Fascist Bankers Order Colombia Be Gutted

by Maximiliano Londoño Penilla

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At a July 15 seminar with the title, "Colombia in Wall Street's Eyes," held in Bogotá under the joint sponsorship of the National Association of Financial Institutes (ANIF), the Fedesarrollo think-tank, and the New York Council of the Americas, there was a general consensus among both foreign and national bankers in attendance. It was that President Alvaro Uribe's current high level of popularity needed to be more effectively exploited, in order to carry out the most brutal structural reforms of public finances in the name of "definitively closing the fiscal deficit."

The economic agenda these financial powers would have President Uribe adopt in its entirety, would make Hitler's Economics Minister Hjalmar Schacht green with envy. Uribe, a Harvard-trained pragmatist, has a soft spot for free-trade dogma and its associated calls for dismantling the national productive apparatus. But his own foolishness on this score has been tempered by a realization that *excessive* austerity could sink his own hopes for re-election.

The foreign speakers at the July 15 forum were explicit in their demands upon the Uribe government and the Colombian Congress. No more gradualism, they insisted: Now is the time to raise the Value-Added Tax to at least 16% on all goods and services, and drastically reduce the already pathetic levels of public spending and investment.

The only thing to be left untouched, in these bankers' strategy for Colombia, will be the system of individual savings of the private pension funds; while the public Social Security Institution (ISS), which has been systematically looted on IMF orders for years, is abandoned to its fate. At the same time, pensions will be taxed, and the age of retirement raised for men and women alike. More "discretionality" will be given to the Executive power, via the Finance Ministry, to cut back those budget lines now considered "inflexible" because of constitutional protection (public sector wages and pensions, for example). More guarantees must be offered to the capital markets, the bankers argued.

Carrasquilla: The Butcher in Sheep's Clothing

Finance Minister Alberto Carrasquilla, who bills himself as a "moderate and gradualist," proudly explained to the assembled financiers and economists at the Bogotá seminar, that the macroeconomic goals established for Colombia by the International Monetary Fund (IMF) have been fully met over the past five consecutive quarters. Carrasquilla added that the economic agenda he would be presenting July 20 for a Congressional rubberstamp, would include every one of the demands of the foreign and domestic financial interests present, albeit nuanced for purposes of "democratic debate."

Carrasquilla, a true wolf in sheep's clothing, added that the agenda he had prepared "is a gradual, but significant, adjustment, modest but in the right direction, Colombian-style." In a press conference held at the end of the seminar, Carrasquilla responded to a question about criticisms by ANIF and Fedessarollo of his "gradualism," by admitting that he fully shared with those entities the philosophy that the largest possible adjustment must be made; and that, given the opportunity, he wouldn't hesitate to impose the entire agenda of the international banks.

That the bankers are fully aware that their austerity prescriptions will utterly destroy existing levels of production and employment in the country, became clear during the presentation by José Luis Daza, director of International Finance, Ltd. of New York. Daza admitted: "Colombia has a spending problem that can be resolved with more taxes, but this would kill growth."

Leo S. Goldstein, vice president of Latin American research for Citigroup of New York, acknowledged that despite the adjustments carried out, Colombia is still on the verge of defaulting on its public debt payments, the servicing of which represents 57% of the Gross National Product, and which consumes more than 40% of the national budget. He proposed that next year, the government draw down $1 billion of the $2.2 billion stand-by agreement contracted in 2003 with the IMF, should it run into payment problems.

Fabio Villegas, president of ANIF and more neo-liberal even than the IMF, insisted that still more austerity was the answer. He charged that "meeting the goals established in the IMF agreement cannot guarantee fiscal stability," and that further belt-tightening was required.

The truth is that the policies of the IMF and Wall Street, embraced by their eager disciples in ANIF and Fedesarrollo, are fascist, pure and simple. If this agenda continues to be followed, President Uribe will not only be gutting Colombia's economy and population, but his own political future as well; for whether or not Presidential re-election is approved by the Congress and he runs again in 2006, he will find little electoral support among the betrayed population.

The mandate conferred upon Uribe by the Colombian people was to defeat narco-terrorism, not to shrink jobs and slash their already meager incomes. This was clearly demonstrated in last October's Referendum, which Uribe lost after he tried, and failed, to sell his fellow Colombians on more austerity. The population, while still enamored by Uribe's tough talk against narco-terrorism, is not so stupid as to vote against its own basic interests.