

Conflict, State and Decentralisation: From Social Progress to an Armed Dispute for Local Control, 1974-2002*

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May 2005

* The authors are grateful for the help of IEPRI, Universidad Nacional de Colombia, with the database for 1974-1982. We would like to thank Francisco Gutiérrez, Jorge Restrepo, Jaime Zuluaga, Jaime Andrés Niño, Jean Paul Faguet and the audience at the War, Democracy and Globalisation Seminar, organized by IEPRI and the Crisis State Program, London School of Economics, for their comments. Some of the quantitative exercises were suggested by Alejandro Gaviria. We also give credit to our research assistants: Ana María Díaz, María del Mar Palau and Paloma López de Mesa.

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Abstract

Our objective is to determine the variables that explain irregular groups' armed activities since the mid-1970s and to establish the possible causes of their expansion to 2002, especially in terms of decentralisation (understood as the greater political, budgetary and administrative autonomy of local government). Over the past 30 years, Colombia has experienced profound changes at an economic, social and institutional level. Not only has the process of urbanisation been consolidated at the same time as the participation of agriculture in GDP has fallen, but the process of decentralisation has accelerated since the mid-1980s. We believe that decentralisation turned the conflict into a dispute for local power. This is manifested in the use of violence to gain control of public goods and services, to influence political and electoral results of interest to the irregular groups, and to consolidate local-level territorial control

The analysis of early guerrilla activity (1974-1982) shows socio-economic factors (poverty, inequality) to be the greatest variables. However, from the mid-1980s guerrilla activity is linked to the process of decentralisation, which created incentives for irregular groups to consolidate local power bases via the use of violence. The State's weakness in the monopoly of force and the administration of justice facilitated the guerrilla groups' expansion and the intensification of their armed activities, as well as those of the illegal "self-defence groups". The statistical and econometric results reveal a strong connection between the intensification of armed activities and local governments' greater political independence and fiscal strength.

This study used new historical data on the conflict, and new municipal economic, fiscal, social and political information. New IEPRI municipal information on the activities and actions of the different guerrilla groups (FARC, ELN, M-19) from 1974 to 1982 was used, as were municipal databases—belonging to the Social Foundation, the National Planning Department and the President's Office—on to the actions and attacks of guerrilla, "self-defence" and criminal groups between 1985 and 2002.

Key Words: Armed Conflict, Violence, Spatial Econometrics, Decentralisation.

JEL Classification: R12, D74, C21, C24.

1. Introduction

“...the FARC are angry because they have not been able to do what they want with our politicians.”¹

The Colombian armed conflict is one of the oldest in the world; it is only superseded in time by the Israeli-Palestinian and India-Pakistan conflicts, and it is the only ongoing armed conflict in North and South America. The end of the Cold War did nothing to reduce the military capacity of Colombian guerrilla forces. In fact, in the early-1990s they escalated their activities (attacks, combat, intimidation, etc.) to cover a greater proportion of Colombian territory. They financed their activities from a variety of different sources – kidnapping, extortion, illicit crops, theft of municipal funds – and became one of the “world’s most salient cases of the successful self-financing of insurgency” (Rangel, 2001). At the same time, paramilitary, or illegal self-defence groups, appeared to combat the guerrilla groups; they also scaled up their activities during the 1990s, financing them from similar sources to those of the guerrilla groups.

The objective of this paper is to explain the variables associated with irregular groups’ armed activities from the mid-1970s, and to determine the possible causes of their expansion until 2002. Over this 30 year period, Colombia experienced profound economic, social and institutional changes. Not only was the process of urbanisation consolidated at the same time as the participation of agriculture in GDP fell, but the process of decentralisation was accelerated. From the mid-1980s, regional and local governments had access to higher resources, both their own and from transfers; local politics was also transformed via the popular election of mayors.

The decentralisation of local politics and public spending changed the State’s role, as much in terms of power as spending, and gave more political power to elected regional and local leaders, who now had greater budgetary autonomy. The new municipal and regional resources were spent largely in social areas (especially: education, health and clean drinking water). The institutional changes had a substantial impact on the dynamics of the internal armed conflict. As political power and budgetary resources became more local, the irregular groups had more of an incentive to exercise greater local control, especially due to the State’s weakness in the monopoly of force and the administration of justice. Thus, as the groups increased their local control – by intimidating, plundering and forming strategic alliances with local and regional leaders – they had access to a greater proportion of power. The objective of this paper is to understand and quantify these changes in the dynamics of the Colombian armed conflict.

