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Economics and Politics Sculpting the Colombian Economy: the Case of National Accounts

La disciplina económica y la política esculpiendo la Economía colombiana: el caso de las cuentas Nacionales

DIEGO ALEJANDRO ALMONACID LOVERA

FCE - CID

Facultad de Ciencias Económicas
Centro de Investigaciones para el Desarrollo - CID
Sede Bogotá



UNIVERSIDAD
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ECONOMICS AND POLITICS SCULPTING THE COLOMBIAN ECONOMY: THE CASE OF NATIONAL ACCOUNTS

Diego Alejandro Almonacid Lovera^{1}*

Abstract

History is a non-linear process, full of contingent events that set the conditions which brought us, and our institutions, to where we are today. This paper examines two possible conditions in Colombia that may have influenced the creation of the National Administrative Department of Statistics: a concentrated centralist political power and a growing participation of economists in state positions. This work provides a historical and theoretical framework grounded on Alain Desrosières' analysis of the implication of an autocratic political power and the need for national accounts on the interaction of economists with the real world, based on abstract concepts. Likewise, I examine some historical events in the light of Desrosières' analysis that occurred in the early years of Colombia's National Administrative Department of Statistics, specifically, the '50s and '60s decades. This paper concludes that both a concentrated centralist political power and a growing economists' enrollment in positions of power may have served as conditions fostering the appearance of the department in charge of the Colombian national accounts.

Keywords: DANE, Colombia, Autocracy, Economic discipline, Technocracy.

JEL: B25, B4, D02, D73, N01, N46

¹Economics student, Universidad Nacional de Colombia, dalmonacid@unal.edu.co

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LA DISCIPLINA ECONÓMICA Y LA POLÍTICA ESCULPIENDO LA ECONOMÍA COLOMBIANA: EL CASO DE LAS CUENTAS NACIONALES

Resumen

La historia es un proceso no lineal lleno de eventos contingentes que establecen las condiciones que nos llevaron a nosotros, y a nuestras instituciones, al lugar donde nos encontramos actualmente. Este artículo examina dos posibles condiciones que en Colombia pueden haber influido a la creación del Departamento Administrativo Nacional de Estadística (DANE): un poder político centralista concentrado y una creciente participación de economistas en puestos estatales. Este trabajo ofrece un marco histórico y teórico basado en el análisis de Alain Desrosières sobre la implicación de un poder político autocrático y la necesidad de cifras nacionales en la interacción que tienen los economistas con el mundo real, a partir de conceptos abstractos. Asimismo, examino algunos hechos de la historia colombiana a la luz del análisis de Desrosières ocurridos en los primeros años de existencia del DANE, específicamente en las décadas de los 50 y 60. Este trabajo concluye que tanto un poder político centralista concentrado como una creciente participación de economistas en posiciones de poder podrían haber servido como condiciones que propiciaron la aparición del departamento encargado de las cuentas nacionales colombianas.

Palabras clave: DANE, Colombia, Autocracia, Disciplina Económica, Tecnocracia.

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Content

1. Introduction.....	6
2. An Approximation grounded in Alain Desrosières	7
3. DANE and Colombia’s political scenario.....	8
4. DANE and the Colombian Economists.....	9
5. Conclusion	12
References	12

For professional economists, after Malthus, were apparently unmoved by the lack of correspondence between the results of their theory and the facts of observation; —a discrepancy which the ordinary man has not failed to observe

—Keynes, 1936, p. 33

1. Introduction

The reconstruction of Colombia's memory and its institutions has been full of lacunas that recently have started to be filled. The history of the country's economic discipline has not been the exception in this process. The discipline has profoundly been influenced by a phenomenon which Carlyle (1841) would understand as the *Theory of Great Men*. Similar to this theory, which sees history as biographies of "great men", we analyzed the formation and positions occupied by prominent economist in Colombian history as an approximation to the path traveled by the discipline, a phenomenon found in the works of Álvarez et al. (2019); Álvarez & Guiot-Isaac (2018); Enciso & Flórez (2009) and Montecinos et al (2012). This is not a negative feature. Rather it is an indicator of the relevance that economists and economic institutions have gained in the last century.

