procedures

Primary sources

- Rafael Carrillo Luquéz Library Heritage Room: search for news and data related to agricultural credit and the economy in Valledupar.
- Cesar Academy of History: consultation of documents on awarded credits, mortgages, and other financial records.
- First Notary Office of Valledupar: Review of notarial records between 1930 and 1946, including awarded credits, deeds of sale, mortgages, and investments.
- Valledupar City Council and Mayor's Office Archive: analysis of agreements and decrees related to land designation, road construction, schools, urban developments, and neighborhoods, as well as legal provisions regulating trade and the creation of jobs.
- General Archive of the Nation: consultation of notarial records from the period 1930-1946 to identify awarded credits, investments, deeds of sale, and mortgages.

4. Results

4.1 The Magdalena Grande and the Territorial and social inequalities in agricultural credit (1932-1946)

One of the major problems Colombia has historically faced is state centralism. Below is a summary of the scope of agricultural loans granted through the Caja Agraria, Industrial y Minero (Agrarian, Industrial and Mining Fund), but not through the Banco Central Hipotecario (Central Mortgage Bank), due to the lack of information available from this institution. This is reflected in the following map:



Source: Agrarian, Industrial and Mining Credit Fund Report of 1946.

The loans from the Agrarian, Industrial, and Mining Credit Fund (1932-1946) reveal a panorama of inequalities in the territorial distribution of financial resources in Colombia. While the Magdalena Grande region appears to have a significant amount, exceeding 14 million pesos, this figure diminishes when examining how the loans were distributed within the department. In the case of Magdalena, the majority of the resources were concentrated in the banana-growing region of Santa Marta, an exporting enclave with direct links to international markets and port infrastructure.

There, credit was directed toward strengthening a large-scale agro-industrial economy linked to banana companies, to the detriment of small and medium-sized producers in the interior. In contrast, regions such as Valledupar province, still integrated into the Magdalena Grande, remained behind, lacking road infrastructure, fluid access to river trade on the Magdalena River, and the legal formalization of land ownership that would facilitate access to credit.

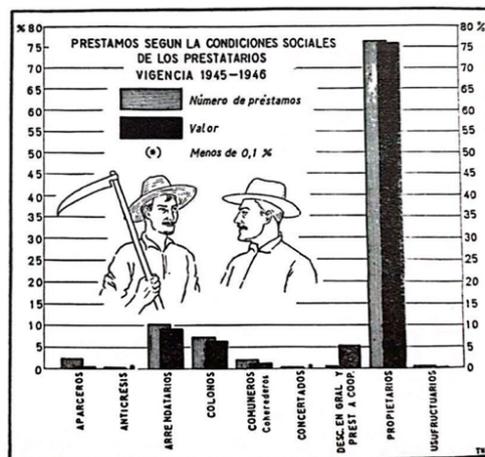
When compared to departments in the country's center, the gaps widen. For example, Cundinamarca registered more than 148 million pesos in loans, and Antioquia exceeded 90 million, reflecting the state's priority to consolidate the economies of the interior with greater linkage to the national market and strong political influence. Even intermediate departments such as Caldas (more than 143 million) and Tolima (25 million) received much more support than the Caribbean region as a whole, with the partial exception of Atlántico.

Thus, the map highlights the structural inequality between the center and the periphery: while the interior departments (Cundinamarca, Antioquia, Caldas, Valle) received substantial resources to modernize their agricultural, industrial, and commercial economies, the Caribbean, despite

experiencing historical needs related to land and productive backwardness, was left behind. Magdalena Grande, in particular, shows how within a single department, dynamic zones (Santa Marta and its export enclaves) coexisted with marginalized ones (Valledupar and its hinterland), reflecting that agricultural credit failed to achieve equitable distribution or fulfill its objective of closing regional gaps.

Besides, When comparing the regional distribution of loans granted by the Caja de Crédito Agrario since its foundation (1932-1946) with the social classification of borrowers during 1945-1946, the deep inequalities that characterized credit policy in Colombia during this period are evident, as shown in graph No. 1.

Graphic No. 1



Source: Agrarian, Industrial and Mining Credit Fund Report of 1946.

This shows a clear concentration of resources in regions—as the map shows—with strong economic dynamism, such as Cundinamarca, Antioquia, the Coffee Region, and Valle del Cauca, in contrast to the relative marginality of the Caribbean region, including Magdalena Grande and Valledupar province, where agricultural credit was scarce. This therefore reveals that access to financing depended on geographic location and regional economic influence, reinforcing the centrality of the highlands and coffee-growing areas compared to the regions located farther from the center.

Chart 1, for its part, complements this overview by showing that inequality existed not only territorially, but also socially. While the majority of loans (around 75%) went to landowners, sharecroppers, tenants, settlers, and community members received tiny percentages of the available credit. This means that, even in those regions where the Caja provided greater resources, the social distribution of credit continued to favor the most economically powerful sectors, leaving out landless peasants and forms of collective organization.