This document is divided into five sections, the first being this introduction. The second describes the temporal and geographical evolution of the Colombian conflict from 1974 to 2002. The third looks into the possible links between the conflict and decentralisation. The fourth deals with the econometric evidence and quantitative exercises carried out on the variables related to armed activity and its expansion. In the fifth section we present our conclusions.

¹ Declaration by one of the councillors who survived the massacre perpetrated by the FARC in the Puerto Rico, Caquetá, Municipal Council on May 24, 2005.

To reach an understanding of the long-term evolution of the armed conflict, we used new historical data, and new municipal economic, fiscal, social and political information. New IEPRI² municipal information on the activities and actions of the different guerrilla groups (FARC, ELN, M-19) from 1974 to 1982 was used, as were municipal databases (belonging to the Social Foundation, the National Planning Department and the President's Office) related to the actions and attacks of guerrilla, "self-defence" and criminal groups between 1985 and 2002. During the quantitative exercises we combined this information with census data from 1973, 1985 and 1993, municipal fiscal accounts held by the National Audit Office and the National Planning Department, electoral information from the National Electoral Database, land ownership data from the Agustín Codazzi Geographical Institute, educational statistics from the Ministry of Education and the DANE, and criminal statistics from the National Police Force.

2. The Geography and Evolution of the Conflict

The activities of irregular groups increased significantly during the second half of the 1980s (Graph 1), both in terms of armed activity (more attacks) and geographical expansion. Map 1 shows the municipalities in which an armed group was active between 1974 and 1978³. The total, 91 municipalities, is only a little more than 8% of the total number of municipalities at the time, a sharp contrast with the current percentage of municipalities affected by illegal armed activity.⁴

Additionally, the characteristics of these municipalities have changed over time. Initially the illegal groups concentrated their activities on regions undergoing colonization – far from the country's economic centres and in which there was a clear relationship between poverty, State absence and a guerrilla presence (Pizarro, 2004). From the 1980s, however, the location of guerrilla concentrations changed. They relocated to strategic zones with an abundance of natural resources and huge economic potential.⁵

"...the expansion of guerrilla groups over the past decade is directly related to controlling the production of diverse riches: areas dedicated to the production and processing of illicit drugs, zones rich in gold, coal, oil, bananas, cattle and coffee." (Pizarro (2004), p.185).

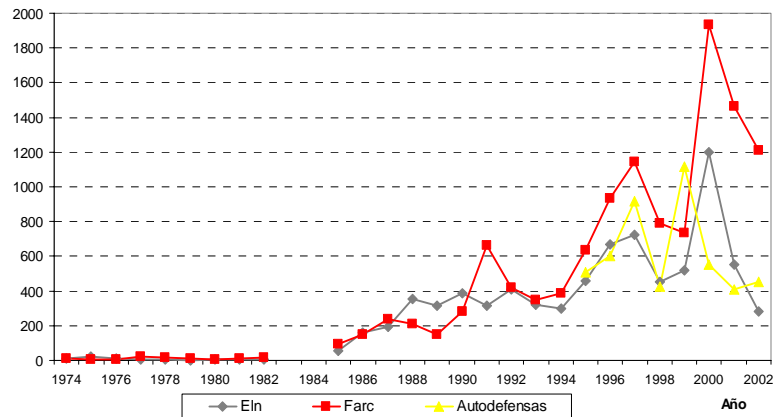
² The information was collected from the following newspapers: El Tiempo (Bogotá), El Colombiano (Medellín), El País (Cali), La Patria (Manizales) and Vanguardia Liberal (Bucaramanga).

³ The map shows FARC, ELN, EPL, M-19 and Nacional Liberation Front (FLN) activity. It also includes movements such as the United Revolutionary Forces of Colombia, the Red Guard, MAS, the ORP and the MAO. The activities referred to are: attacks on population centres, threats, extortion, kidnapping, attacks on military installations and oil pipelines, ambushes and terrorist attacks.

⁴ According to DNP data for 2002, 33.6% of Colombian municipalities experienced FARC activity, 11% ELN activity, 17% AUC activity, and 41% actions by all three groups.

⁵ According to Bahaug and Gates (2002), if an armed conflict is about winning power, then armed activity should move into the centres of economic power (the capital). The length of this process depends on the size of the country and its geography (climate, topography).

