

---

## Colombia

---

# Uribe Attacks Terror, But Must Move Economy

by Valerie Rush

Colombia's newly inaugurated head of state, Alvaro Uribe Vélez, has moved quickly to draw on the national mandate that overwhelmingly elected him to the Presidency in May. Uribe declared a 90-day "state of internal commotion" on Aug. 12, a decree that will hopefully give teeth to his long-awaited declared war on narco-terrorism. Not only will Uribe's government now have enhanced anti-terrorist enforcement capabilities, but also both the ability to mobilize the citizenry into an active defense of their ravaged homeland, and the means to finance that mobilization. Not surprisingly, after years of being betrayed by one government after the other, forces from every part of the political spectrum are rallying, with renewed hope, to the new President.

The text of the government decree which put the new state of emergency into force openly declares that Colombia finds itself "subjected to a reign of terror, in which democratic authority is drowning and productive activity is becoming increasingly difficult, multiplying unemployment and the misery of millions of fellow citizens." Colombia was rapidly disintegrating as a nation before Uribe took office, and he knows that he must move quickly to save his homeland.

### Breaking the Tyranny of Terror

In the months between the election and Uribe's Aug. 7 inauguration, the narco-terrorist Revolutionary Armed Forces of Colombia (FARC) had escalated their drive to make the country ungovernable. The FARC delivered messages to every elected official in the country, as well as many appointed ones—ranging from mayors, governors, and city councilmen, to magistrates and prosecutors: Resign your post, or you and your loved ones become our "military target." Hundreds of officials fled with their families—some out of area, and some out of the country altogether—leaving a conservatively estimated 180 towns and cities without any institutional presence. Payrolls went unmet, courts stopped functioning, garbage lay uncollected, transportation broke down, chaos and fear were rapidly spreading. Pleas for a declared state of siege went ignored by outgoing President Andrés Pastrana. The FARC's longstanding tyranny over much of rural Colombia, was now fast spreading into the towns and cities.

Although a FARC plot to crash an airplane into the Aug.



*Colombia's new President, Hector Uribe Vélez, has rallied Colombians quickly to bold new steps against FARC terror. But his economic team are men who in the past have courted FARC drug-profits "investment" for the international financial-center banks.*

7 Presidential inauguration ceremony was uncovered by intelligence agencies just one week in advance, one of Uribe's first official acts was to appeal to UN Secretary General Kofi Annan to mediate a renewed dialogue with the treacherous FARC narco-terrorists, *on the condition that they first lay down their weapons*. The FARC's answer was immediate. Just minutes into the formal inauguration in Bogotá's Congressional Building, terrorists fired several mortar rounds against the Presidential palace and into a shantytown a scant four blocks from where Uribe was being sworn in. More than a score were killed, and 70 injured, the majority of them homeless women, children, and elderly. That same day, multiple bombings were carried out elsewhere in the capital city, and in the cities of Medellín and Cartagena. In the days since, the Armed Forces has had clashes with both the FARC and terrorist paramilitary forces, which have taken scores more lives.

Uribe has moved quickly to enact a number of his campaign promises. First, he met with Bogotá Mayor Antanas Mockus to organize the deployment of thousands more police officers. Students in Bogotá will be called upon to fulfill their deferred military obligations, by augmenting defense capabilities inside the capital city itself.

Uribe has also announced that he will levy a 1.2% "war tax" on all citizens with liquid assets of more than \$65,000, to help finance the significant expansion of Colombia's military and police capabilities, which was a cornerstone of his electoral pledge. Of the estimated \$800 million that Uribe hopes to bring in from the new tax, the annual military budget will be immediately doubled, and thousands more police and soldiers recruited, trained, and equipped.

Colombia's new President has further announced the launching of his million-man "citizens defense" network, consisting of a combination of volunteers and auxiliary police and soldiers, who will assist and expand the reach of Colombia's overextended and underfunded military. Thousands of citizens, tired of being victimized by both the FARC and paramilitary armies of drug-trafficking thugs, and by the do-

nothing complicity of the past three administrations, are coming forward. Others will receive direct training from the military and law enforcement, and will receive both arms and stipends. The plan is to eventually absorb these citizens fully, as funding allows.

