
INTRODUCTION: SOURCES OF INSTABILITY

The current instability in Colombia derives from the interaction and resulting synergies of an underground criminal drug economy and the growth of armed challenges to the state's authority. The first source of instability is reflected in the pervasive influence of drug networks and their infiltration of key societal institutions; the second lies in the growth of guerrilla armies, paramilitaries, and "privatized" security forces. The confluence of these factors has exacerbated even deeper problems in Colombian society, including the loss of central government authority, economic deterioration, and social disintegration, and may be creating the conditions for a "failed state." A failed state is characterized by a severe political crisis in which the institutions of the central government are so weakened that they can no longer maintain authority or political order beyond the major cities and sometimes not even there.¹

U.S. policy has focused its attention on the counter-narcotics effort, with indifferent success. However, the narcotics and insurgency problems are intertwined and growing even more so, so that effectively dealing with one will likely involve dealing with the other. Therefore, U.S. policy needs to be informed by a better understanding of the complexities of the Colombian situation and U.S. military planners should consider the consequences of being drawn deeper into the "Colombian labyrinth."

¹See Daniel C. Esty, Jack Goldstone, Ted Robert Gurr, Barbara Harff, Pamela Surko, Alan N. Unger, and Robert S. Chen, "The State Failure Project: Early Warning Research for U.S. Foreign Policy Planning," in John L. Davies and Ted Robert Gurr (eds.), *Preventive Measures: Building Risk Assessment and Crisis Early Warning Systems* (1998).

This study analyzes the sources of instability in Colombia: the decay of government authority and social cohesion and the development of parallel economic, political, and military structures. State failure, of course, is measured on a continuum, in that few states in less-developed countries have complete control of their territory and functions. The issue is how advanced is the decay of Colombian political and social institutions and whether the Colombian state is in danger of collapse or of being deposed by other forces. To this end, the study seeks to examine the direction of economic, social, political, and military trends in Colombia and identify possible outcomes and their implications for regional stability and U.S. security interests.

POLITICAL TRENDS

Colombia historically has been a weak state, exercising only incomplete jurisdiction over its territory and only imperfectly able to enforce its authority over powerful corporate or local interests. According to Colombian political scientist Francisco Leal Buitrago, lack of national integration and a large degree of regional autonomy have characterized the Colombian political environment. None of Colombia's regions has been strong enough to dominate the others; as a result, a dominant center has not emerged. Bogotá is the political, but not the economic, capital of Colombia. Since the late 19th century, Medellín has been the dynamic center of economic activity; other economic and political centers have developed on the Atlantic coast and the Cauca Valley. The forces at play in the Colombian conflict reflect this fragmentation; none is strong enough to decisively defeat the others.²

The response of governments in Bogotá to the state's weakness has been to conciliate, negotiate with, or, if possible, ignore challengers, rather than to try to impose its authority. As discussed in more detail in Chapter Seven, a series of negotiations, some successful and some not, have punctuated the history of the Colombian authorities' dealing with rebels of various stripes.

In addition to its inherent weakness, the Colombian government suffered a severe loss of legitimacy and international support after

²Conversation with Francisco Leal Buitrago, Bogotá, April 2000.

revelations of drug network financing of the successful presidential campaign of Liberal Party candidate Ernesto Samper in 1994. The subsequent decision by the Clinton administration not to certify that Colombia was cooperating against the drug trade resulted in the freezing of U.S. assistance to Colombia except for counter-narcotics purposes.³

The 1998 election brought to power a coalition of Conservatives and dissident Liberals headed by Andrés Pastrana, the son of a former president. The Pastrana government regained much of the international and domestic standing that had been lost by the preceding administration. A major asset was renewed strong support by the United States. Nevertheless, the Pastrana administration has not been able to make discernable headway in strengthening the state.