A big step in shifting the focus from economists to economic reasoning or economic technocracy —understood as the government of specialized experts— was made by Álvarez et al. (2019); Dargent (2011); Montecinos (2001) and Uribe (2014). The present work is a mixture of these two approaches. I focus on the *National Administrative Department of Statistics* (DANE, by its acronym in Spanish) and the context and events that brought up this institution, which is a fundamental —but little addressed in Colombian economic thought literature— entity that serves as the economists' instrument to "create", depict, and understand the conceptual economic objects they have in mind in the real world.

The purpose of this paper is to show that both a highly concentrated political power and a growing participation of economists in positions of power operated as conditions fostering the arrival and solidification of DANE in its early years, during the '50s - '60s decades. To validate the previous position, I first focus on the historical-theoretical framework of Alain Desrosières (1998) around the appearance of statistical systems in France and the relationship between economists and the reality they construct but simultaneously take as given. Secondly, we

examine the Colombian political context of that arrival. Thirdly, we study the activity of the economists in the Colombian administrative scenario. The final section concludes.

As we shall see later, considering that economists require statistical information they take for granted and, at the same time, determine the economic objects to be measured, two elements correlate with the establishment of DANE in the 1950s - '60s. On the one hand, the need of reliable information by governments with highly concentrated political power to meet their economic objectives. On the other, the subsequent governments' demand of varied economic expertise operating with that information.

2. An Approximation grounded in Alain Desrosières

A major step in understanding the social role and impact of statistics was taken by the French historian of statistics, statistician, and sociologist Alain Desrosières, who conducted an in-depth study on the sociology and history of quantification (Desrosières, 2007, 2011, 2013, 2015). In his historical approach of French statistics in the *Ancien Regime*, a centralist power headed by the king laid the basis for two elements that make up quantification, namely, convention and measurement. Before starting the measurement process, it is fundamental to “speak the same language” and to agree on the instruments and standards to be used in that process, what and how to measure (this is convention). Once these requirements are met, the measurement process can begin. In absolutist France, both elements could be achieved when the state was led by a single head, preventing each region from setting its own measurement guidelines, then unifying and standardizing the measurement system (Desrosières, 1998).

Moreover, the surveying system -dating back to medieval times- originated an influx of statistical reports which, from the seventeenth century onwards, comprise not only general descriptive statistics for educational purposes reserved for the king to get an idea of the magnitude of his power, but also quantitative, specialized, and periodical information for monarchy's administrators with practical and immediate needs (Desrosières, 1998, p. 26-27).

Furthermore, since the second half of the twentieth century, decision-makers began to consider macroeconomic variables –e.g. GDP, inflation, unemployment– which, along with the statistics of these variables, provide a representation –on the reality– of conceptual economic situations (Desrosières, 1998). That representation brings us to the economic facet of quantification. The economy is not observable. One cannot see inflation or unemployment walking down the

street. But sometimes, we can perceive them indirectly –knowing someone is unemployed or seeing the prices rise– almost as if we can touch them in our daily lives. However, economists translate these theoretical objects into “reality” by defining inflation, poverty, GDP, and so forth in terms of things we can observe and measure. Following Desrosières (1998) we must “think *simultaneously* that the objects being measured do exist, and that this is only a convention” (p. 1). In other words, economists in academic and political spheres consider these measures as an image of the reality of *the ordinary man*, but that reality is an economic invention.

3. DANE and Colombia’s political scenario

We are now in a position to consider the Colombian case in the light of the previous general framework. In the first place, regarding the fertile ground a centralist power can represent for national accounting, it is noteworthy the fact that even though censuses have been carried out since colonial times, is in 1953 under Gustavo Rojas Pinilla’s military dictatorship when the *National Direction of Statistics* (DNE, by its Spanish acronym) evolved into DANE, initiating a “solid process” that has been strengthened through time (DANE, n.d.). Four years later, the dictatorship was ousted and temporarily replaced by the *Military Board* until new presidential elections could be held. In 1978, the government of the *National Front* (NF) began.