Uribe has named generals known for their toughness and battle experience, to head the Army and National Police. In a speech to the ranks of the José María Córdova Military School in Bogotá, he told the assembled ranks of officers and cadets: “Our compatriots have agreed, with unprecedented willingness, to pay a tax of 1% of the GNP . . . to support the Public Force. Now it is up to you and me to obtain results.”

### The Economic Battlefield

The Colombian President has thus far failed to take the necessary parallel actions on the economic battlefield. After years of suffering the ravages of narco-terrorism, on the one hand, and the neo-liberal economic recipes of free trade, on the other, the Colombian economy is devastated, its social fabric on the verge of disintegration. Action on the one front, and not the other, is a doomed strategy.

The two newly named economic czars of the Uribe Administration—Finance Minister and former International Monetary Fund employee Roberto Junguito and “adviser” Rudolf Hommes—are advocates of continuing those same neo-liberal austerity policies. Worse, Hommes—whose reign as “minister of free trade” under the César Gaviria government from 1990-94 earned him the undying hatred of the majority of Colombians—is currently a board member of the Violy Byorum & Partners investment house. It was VB&P which facilitated follow-up meetings in Colombia to the visit of New York Stock Exchange Chairman Richard Grasso to FARC headquarters in 1999.

As long as Uribe’s economic policy is dictated by the same financial elites who see the FARC’s cocaine trafficking as a free trade “opportunity,” Uribe’s war on narco-terrorism is doomed and Colombia’s future with it.

Colombia’s Ibero-American Solidarity Movement (MSIA) President Maximiliano Londoño described the economic state of affairs, in July, as follows: “Official rates of unemployment are around 20%, and underemployment another 30%; industrial production has fallen between 50 and 75%; annual import of food is equivalent to 10 million tons. . . . Debt service consumes 50% of the current national budget.” Londoño, a long-time associate of U.S. Presidential pre-candidate Lyndon LaRouche, published an “Open Letter to President Uribe: How To Reactivate the National Economy,” a 75-page memorandum, urging that the nation’s economic recovery be centered around urgently needed national infrastructure projects (transportation, energy, communications, water supply, etc.) and reactivation of industrial and agricultural production through long-term, low-interest credit. Junguito and Hommes, in stark contrast, insist that the war on terrorism can only be funded by cutting back investment and public spending.

## Global Crisis Heats Up Russia’s Policy Fights

by Rachel Douglas

Turmoil continues around the reportedly pending plan of Russian Presidential Administration official Dmitri Kozak, to change ownership and/or taxation policies for the country’s natural resources. Elements of the plan (as described in a version leaked by Interfax in late July) echo Academician Dmitri Lvov’s often repeated demand, to “place our national wealth on the balance sheet of the state.” Various Russian papers, joined by *The Wall Street Journal*, shrieked that the cancellation of licenses for raw-materials exploitation, and their replacement by a concession system, would mean “renationalization.” Proposals for revising the Law on Natural Resources are due to be submitted to the government by Oct. 1.

The similarities to Lvov’s proposals were not missed. Christopher Kenneth, in *The Russia Journal* of Aug. 2-8, noted that Kozak’s reported recommendation “echoes a similar view expressed earlier this year in national media by Dmitri Lvov,” who had told *Pravda*: “If the major part of our national income is generated not by labor and capital but from rents on natural resources, then these assets should not be made a subject for private entrepreneurship, which channels revenues to only a select few. Rather, the assets should belong to all Russians. . . . A law to make the state the sole owner with rights to exploit these resources, and making concerted efforts to forestall any further attempt to sell government’s stakes in this sector, would be a big step forward in correcting the situation.”

Capital investment and production growth are falling sharply in Russia over 2002, after several years of apparent improvement; large wage arrears have reappeared in state budgets. Academician Lvov, Dr. Sergei Glazyev, and other Russian Academy of Sciences economists met with President Vladimir Putin in March, on the subject of how to find a solid foundation for economic growth, but there had been little reflection of those discussions in policy, until reports surfaced about the Kozak plan.

Speaking to Interfax on Aug. 8, Vice Premier and Finance Minister Aleksei Kudrin gave strange “assurances”: “I can say today: We are not going to face a default, we’ll not have a devaluation which would damage the savings of the population or make them convert them into dollars or euro.”

In commentary in *Izvestia*, Svetlana Babayeva and Yelena Krop emphasized that the compulsion to assure the population