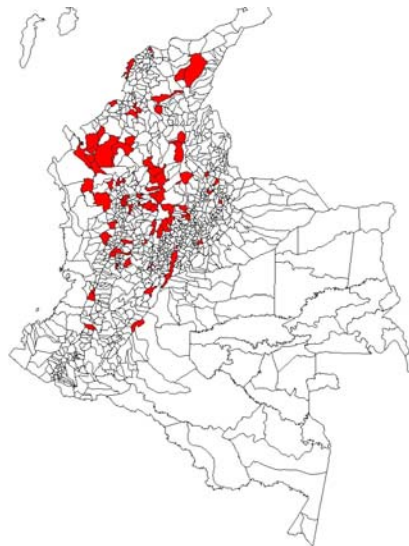
Graph 1. Armed activity: FARC, ELN and AUC, 1974 - 2002



Source: IEPRI Database, Social Foundation, National Planning Department

We analysed the variables associated with illegal armed activity using the hypothesis that the expansion of the armed conflict was linked to the specific strategic objectives of each illegal armed group. Achieving these objectives depended on the groups' finances and the institutional framework and State actions designed to stop them. The decentralization of politics and spending was an institutional change that allowed the irregular groups to win new territorial influence by intimidating or forming alliances with political and local power groups, and to take control of the growing municipal resources (both local and from transfers).⁶

Map 1. Armed Activities of Illegal Groups: 1974 - 1978



Source: IEPRI Database

⁶ See Rubio (2002).

To obtain a clear idea of the conflict's dynamics one must differentiate between the groups. Each has its own strategic objectives, expressed by the different temporal and geographical expansion dynamics. The next section offers a brief account of the appearance and evolution of the most important illegal armed groups today (FARC, ELN and AUC).

2.1 The FARC's Evolution and Expansion

The origins of the Revolutionary Armed Forces of Colombia (FARC) are rooted in the 1950s. A number of peasant self-defence groups, under the influence of the Communist Party, appeared in areas such as southern Tolima, Sumapaz and the Llanos Orientales (Mejía, 2002). These groups were a direct response to political violence perpetrated by the Conservative Government during the era of partisan conflict known as *la Violencia*. Following the bombing of Marquetalia⁷ by the army in 1963 and 1964, the peasant self-defence forces transformed into the guerrilla movement (Vélez, 2000), first represented by the Bloque Sur following the 1964 *Primera Conferencia Guerrillera* (First Guerrilla Conference).

During this first conference a balance was calculated of actions carried out; guaranteeing the movement's durability was the central objective. Military and organisational action plans were drawn-up and the movement became a mobile guerrilla force. The Second Conference was held in 1966, and the Bloque Sur became the FARC and decided to expand their armed activities to other areas of the country in a guerrilla war. Six new guerrilla nuclei were formed and the reactive defence strategy was replaced by a long-term direct offensive conflict strategy with the final objective of winning power.

The Third Conference was held in Guayabero in March, 1969. Discussions centred around the formation of blocks, and combat zones were established (respecting those already in place). Five years later the Fifth Conference was held in Meta, and the result was the constitution of a revolutionary army. FARC activity was limited to the local sphere during the 1960s, especially municipalities where they had become local leaders and the source of order due to a low or non-existent State presence. These were usually zones of colonization in which agrarian disputes persisted.

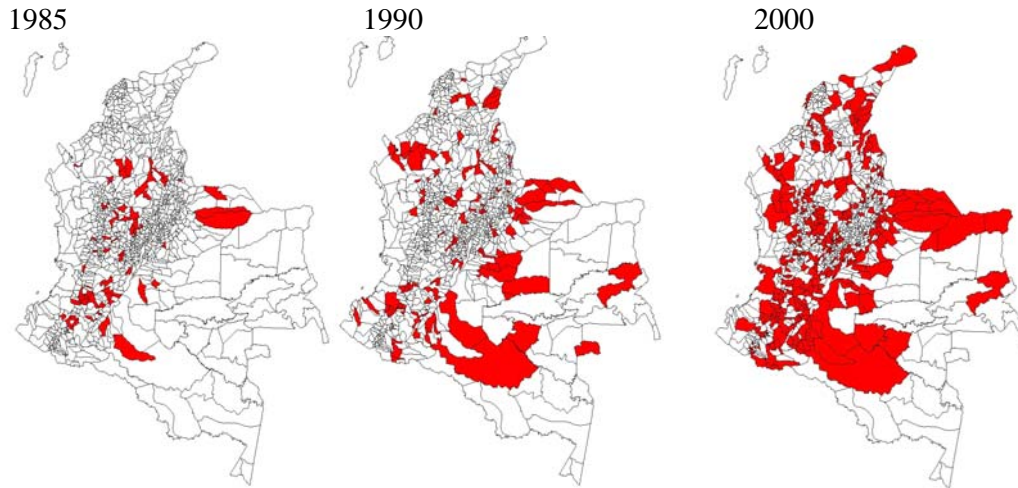
The Sixth Conference, held in 1978, established priorities regards training militants, strengthening the Revolutionary Council and increasing the number of fronts to a level of one in every department. (Vélez, 2000).