According to Zuluaga (2014), the NF was a coalition formed by the two major parties of the time (Liberals and Conservatives) which agreed on alternation in power and equal proportion of members at all levels of power including Congress, thus becoming an agreement for the *hegemonic* control of the state. Considering the emergence of that coalition under the framework of the 1886 Constitution, which was characterized by a strong power resting on the executive not only at the central but also at the regional levels (Kalmanovitz, 2011), it is worth thinking that political power remained highly concentrated. Now in the hands of those two parties. Suggesting that the early years of DANE were accompanied by state power condensed in a few hands, laying the foundations for a unicity in the type of information demanded and in who will use that information, in line with Desrosières’ French historical review.

In Section two we saw that the monarchy needed accurate statistical information for administrative purposes. Motivations that are not exclusive to that period or that type of state. One of the five types of state that Desrosières (2000) consider in terms of its role in the economy is the *engineer state*, linked to the 1930s-40s United States. This type of state

incorporates the *New Deal* and, in consequence, the ideas of a planned economy. For its exercise of power, this state is connected to “a favored set of statistical tools and methods”, moreover, “data collection technologies and, more generally, population and production statistics, are adapted to the needs of the engineer state” (Armatte, 2016, p. 26). But this *engineer state* was not detached from Colombia.

Almost simultaneously –in the 1950s and 1960s– according to Zuluaga (2014), in a complex international context at the beginning of the *Cold War*, Colombia became an important piece in the Latin-American “political chess” for US interests. This fact resulted not only in huge amounts of international investment, but also in the pursuit of Colombian pacification through the positioning of Rojas Pinilla’s political power. The purpose of the United States was to restrain the arrival of the guerrilla sectors and the fascist tendencies of Laureanism. However, Rojas Pinilla’s military government fell out of line with its populist policies and provoked the United States to overthrow Rojas and support the arrival of the NF (Zuluaga, 2014). In fact, considering that Rojas was an engineer educated in the United States, along with the inherence of an *engineer state* such as the United States in the Colombian political and economic fields², it is reasonable to think that statistics became significant in state affairs, especially for planning and administrative purposes.

4. DANE and the Colombian Economists

At this point, it is essential to recall the relationship between economists and statistics described above. Statistics serve as a representation of the objects which economists are familiar with. This implies that, if there are economists involved at the policy levels, it is rational to expect them to have pertinent tools –including statistics– to make it worthwhile to have them on board. Moreover, giving the political scenario described above, we are able now to analyze the economists’ influence in Colombia.

Compared to its Latin-American neighbors, Colombia has had one of the most “professional and stable” technocracies in the region for more than five decades (Dargent, 2011). Nevertheless, as Junguito & Rincón (2004) showed, the participation of economic experts in state affairs with exclusively technical duties –translating into institutional developments–

² This influence was made through other ways besides investment, including economic missions and education. These alternative ways will be analyzed in the fourth section.

dates back to the Kemmerer mission of 1923, which shaped Colombia's Central Bank and Ministry of Finance almost as we know them today. One of the most influential missions, regarding the context described above, was the World Bank's General Mission Survey in Colombia in 1949 headed by Lauchlin Currie, who had previously worked as an advisor at the Roosevelt administration during the *New Deal*.

On his mission in Colombia, Currie worked with local businessmen, politicians, and experts to *gather a huge variety of data*, with the aim of examining the country's economic conditions and devise a comprehensive development plan (Grandi, 2020). However, the role of experts at that time was not exclusively academic. In the first stages of the economic discipline in Colombia, in the late 1940s and early 1950s, the principal jobs of economics professors at *Gimnasio Moderno* were in the government (Álvarez et al., 2019).

Additionally, experts from international and national missions became members of the *National Planning Council* (NPC) created in 1952, thus having a pragmatic echo in the government (Grandi, 2020) a year after the creation of DNE, and before Rojas Pinilla took power and the DANE was founded. Now, it is valid to think that the arrival of an autocratic regime, such as Rojas Pinilla dictatorship, could translate into the obstruction of the technical influence of economists in policy decisions. Nevertheless, this did not occur. There was participation of the NPC at the beginning of Rojas Pinillas' mandate –when DANE emerged– before his political opposition grew (Grandi, 2020).