In this sense, the relationship between loans and the social conditions of borrowers reveals a dual process of concentration: territorial and social. On the one hand, the Caribbean region was marginalized compared to the central region, which explains its relative backwardness in agricultural terms; on the other, within each region, credit was concentrated in the hands of large landowners, who used these resources to consolidate livestock and export crops, rather than to promote subsistence agriculture.

In conclusion, the comparative analysis demonstrates that the Agricultural Credit Fund, far from being an instrument for democratizing rural credit, functioned as a mechanism that reinforced the historical inequalities of the Colombian countryside. In the case of the Caribbean region, and particularly in the province of Valledupar, this situation explains why agricultural credit failed to become an engine of inclusive agricultural development, but instead contributed to the consolidation of an exclusionary, cattle-based economic model.

4.2 Coffee and livestock.

The loans allocated to coffee farming and livestock between 1932 and 1945 demonstrate the differentiated credit policy orientation of the Caja de Crédito Agrario and the Banco Central Hipotecario. Meanwhile, coffee consolidated its position as a privileged sector due to its status as an export product and a lending center of the national economy, as represented in Chart 2:

Chart No. 2



Source: Agrarian, Industrial and Mining Credit Fund Report of 1946.

The number of loans and the value granted showed constant growth since the mid-1930s, reaching its peak in 1945. This trend reflects the strategic role of coffee in Colombia's trade balance and the state's need to guarantee its production and export in an international context marked by the Second World War (1939-1945).

At the same time, livestock farming experienced a more gradual process of credit strengthening, although with a significant upturn in the first half of the 1940s. Chart 3 below reflects this:

Chart No. 3



Source: Agrarian, Industrial and Mining Credit Fund Report of 1946.

Livestock farming exhibited a different dynamic: during the 1930s, the sector received low levels of financing, with very low amounts until 1937. From 1938 onward, and especially from 1940 onward, loans increased considerably, reaching a peak between 1944 and 1945, with disbursements exceeding 20 million pesos. This expansion coincided with the rise in domestic demand for meat and meat products, as well as with the consolidation of livestock farming as a central activity in regions such as the Caribbean Coast, where climatic and geographic conditions historically favored this sector over agriculture.

A comparison of both graphs shows that, although coffee received sustained and strategic support from the beginning of the period, livestock farming was gradually incorporated as another pillar of state credit policy. However, the bias remains evident: while coffee enjoyed a systematic flow of credit that consolidated the coffee-growing region as a hegemonic region in the agro-export model, livestock farming received a late, albeit significant, boost that reinforced the productive specialization of the Caribbean and other inland areas.

In short, agricultural credit contributed to both the consolidation of the coffee-growing economy and the expansion of livestock farming, albeit at different times and in different magnitudes. This duality reflects how the State sought to balance an agro-export model based on coffee with a domestic market sustained by livestock farming, which also reflects the tensions between regions: while the center of the country was strengthening as a coffee-growing hub, the Caribbean Coast was belatedly recognized as a space for cattle expansion.

4.3 Agrarian credit in Valledupar: modernization and consolidation of an agricultural and livestock elite (1935–1953)

Mr. Manager, how am I going to do it?

to pay him back what he lent me

the worm came and ate the rice

and I have nothing left to answer with

And the manager answered me

Don't worry, Rafael.

The Box will fix it for you.

That's why I'm a manager (Bis)

Now we give you some to plant cotton

with that you pay the debt, the rice

so they don't say that a farmer

It was the Caja's fault that it failed

The composer of vallenato music Rafael Escalona.

The province of Valledupar had been experiencing significant "growth in livestock development" (Pedraza; 1909, p. 199). In the 1930s, it began to undergo a process of rural modernization linked to the institutionalization of agricultural credit. A milestone in this process was the founding, on November 15, 1935, of the Valledupar Agricultural Credit Sectional Corporation, with an initial capital of \$35,000 pesos, of which \$15,000 was contributed by the department and \$2,661 by 54 private partners.

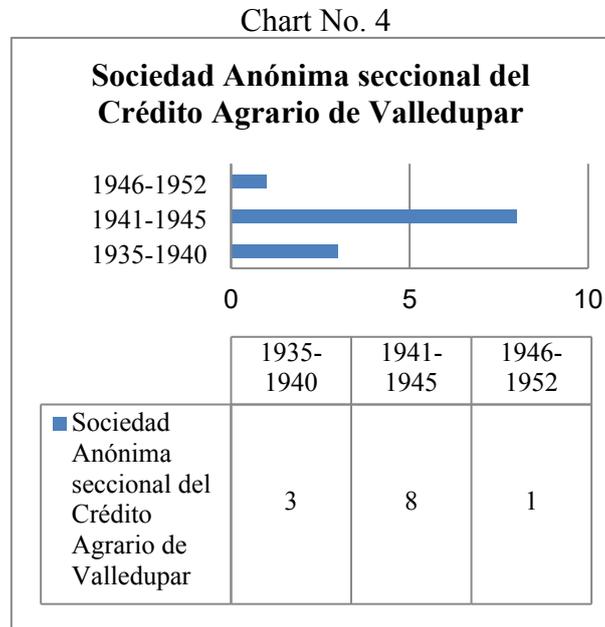
This joint venture was intended to facilitate the work of the Agricultural, Industrial, and Mining Credit Fund in the municipality, benefiting farmers and ranchers in the region. However, "The municipality of Valledupar was comfortable; there weren't many people, everything was easy because the people were more united, and transportation was by mule because they were more durable than horses when undertaking the journey. The roads were bridleways."⁷