Four years later the FARC, now an organisation with 1000 men divided into ten fronts, redefined their long-term objectives to include the accelerated recruitment of militants,

⁷ In 1964, under President Guillermo León Valencia, the army entered Marquetalia, El Pato, Guayabero and other regions, with the objective of wiping-out the guerrilla groups active there. "The guerrilla resistance in Marquetalia lasted until the end of 1965. During *Operación Marquetalia*, commanded by General Hernando Correa and co-ordinated by Colonel José Joaquín Matallana, 16 thousand soldiers entered the region with the idea of exterminating thousands of guerrilla fighters living there. The FARC appeared on May 27th that year as a result of the military actions in the independent republics. On June 20 an assembly was held to decide on the first tactical and strategic lines of the mobile guerrilla forces, and give impulse to concrete plans of attack. They were 48 men. They approved the Agrarian Programme of the Revolutionary Movement and the Revolutionary Guerrilla Forces." (Mejía, 2002).

the formation of new fronts, the urbanisation of the conflict, and a military attack strategy. These objectives were ratified at the Seventh Conference in 1982. This meeting, according to many authors, marked a historic point in FARC history: Here began the accelerated increase in the number of fronts and the unprecedented expansion of their armed activities (see Maps 1, 2 and 3 for details of the municipalities where the FARC were active in 1985, 1990 and 2000)⁸. “The organisation went from ten Fronts at the end of the 1970s, to 26 during the first three years of the 1980s.” (Escobedo, 1992).

Maps 2, 3 and 4: The Evolution of FARC Activity



Fuente: Fundación Social, Departamento Nacional de Planeación

The Seventh Conference was a strategic turning point for the organization, and led to new patterns of armed activity and attacks – the urbanization of the conflict, the increase to 48 Fronts, the identification of the *Cordillera Central* (Central Mountain Range) as the base for expansion, the creation of means of financing to support the expansion process, and the massive use of politics to win more popular support.⁹

There are various reasons behind the geographical expansion of FARC activity, the first of which being the existence of stable and lucrative sources of financing (Salazar, 2005). Amongst their principal income sources were: the plundering of productive activities (oil, coal, gold, manufacturing, energy, transport, etc.), the bleeding of municipal finances (direct extortion or redirecting local investment), kidnapping and the drug trade. In regions where illegal drugs were produced the FARC established a “tax system” that covered all level of production (cultivation, processing and trafficking).

The FARC achieved the goals of the Seventh Conference and created fronts throughout Colombia; their strategic deployment axis being the *Cordillera Oriental* (Eastern Mountain Range) (Echandía, 1999). This allowed them to expand their influence to

⁸ For a rigorous analysis of the FARC’s geographical expansion see Echandía (1999).

⁹ According to Lair (2004) the FARC, and other groups, experienced an unprecedented qualitative and quantitative jump, or “strategic rupture”, at the start of the 1980s – huge increases in the number of fronts, geographical dissemination via a “centrifugal logic” and the control of municipal life. The second “strategic rupture” occurred following the army’s attack on the Casa Verde (Green House) in 1990.

highly strategic zones with huge potential economic reserves. The FARC achieved important military victories in Las Delicias (Caquetá) and el Billar (Caquetá), where they displayed a sophisticated capacity for attack (Pardo, 2004). The FARC presence in the cities also increased via the *Milicias Bolivarianas* (Bolivarian Militias) – their urban networks.

