

the allegiance of its people, and political polarization, chronic instability, and authoritarian government have taken a heavy toll on economic program. And there is evidence that authoritarianism and negative attitudes about work at all levels of society have taken a heavy toll on entrepreneurship, on creativity. . . .

Australia . . . has left Argentina far behind. . . . The political and economic evolution of Australia is so similar to that of Canada and the United States that it is difficult not to conclude that British culture has played a decisive role in all three. . . .

In the case of Latin America, we see a cultural pattern, derivative of traditional Hispanic culture, that is anti-democratic, anti-social, anti-progress, anti-entrepreneurial, and, at least among the elite, anti-work.

## Colombia disintegrates, as military budget axed

by Javier Almario

To be able to maintain national unity, protect national territory, and address problems such as the drug trade, terrorism, and narco-terrorism, Colombia must have a public force—Army, Navy, Air Force, and police—of at least 600,000 troops (today there are fewer than 150,000 soldiers); it must have a military budget of at least \$3 billion (that budget today is \$860 million); and it must have a legislative framework that allows the military to respond effectively to the irregular warfare of the drug cartels and narco-terrorists (existing legislation favors the narco-guerrilla).

However, Colombia's political class, of which an estimated 75% is under the control of the drug cartels; the World Bank, International Monetary Fund, and their national subsidiaries (such as the National Planning Department and Finance Ministry); and the United Nations non-governmental organizations (NGOs), are all leading the country in a contrary direction, toward the disintegration of Colombia as a sovereign nation-state. In fact, Colombia is the best example of how the policies described in *The Plot* must guarantee the defeat of a nation in its war against organized narco-terrorism.

In 1996, the approved military budget (not counting the budget of decentralized companies and institutions attached to the Defense Ministry), was approximately \$1.7 billion, although the ministry had requested a budget of \$2 billion. However, following a series of budget cuts ordered by the Central Bank, Finance Ministry, and National Planning Department, that budget was reduced to only \$860 million. For over a year, the Samper Pizano government had been promising the military an expanded budget, in hope of calming tem-


pers in the midst of the national scandal over drug money financing Samper's Presidential campaign. Samper now seeks to reduce that budget by yet another \$360 million. That is, the budget would be reduced to a mere \$500 million, which would in effect paralyze the nation's defense forces.

The cutback is even larger if one considers the fact that the tax reform promoted by the Samper government, and which went into force at the beginning of 1996, requires that all military purchases pay a value-added tax of 16%, something which had not been required previously. At the same time, additional income that the Armed Forces should have received over the past four years, stemming from a "war tax" imposed by the government on large businesses and oil companies, never reached the military. The Constitutional Court ruled that taxes for such a specific purpose as financing the war on narco-terrorism, were not permissible. The new tax reform eliminated the war tax, supposedly as an inducement to the oil multinationals to invest more heavily in Colombia, despite the fact that 50% of Colombia's troops are deployed to guard the country's oil facilities!

### The wages of crime

In contrast, take a look at the budget of the enemy. According to government calculations, the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army

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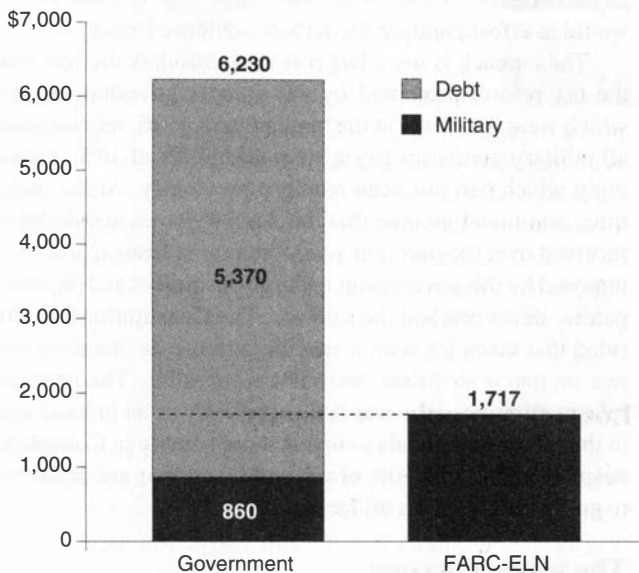
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FIGURE 1