The Pastrana administration staked a great deal of its credibility on the negotiation of a peace agreement with the country's major guerrilla organization, the Revolutionary Armed Forces of Colombia (FARC). In November 1998, within four months of his inauguration, the President withdrew Colombian military forces from a 42,139 square kilometer "demilitarized zone" (*zona de despeje*) in south central Colombia, which the FARC demanded as a condition for negotiations. Although the idea of negotiations enjoyed considerable support, Pastrana's approach entailed substantial political costs, including the resignation of Defense Minister Rodrigo Lloreda in May 1999, and stresses between the government and the military. Lloreda objected to the negotiating approach articulated by Pastrana's negotiator, which implied the indefinite FARC control of the *zona de despeje*. Despite government concessions, the FARC continued the attacks on government and infrastructure targets, kidnappings, and other acts of violence and disruption.

The lack of results of the negotiation strategy has led to a sharp loss of public confidence in President Pastrana.⁴ The Pastrana adminis-

³Certification is an annual congressionally mandated process in which the U.S. President certifies that foreign countries are cooperating in counter-narcotics efforts (see Chapter Two).

⁴According to a Centro Nacional de Consultoría (CNC) poll in August 2000, only 23 percent of the respondents approved of Pastrana's administration, while 71 percent disapproved and the rest had no opinion. Seventy-nine percent believed that the peace process was going badly. www.cnccol.com. Pastrana's approval rate rose to 52

tration, moreover, became embroiled in a debilitating struggle with the Liberal Party majority in the Congress in the spring of 2000. The President called for a referendum to restructure and reduce the size of the Congress; the congressional opposition threatened to revoke Pastrana's mandate. The political power struggle blocked economic reforms approved by the International Monetary Fund (IMF) and was a factor in the downgrading of Colombia's long-term foreign debt rating by Standard & Poor's and other international rating services.⁵

ECONOMIC TRENDS

The stress on Colombia's political and social institutions was compounded by the country's deepest economic crisis in 50 years. The downturn in the Colombian economy was a sharp reversal from the record of the previous half-century. Colombia historically has had one of the most stable economies in Latin America. The economy enjoyed uninterrupted growth from 1932 until the mid-1990s—an exceptional performance even by the standards of developed countries. During the 1980s, the so-called lost decade of Latin America, the Colombian economy grew at an average annual rate of 3.5 percent and was the only major Latin American country not to restructure its foreign debt during the Latin American debt crisis.

The exceptional performance of the Colombian economy resulted from a diversified economic base and responsible macroeconomic management. Until the 1960s, the growth of the Colombian economy, including the development of the industrial sector, was linked to the export of coffee, which represented 60 percent of the value of Colombia's exports in 1970. In the 1960s, Colombia, like most other Latin American countries in this period, tried to develop the industrial sector through a policy of import substitution. Internal markets, however, proved to be inadequate to support economic expansion and the country adopted a mixed model of economic development—

percent in February 2001, after the resumption of the peace negotiations with the FARC, which had been suspended by the FARC in November 2000 because of the government's alleged failure to combat the country's paramilitary groups. *Cambio*, February 19–26, 2001.

⁵“Colombian Turmoil, S&P Downgrade Add to Currency Woes,” *The Wall Street Journal*, May 25, 2000.

a policy of promoting non-traditional exports but without completely dismantling the structure of protectionist tariff barriers. The López Michelsen administration (1974–1978) set for itself the ambitious goal of turning Colombia into the Japan of Latin America, although the need to stabilize public finances forced it to give priority to reducing the deficit and fighting inflation.⁶

Economic policy in the first half of the 1990s was based on setting targets for inflation, reducing the fiscal deficit, and decreasing the deficit in the trade and current account balance. There was a small fiscal deficit (under 0.5 percent of gross domestic product [GDP]) in 1992, small surpluses in 1991 and 1993, and a 2.5 percent surplus in 1994. In 1990, the Barco administration began a process of liberalization and privatization of the economy known as the *apertura* (opening), which was continued and accelerated by the Gaviria administration (1990–1994). The principal objective of the opening was to remove protectionist obstacles to the growth of the export sector. The Gaviria administration also implemented structural reforms, including adoption of a new constitution and tax reform. The economy responded by growing at a rate of 5.3 percent in 1993, 5.7 percent in 1994, and 5.8 percent in 1995.⁷

The economy began to unravel in the mid-1990s as the result of a complex political crisis, the fall of coffee prices on the world market, and a contraction in the construction sector. The privatization process begun under Gaviria stagnated. The decertification of Colombia by the United States added another element of uncertainty to the Colombian political environment (see Chapter Two). The U.S. sanctions did not succeed in driving President Samper from office, but they reduced business confidence and contributed to the sharpening of the economic crisis.