As we can see in (Rovner, 2002), Rojas and his cabinet listened to experts and previous Finance Ministers in designing some economic policies, especially fiscal ones. Besides, his Finance Minister, Carlos Villaveces, even if he was not an economist³, mastered economic terms, concepts, and theoretical relations⁴. Villaveces even proposed a fiscal reform with redistributive and less distortionary characteristics, which we can find in current books on optimal taxation theories, for example in Fergusson & Suárez (2010). Such a reform was applied to a broadened tax base (Rovner, 2002), so it probably needed appropriate statistical resources, even more considering the social reforms they planned for the coming periods. Likewise, Rojas and Villaveces met respectively with Currie and Albert Hirschman –another

³ His profession could not be determined due to the lack of information available about him.

⁴ The lector could note Villaveces' economic expertise in his debates and interventions presented in (Rovner, 2002).

prominent World Bank's economist missioner— and implemented some of the former's recommendations, though not for the same reasons initially proposed by Currie (Álvarez & Guiot-Isaac, 2018; Rovner, 2002).

The above show that economists' advice and probably their projects were somehow listened to rather than dismissed by Rojas, consistent with the need of those economists to have access to reliable and accurate data to formulate projects and recommendations. Indeed, such economic proposals were surrounded by the founding of DANE during Rojas' government.

The emergence of the National Front coalition in the early years of DANE was crucial. The “peace treaty” between Liberals and Conservatives, crystallized in *The Pact of Sitges* in 1957, opened the doors for meritocratic enrollment. Such inscription, together with the need of depoliticize bureaucracy and budget expenditure and professionalize the policy-making process shaped an atmosphere prone to economic technocracy (Dargent, 2014).

Additionally, Dargent (2011) points out that groups of experts able to respond on the same level as the international financial institutions were created by NF leaders to carry out profound changes in economic institutions and to receive financial aid in exchange of reliable development plans. These characteristics of the required economists in Colombian government —mostly educated in the United States (Dargent, 2011) — accompanied by the complexity of NF's proposed projects and the rigor economists demanded to be properly criticized or refuted —hardly found in other social disciplines—, made the state increasingly dependent on their services (Dargent, 2014; Dargent, 2011; Grandi, 2020).

In the Colombian context, statistics were not as reliable as economists would desire (Currie, 1965) to draft accurate diagnosis and treatments required by the NF. This could explain why during the NF's government of Guillermo León Valencia (1962-1966) and Carlos Lleras Restrepo (1966-1970) occurred the first census carried out by DANE (1964) and its first reorganization (1968) (DANE, n.d.). Specially if we consider *statistics as a tool of social scientists and administrators* (Armatte, 2016) which represent economic objects and situations as Desrosières (1998) suggest.

All the above approaches us to the relevance that statistics and, consequently, the DANE acquired for increasingly technocratic governments —in an economic perspective— since the 1950s decade. This relevance, which coincided with Currie's (1965) appreciation that the

progress of economic education in Colombia since 1950, is reflected in the creation of DANE and numerous departments of economics along the country (Álvarez & Guiot-Isaac, 2018).

5. Conclusion

This paper examined the political and technical circumstances of the Colombian state that may have derive in conditions for the beginning of the National *Administrative Department of Statistics* in that country. I showed that based on the concentration of political power of the dictatorship of Gustavo Rojas Pinilla and of the National Front, both surrounded by the United States' influence and its conception of a planned economy guided by national administration, it is reasonable to think that a strong central power could serve as a condition for the emergence of DANE in Colombia. Moreover, economists and statistics are deeply interrelated. The increasing demand for economists and their presence in state positions since the 1950s to achieve governmental goals in fiscal and policy-making processes, thus deriving in a growing demand by employed economists for accurate statistical data to deal with the objects and situations for which they were trained, could also count as a condition for the foundation of DANE more than 60 years ago.

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