In practice, the loans granted were concentrated among a few individuals with significant debt capacity. Prominent members of the local elite who received large amounts of loans, such as General Sabas Socarrás (\$15,000), Óscar Pupo Martínez—who was also the company's manager—\$6,000, Aníbal Guillermo Castro (\$7,000), and José María Cabello (\$5,000), received only small amounts. In contrast, merchants and small property owners such as Ricardo Laguna (\$250), Dámaso Parodi (\$1,000), and Jorge J. Bendek (\$800) received only small amounts.

These loan grants, which benefited large-scale ranchers, demonstrate how agricultural credit strengthened a small group of families, consolidating a local agrarian elite that, from then on, monopolized financial opportunities and excluded the majority of peasants. In a small urban context—

⁷ Manuel Medina Zapata. (November 2010). Personal interview.

a small town organized around the main square, with a sparse population and a weak domestic market—proximity to political and social power was crucial for accessing credit. Consequently, the total amount of credit granted by society is shown in the following Chart 4:



Source: Prepared according to notarial archives from 1935-1953.

Therefore, the beneficiaries of the agricultural credit were mostly cattle ranchers, except for Jorge J. Bendek, who was a merchant and had commercial premises in this region. "This merchant was a native of Bethlehem, Palestine, and a resident of this area. He was the legitimate son of Juan Miguel Bendeck and Elena Zacarías de Bendeck. He was married to Josefa Micaela Martínez Olivella, a native of San Juan de Cesar."⁸However, internally within the company, the majority of the members were cattle ranchers.

Regarding loans, the company underwent several amendments to its bylaws to increase its capital. The focus of credit on livestock was reinforced in 1936 with the creation of the Valledupar Livestock Farm, the result of an agreement between the municipality and the national government. To this end, an 80-hectare plot of land was acquired on the outskirts of the city, where farmers previously had farmed crops such as bread and fruit trees. The plot cost \$4,500 pesos, of which the national government contributed \$3,000 and the municipality \$1,500.⁹

The objective was to improve the cattle breed by crossbreeding them with foreign breeds, as well as to modernize herd management techniques. Thus, the loan resulted in a concrete productive transformation project focused on livestock farming.

The modernization process was consolidated in the 1950s with the arrival of the Colombian Dairy Food Company (Cicolac, today known as DPA), which acquired the Campo Adela property (70 hectares) to establish a dairy industrial company.¹⁰The emergence of this agroindustry, along with the construction of highways to Fundación, Chiriguaná, and Riohacha, connected Valledupar to broader commercial circuits and promoted the transition from a local economy to an agroindustrial model. This was later accompanied by the cotton boom of the 1960s.

However, this process also strengthened the social and political power of the beneficiary elite. The capital accumulated through agricultural credit and livestock expansion was transferred to the social sphere with the founding of Club Social Valledupar SA in 1953, a civil corporation with recreational,

⁸Notarial Archive of Valledupar. Year 1958. Deed No. 486, Volume 11, Folios 56v-164v. ANV will be used later.

⁹NPV Year 1936. Volume 11 Folios 228-237.

¹⁰N. P: V. Year 1959. Volume 13 Folios 46-60v.

cultural, and sports purposes, reserved for the most prestigious families. The capital stock for its creation was forty thousand pesos, divided into 200 shares of 200 pesos each, which could be increased. The company began with a subscribed capital of 17 thousand pesos.¹¹ In this way, agricultural credit not only transformed the productive structure, but also served as a vehicle for elitist consolidation, excluding the peasant and popular sectors..

5. Conclusions

Agricultural credit in Valledupar during the period studied was a determining factor in the region's socioeconomic transformation, although its impact was ambivalent. On the one hand, it enabled the consolidation of livestock farming and the emergence of an agro-industrial economy; on the other, it reinforced the concentration of land and capital in the hands of a few, generating an exclusionary economic and social structure. The study, therefore, contributes to an understanding of how credit policies, designed by a centralized state, failed to democratize access to resources in peripheral regions, but instead contributed to perpetuating the historical inequalities of the Colombian Caribbean and, in particular, the province of Valledupar.

Finally, the creation of the Valledupar Agricultural Credit Sectional Corporation in 1935, along with initiatives such as the Livestock Farm and later the DPA, introduced processes of economic modernization and laid the foundations for nascent agroindustrial development. However, these advances were concentrated in the hands of an agrarian elite that monopolized access to loans, consolidating its economic, political, and social power. Small farmers and peasants, lacking collateral and full recognition of land ownership, were marginalized from access to credit and, therefore, excluded from the opportunities for productive transformation offered by these institutions.

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¹¹NPV Deed No. 360, Volume 14, Folios 190-203.

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