Colombia's recession deepened as the economy contracted at an annual rate of 7.6 percent in the second quarter of 1999. Urban unem-

⁶Jorge Luis Garay S. et al., *Colombia: estructura industrial e internacionalización, 1967–1996*, Tomo I, República de Colombia, Departamento Nacional de Planeación, Bogotá, 1998, pp. 18–22,

⁷Garay, pp. 23–26; KPMG, “Performance of the Economy,” www.kpmg.com/co/colombia/performa.htm. Protection against imports raises the cost of producing exports and therefore constitutes an obstacle to the growth of the export sector.

ployment hovered near 20 percent and the government projected a 3.5 percent decline in GDP for the year.⁸ The ongoing political violence entailed substantial economic costs. The economic cost of the violence in Colombia has been estimated at between 4 and 9 percent of GDP.⁹ The Pastrana government negotiated a \$2.7 billion extended fund facility arrangement with the IMF. President Pastrana visited Washington in September 1999 and again in January and April 2000 seeking support for his government's "Plan Colombia" and economic stabilization program.¹⁰ As Colombian economists have noted, political stability is a key condition for the long-term success of any economic stabilization plan.¹¹ Therefore, whether the economy can be turned around without a reduction in the level of political instability and violence is questionable.

SOCIAL TRENDS

The violence has worsened in Colombia, as the insurgent armed struggle has become more entrenched and widespread. The most violent zones of the country are those where two or more of the actors involved in social conflict—guerrillas, drug cartels, and illegal self-defense (paramilitary) groups—are active. The homicide rate rose from 15 to 92 per 100,000 inhabitants between 1974 and 1995. Homicide rates for males aged 14–44 years increased from 29 to 394 per 100,000 between 1980 and 1995, a 1350 percent increase.¹² "Social intolerance" killings—referred to as *limpiezas* or cleansings—have been on the upswing as both guerrillas and paramilitaries seek

⁸*Wall Street Journal*, September 23, 1999.

⁹The figures are difficult to aggregate because of the different methodologies and data sources used in different calculations. Granada and Rojas calculated the total costs associated with the guerrilla conflict between 1990 and 1994 at 4 percent of GDP (in World Bank, "Violence in Colombia: Building Sustainable Peace and Social Capital," Washington, D.C., 2000, Table 2). A report from the Colombian Department of Planning, cited in *Venezuela Analítica*, September 9, 1999, gives the figure as 9 percent of GDP.

¹⁰See Colombia, Republic of, *Plan Colombia: Plan for Peace, Prosperity, and the Strengthening of the State*, Bogotá, 1999.

¹¹Garay, p. 24

¹²World Bank, "Violence in Colombia," pp. 11–12.

to consolidate their control by killing people considered misfits or suspected of collaborating with the other side.¹³

In rural areas, where men and sometimes children join (or are forced to join) guerrilla or paramilitary groups, families and other basic societal units are seriously disrupted. People fleeing violence have been displaced throughout the country, but the levels are highest in the zones with the highest levels of conflict, such as Urabá, the middle Magdalena valley, and the Ariari district. An estimated 35 percent of displacement was reportedly caused by illegal self-defense organizations, 17 percent by the security forces, 24 percent by armed opposition groups, and 24 percent unidentified.¹⁴ The displaced population, which can be taken as an index of societal disruption, was estimated as high as 1,200,000 in 1998.¹⁵

Law enforcement and judicial institutions have been singularly ineffective in dealing with the violence. According to data presented in an Inter-American Development Bank (IDB) study, the percentage of homicides investigated by the authorities declined from over 80 percent in 1985 to less than 30 percent in 1995. One reason was overload. The increase in the homicide rate in Colombia over the past two decades placed unbearable strains on a traditionally inefficient justice system. Another reason was the contamination of the justice system by violence and intimidation. According to a survey, over 25 percent of the members of the judicial branch had reported threats to themselves or their families.¹⁶

¹³“Gun Law Without Mercy in Colombia’s Barrios,” *Financial Times*, September 2, 1999.