However, there were also political and military failures during the FARC's territorial expansion. The strategic, highly mobile units of war capable of attacking and annihilating military bases and defending strategic territories¹⁰, approved by the Eighth Conference (1993), suffered following the modernization of the armed forces during the Pastrana Administration (1998-2002). This modernization – basically the strengthening of infantry brigades and military aviation, and the evolution of communications – allowed the army to retake the military initiative and obliged the FARC to go back to their strategy of guerrilla warfare (Rangel, 2001; Pardo 2004). In addition, the FARC have little political power and are viewed negatively by large sectors of society. This view has extended to include the international arena (the group is on US and EU terrorist lists).

The balance of the Uribe Administration's first two years reveals new tendencies of war in Colombia, and there is evidence of a new guerrilla tactic. According to statistics presented by the Security and Democracy Foundation (2004), the groups are recurring ever more to ambushes and anti-personnel mines (attacks against troops) and are attacking military and police posts and bases less. This reflects a regression from the march towards a war of movements in the early 1990s, to a conventional guerrilla war since 1998.

2.2 The ELN's Evolution and Expansion

A group of Colombian students inspired by Ernesto "Che" Guevara's *teoría foquista*, formed the Brigada José Antonio Galán in 1962 in Havana, with a view to founding mobile guerrilla groups in Colombia. Two years later the Brigada José Antonio Galán became the National Liberation Army (ELN). Following the taking of Simacota in 1965 the ELN issued their manifesto, which included the working classes winning power and the fight against the Colombian oligarchy and North American imperialism. The ELN's first power bases were the jungle and frontier zones in south Santander, Bolivar and north-east Antioquia. The first stages of the group's evolution were characterized by slow growth in the ranks, who operated in small, focused guerrilla groups and carried out "easy ambushes on the army and attacked small police stations." (Peñate, 1997)

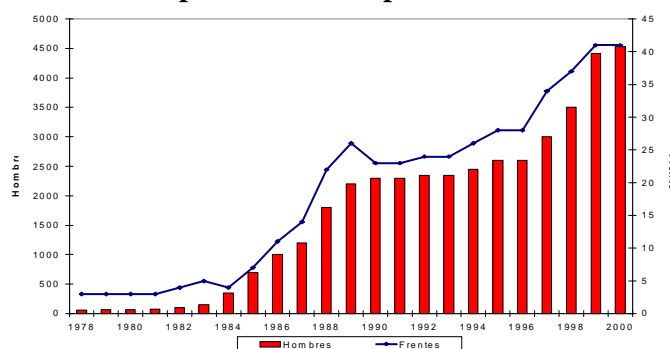
During these years the group's finances were weak, coming principally from peasant contributions, the theft of public sector payrolls and raids on the *Caja Agraria* (Agrarian Bank), and they constantly had to pull-back to new areas of the country (Medina, 1997). The ELN's stable growth was interrupted in 1973 when they suffered serious defeats at the hands of the military¹¹. These defeats almost led to the group's extinction; in just one year the number of troops fell from 270 to 70 (Medina, 1997). The period from

¹⁰ A war of movements consists of carrying out semi-regular operations against State forces over long periods of time, or attacking strategic military installations. This strategy comes before the war of positions, when cities are attacked and power is won.

¹¹ One of the most important happened in Anorí, Antioquia, in 1973, when the army killed 90 guerrilla fighters, including a number of the organisation's leaders.

1973 to 1983 was one of crisis for the ELN, and forced changes to the *foquista* model and a restructure at the highest levels of the organisation. In 1983 the ELN held the National Meeting for the Heroes and Martyrs of Anorí, at which they designed new strategies aimed at reviving the group. Some of the strategies had already been used successfully by the FARC (increasing and expanding war Fronts and looking for new sources of financing) and they included the fact that the support of the population is fundamental to the success of expansionist policies.

