

the tacit threat that Colombia will not receive any credit despite its submission to the so-called adjustments which the commercial banks, the World Bank, and the IMF are demanding of the country: "We do not possess, however," said Stern, "the magic button to pressure the commercial banks and tell them now that they can make loans to Colombia."

### The adjustment program

Meanwhile, the government has put its austerity plan into effect. In the first place, on orders from President Belisario Betancur himself, wage increases of the workers and state employees will not exceed 10%, even though official inflation was 18.4% last year. If we consider that the state employees and workers are approximately 700,000 persons (about 15% of the employed population of the entire nation), the IMF is trying to take back the 20% increase which was decreed for the minimum wage.

In the trade unions it is widely suspected that the inflation figures for 1984 were deliberately falsified to prove to the International Monetary Fund that the increase in the minimum wage was not on a par with inflation. The IMF had "recommended" that Colombia not allow an increase in the minimum wage over the inflation rate.

Up to November, inflation was 15.8%. After an uncustomary delay in the National Administrative Department of Statistics, overall inflation in 1984 was stated to be 18.28%. In December alone, inflation rose by 2.5 points, a very exaggerated increase. Inflation in December 1983 was only 0.4%. The same month in 1982 was 0.5% and over the past decade, the greatest rate of inflation reached in December was 1.4%—and this was during periods when annual inflation was galloping past 30%.

Simply, the Finance Minister Robert Junguito was preparing his trip to the United States where he would be meeting with the IMF managing director Jacques de Larosière, with the purpose of showing the IMF that Colombia is meeting its conditionalities.

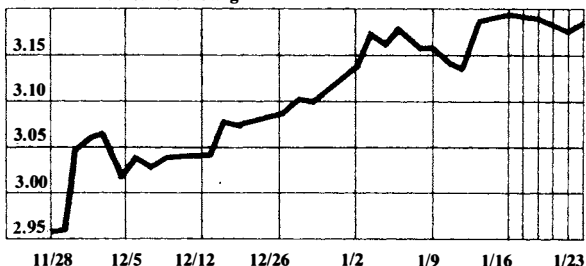
Junguito, meanwhile, pushed forward the IMF visit to Colombia and presented the new austerity plan which he wants the Colombian Congress to pass into law. The new plan foresees an additional cutback of 20 billion pesos in the state's investment budget. The government hopes that the austerity thus imposed will give it the right to obtain \$2,247,000 in new credits. However the banks, once they have applied the present measures, will demand of President Betancur that he sink the knife in a bit deeper.

The real tragedy is not the policy of the IMF, but rather the lack of decision of the Ibero-American leadership, who have had the weapons to resolve the crisis but not used them. The governments have put off indefinitely the decision to form a debtors' cartel. The declarations of Latin American unity, oftentimes expressed by the President of Colombia himself, have remained as empty husks. The great tragedy of the rulers of the Ibero-American countries is that they have all the conditions to be heroes—but not the courage.

## Currency Rates

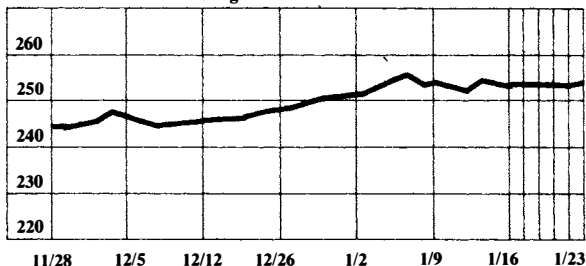
### The dollar in deutschemarks

New York late afternoon fixing



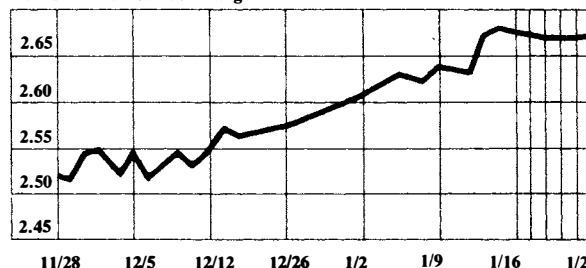
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