¹⁴Amnesty International, 1997 *Annual Report*.

¹⁵World Bank, “Violence in Colombia,” p. 14. The United Nations High Commissioner on Refugees (UNHCR) estimates of the number of displaced persons in Colombia range between 450,000 and 1.6 million spread throughout the country (figures differ depending on the methodology, time frame, and criteria used). The UNHCR notes that though figures vary, studies do agree that displacement is both nationwide and on the increase. See www.unhcr.ch/world/amer/colombia.htm. It is worth noting that this number is about 3 percent of Colombia’s population of 40 million. The equivalent number in the United States would be 7.5 million.

¹⁶See Mauricio Rubio, “La violencia en Colombia: dimensionamiento y políticas de control,” Serie de documentos de trabajo R-345, Inter-American Development Bank, Washington, D.C., October 1998, pp. 42–49.

As a World Bank study has noted, the violence has reduced the country's social capital by eroding the effectiveness of judicial, health, educational, media, and security institutions. Death threats, kidnappings, and assassinations have created a well-founded climate of fear. Violence or the threat of violence is meant to influence the administration of justice, the legislative process, and the behavior of the communications media.¹⁷

The weakness of state and social institutions and the escalating violence and criminal activity have produced a climate of insecurity at all levels of Colombian society and fostered the accelerated growth of privatized armed security groups (see Chapter Five). According to a survey conducted by the Medellín regional authorities, every one of the city's barrios has illegal armed groups that engage in activities ranging from neighborhood vigilance to *limpiezas* and executions of suspected criminals. What these groups appear to have in common is a complete lack of confidence in the state and its security and judicial institutions.¹⁸

Although the incentives for the growth of these "private justice" groups are strong in light of the state's inability to provide security to local communities, the existence of these groups is itself a factor of violence that contributes to the atomization of society and the growing chaos in Colombia. The socially destructive aspect of this phenomenon is amplified when these groups develop links to organized criminal networks.

ROADMAP TO THE REPORT

The synergy of which this report speaks has deep roots. Chapter Two discusses the scope and dimensions of the drug trade in Colombia and its impact on Colombia, the region, and U.S. interests, and concludes with an assessment of the U.S. response. The next three chapters deal with the alternative armed power centers—what the Colombians call "agents of violence." Chapters Three and Four describe the origin and development of the major guerrilla groups—the Revolutionary Armed Forces of Colombia (FARC) and the National

¹⁷World Bank, "Violence in Colombia," pp. 24–25.

¹⁸Rubio, p. 28, fn. 109.

Liberation Army (ELN)—their links to the drug trade and arms trafficking networks, and their political objectives and strategy. Chapter Five deals with one of the least understood but increasingly important factors in the Colombian conflict, the illegal self-defense forces, or paramilitaries, as they are commonly called.

The following three chapters analyze the Colombian government response to the forces challenging its authority. Chapter Six provides an assessment of Plan Colombia, the centerpiece of the Colombian government's approach, its focus on the counter-narcotics component, and the U.S. government's supporting role. Chapter Seven discusses the peace negotiations between the government and the guerrillas and the prospects for a peace settlement. Chapter Eight outlines possible alternative scenarios for Colombia, ranging from a successful peace agreement or the strengthening of the government to continued deterioration or collapse and offers a best estimate of what Colombia's future path might be. Chapter Nine, "A Wider Conflict?," notes that the contraction of the Colombian government's authority has already facilitated the spread of guerrilla activity and drug trafficking to neighboring states and discusses the regional implications of a widening of the conflict. Drawing on the analysis of the preceding chapters, Chapter Ten discusses the implications of the above for U.S. interests. The appendix assesses the Colombian armed forces, including the ongoing effort at military reform and the armed forces' posture, mobility, patterns of recruitment, and budget.