Graph 2. ELN Troops and Fronts



Source: Ministry of Defence

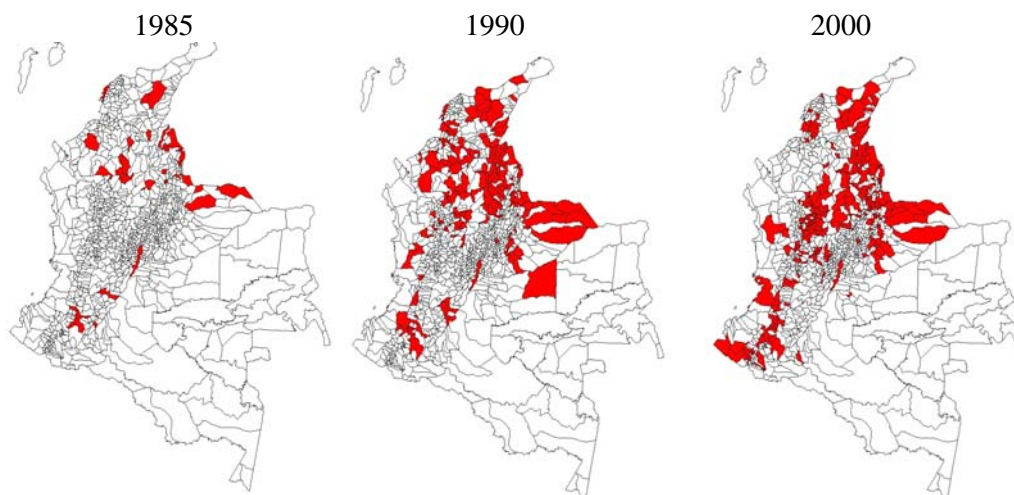
Similar to the FARC, the ELN developed an organisational structure capable of collecting and investing the enormous economic resources that would allow the movement to recover and expand (Graph 2). The Domingo Laín front, operating in the Sarare Jungle in Piedemonte Llanero, was the first to kidnap cattle ranchers and hold the big oil companies to ransom, the first of which were the foreign companies constructing the Caño Limon–Coveñas oil pipeline. The ELN began to occupy zones with great economic potential, especially those with large-scale energy and mining projects from which the group could obtain resources. Amongst these zones are Arauca, Casanare, Barrancabermeja, Guajira and Cesar (Peñate, 1997).

This strategy led to rapid growth in the 1980s. The movement went from having 350 men in four fronts in 1984, to 4500 men in 41 fronts in 2000, allowing them to extend their armed activities to new regions of Colombia (Maps 5, 6 and 7). In spite of their inferior numbers, the ELN has been responsible for the same number of kidnappings as the FARC¹², and their actions have extended into the cities via popular militias. However, over recent years the ELN's military capacity has been damaged and its areas of influence have shrunk under pressure from paramilitary groups and the FARC. In cities like Barrancabermeja and Cúcuta the ELN has lost its influence in the face of AUC activity. The ELN also gave the FARC control of their territories of influence on the Venezuelan border and the strategic corridor linking north-east Colombia with the Atlantic coast¹³.

¹² Peñate (1997) explains this by noting that the ELN was the first guerrilla group to use extortionate kidnapping, and was thus the first to learn the secrets and advantages of this criminal practice.

¹³ This is why some authors have stated that the ELN is facing imminent military defeat, and are thus exploring the political arena with their proposal (*la Convención Nacional*) for an eventual peace process with the Government (Pizarro, 2004).

Maps 5, 6 and 7. The Evolution of ELN Activity



Fuente: Fundación Social y Departamento Nacional de Planeación

2.3 The Evolution and Expansion of Paramilitary and Self-Defence Groups

Today's paramilitary (self-defence) groups were formed at the start of the 1980s, when the Betancourt Administration (1982-1986) passed amnesty and pardon laws and decided to commence peace talks with the armed groups.¹⁴ Medina (1990), in his investigation into the rise of paramilitary groups in Puerto Boyacá, explains how the concessions granted by the Government as part of its peace policy were not well received in the region. Landowners and cattle ranchers who had been besieged by the guerrilla groups decided to form self-defence groups who would fight subversion alongside the army. Various self defence groups sprang up around the country as a response to the guerrilla groups' extortion and kidnapping.¹⁵ All these groups had a common component at the start – they were financed by regional elites and some of their members were also members of the armed forces. Between 1994 and 1997, the groups underwent a process of unification which led to the creation of the United Self-Defence Forces of Colombia (AUC), a movement unified under one command group made up of regional leaders.

By the end of the 1990s, paramilitary and self-defence groups were active all over Colombia, having achieved great mobility and offensive power¹⁶. According to the UNDP, by 2002 there were 22 paramilitary groups in Colombia operating in 28

¹⁴ Law 35/1982 offered amnesty to the authors of political crimes (rebellion, sedition and political violence) and authorised financing for rehabilitation and reinsertion programmes for fighters, including land rights and education. Law 49/1985 authorised the President to pardon people condemned of these crimes, with the possibility of extending the pardon to related crimes.

