

Andean Report by Valerie Rush

Colombia: Abrams's model economy

The State Department's Latin American "success stories" are succumbing to drugs, AIDS, and hunger.

Assistant Secretary of State Elliott Abrams told the Council of the Americas April 9 that Colombia was one of his preferred models of economic success, along with Jamaica and Uruguay. Speaking to the Washington, D.C. conference, he said, "Even with the combined pressures of an active insurgency and drug-trafficking, Colombia has made substantial economic policy reforms and shows strong growth prospects. . . . Common to these cases is resolute implementation of policies aimed at trade and exchange liberalization, deregulation, privatization, and market-based pricing."

Abrams' generous praise sounded remarkably like a *Washington Post* article of May 17, which described that gutted, poverty-stricken drug plantation known as Bolivia as "the envy of its neighbors," an economic miracle resulting from austerity policies which "raised gas prices tenfold, eliminated just about all price controls, imposed a bold tax reform, and shut down money-losing state enterprises."

In fact, what is common to all these cases is that each has been driven to "democratically" embrace International Monetary Fund (IMF) dictates in the name of servicing the debt; and at the cost of gutting infrastructure, dramatically reducing living standards, and surrendering their economies to the international narcotics cartels.

The "economic growth" that Abrams hails is sheer poppycock. As the case of Colombia clearly indicates, the last four years of IMF "mon-

itoring" of the economy have led not to "strong growth prospects," as Abrams would have us believe, but rather to the brink of bankruptcy.

Colombia has been living off repeated creditor handouts, and appears to have now reached the end of the road. As former labor minister and CUT labor federation president Jorge Carrillo charged, "The country is working only to pay its debt," which now costs more than 50% of the nation's export income.

By making debt repayment its first priority, Carrillo charged, the government has had to cut back expenditures in health, education, infrastructure, and defense—endangering democracy itself.

On April 15, the Colombian daily *La República* cited a private report on Colombia prepared by international creditor banks, which asserts that Colombia is fast approaching the need for "certain reprogramming of its debt, because the other existing alternative, raising the current level of indebtedness with new credits, is neither appropriate nor feasible in the short term."

The report observes that Colombia's 1988 debt service costs are \$3.25 billion, and notes: "There is a deterioration in the management and servicing of the debt which was previously characterized by strict compliance. There are arrears in amortization and payment of interest, guaranteed by the nation, of several official entities."

In fact, to avoid official default by several of those entities, among them the state electrical company, the Bar-

co government has been forced to turn—as it did one year earlier—to the Foreign Currency Fund (FODEX) for a loan. Similar FODEX bailout loans from last year have yet to be paid off by the bankrupt state companies, leading analysts to conclude that the government this time will have no choice but to increase national budget allocations for debt repayment, while cutting back basic services still further.

What that implies for the nation can be gauged by recent revelations that the financial paralysis of such programs as the Malaria Eradication Service (SEM) is leading to the rapid spread of the disease from the swampy portions of the Pacific Coast inward. A not unrelated development is the revelation that AIDS has become Colombia's number-two public health threat, after malaria itself.

Dr. Jorge Ernesto Ochoa, chief of ambulatory services of the Social Security Institute (ISS), told *EIR* at an April 30 medical conference in Bogotá that malaria is growing "by vast leaps" because of budgetary cutbacks, and that "the other alarming case is AIDS. AIDS could wipe out the Colombian population. AIDS is the worst assassin the country faces." Colombia officially acknowledges 400 full-blown AIDS cases, placing it fifth in the Americas, behind the United States, Haiti, Brazil, and Mexico.

During his presentation, Dr. Ochoa showed a computer-generated map of the department of Valle, with AIDS spreading from a tiny red dot in the capital of Cali three years ago, to a vast stain reaching the outer limits of the department today. "It is not a question of there being more AIDS in Valle than in the other departments," said Dr. Ochoa. "It is just that they have carried out epidemiological control there, and we have the statistics."