**Colombia 1996: FARC-ELN's military expenditures are bigger than the government's**

(millions \$)

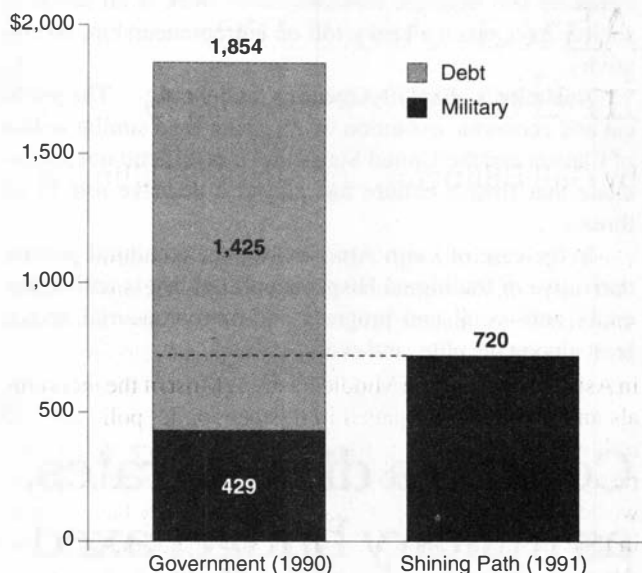


Sources: Public speech by Adm. Holdan Delgado, Commander of the Military Forces of Colombia, July 5, 1996; Finance Ministry of Colombia.

FIGURE 2

**Peru 1991: Shining Path's military expenditures are bigger than the government's**

(millions \$)



Sources: Central Reserve Bank, Peru; IADB; own estimates.

(ELN), the People's Liberation Army (EPL), and the dissident M-19, bring in income on the order of \$1.7 billion a year! Income sources range from drug trafficking, extortion of businesses, and kidnapping, to bank robberies and looting of government budgets through blackmail of governors, mayors, and other regional and local officials. Narco-terrorism in Colombia operates on the basis of a "tax" collection system that runs parallel to that of the national government, so that the Colombian economy pays out both to the state and to the narco-terrorists. The narco-tax is enforced by terror.

In other words, the narco-terrorist army has an annual budget twice the size of the Armed Forces (see Figure 1). Instead of giving the Armed Forces what they need to fulfill their constitutional mandate, the government has instead opted to pay the banks \$5.370 billion in debt service (six times the military budget!), equal to more than 20% of the government's total budget. If one were to cut even a modest portion of these payments to usury, the Colombian military could easily be provided with the means to assure victory over the narco-terrorists.

It is worth noting that the situation of the Peruvian Armed Forces is comparable, as was documented in 1993 in the book *The Plot* (see Figure 2).

**The legal system favors terrorists**

As if this weren't enough, the Colombian legal system openly favors the drug traffickers and narco-terrorists, while mercilessly persecuting those soldiers who are patriotically

fighting the terrorist narco-dictatorship. According to Armed Forces Commander Adm. Holden Delgado, "The most distinguished soldiers are accused of crimes they have not committed." Seven hundred soldiers are currently under investigation by the Prosecutor General's office, and another 300 are being investigated by the Attorney General's office. In a grotesque parody of justice, the narco-terrorists themselves are appearing as "civilian witnesses" of alleged human rights violations by these soldiers.

In the past four years, the Colombian military has captured 14,993 terrorists who, in the vast majority, have been released. The terrorists were captured while committing crimes, but the judges in many cases have argued that the military witnesses of these crimes are "interested parties" in "the conflict," and so their testimony and evidence are often declared invalid.

Military legal jurisdiction was in effect eliminated by the 1991 Constitution. According to this code, military personnel are supposed to be judged by military penal courts. Before the 1991 Constitution, the military had access to the judicial police, that is, they were able to investigate crimes. As a result, cases of terrorism, drug trafficking, kidnapping, and subversion could be tried by military penal courts. With the new constitution, "military personnel cannot try civilians." And yet, in the irregular warfare that is ravaging Colombia, narco-terrorists easily present themselves as "civilians." It is only the United Nations and its human rights NGOs that consider these same terrorists to be "combatants," with the full protection of the Geneva Accords.