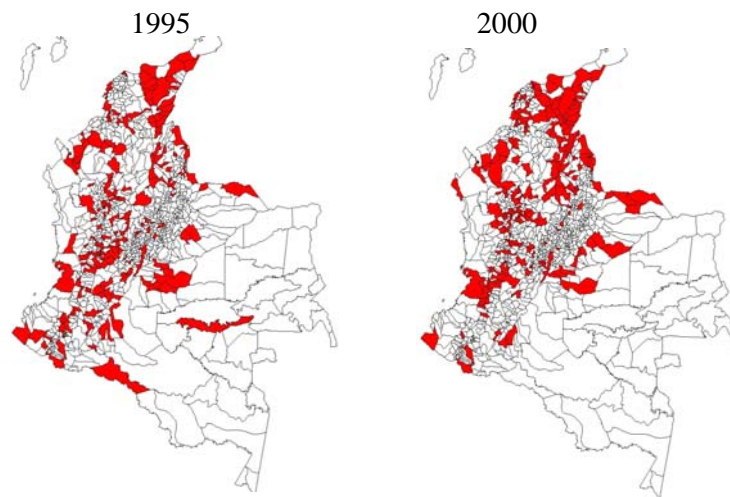
¹⁵ Including the Castaño brothers' Autodefensas de Córdoba y Urabá; the Autodefensas de Ramón Isaza in Magdalena Medio; the San Martín, Meta, Rice Growers' Armed Groups; the Santander Cattle Ranchers and Traders' Self-Defence Forces; the armed forces of engineers in the Valle del Cauca; the Autodefensas de Cundinamarca commanded by el Águila; and the armed groups of drug-traffickers in Arauca, Putumayo and Caquetá.

¹⁶ There is a brief history of self-defence and paramilitary forces in Richani (2002)

departments. The number of AUC fighters also grew fast, from 3,800 in 1997 to 13,000 in 2003, reflecting the organisation's strategy to extend its influence into all areas where guerrilla forces were in control (Maps 8 and 9). The AUC began a fight for strategic zones of economic importance to the guerrilla forces, such as coca growing areas in Urabá, Putumayo and south Bolívar and cities like Barrancabermeja and Cúcuta.

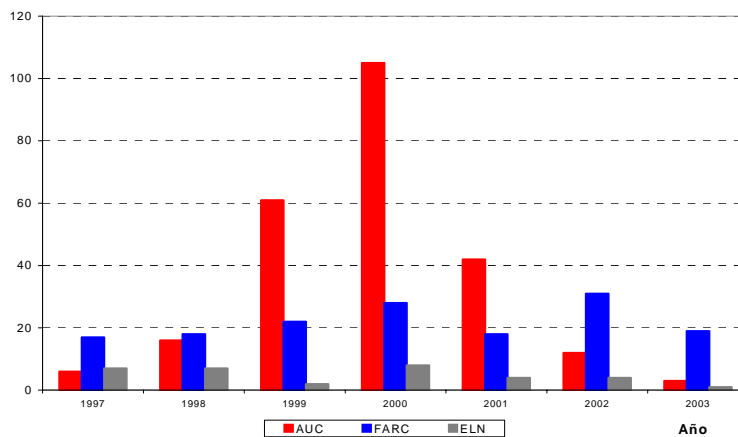
According to Lair (2004), from the 1980s paramilitary groups fought to win control of the populations, resources and strategic corridors of the different illegal groups. They did not limit themselves to defensive activities but went on a political-military offensive, pursuing and attacking guerrilla forces in their own areas of influence. To gain control of these zones the AUC carried out selective assassinations and massacres (Graph 3) with a view to eliminating the guerrilla groups' social support base in the regions (Romero, 2003). The AUC are the group most connected to massacres and collective assassinations.

Maps 8 and 9. The Evolution of Paramilitary and Self-Defence Group Activities



Fuente: Departamento Nacional de Planeación

Graph 3. Massacres Committed by Illegal Armed Groups, 1997-2003¹⁷



¹⁷ A massacre is considered to be the killing of more than four people in the same place at the same time.

Source: Human Rights Observatory, Vice President's Office.

The AUC has achieved a high level of regional and local influence, both in terms of politics and the use of public sector resources. It has also won an important level of control of coca crops and drug trafficking in Putumayo, Nariño and the Caribbean coast, which has multiplied the AUC's financial capacity (Díaz and Sánchez, 2004). As well as being one of the greatest perpetrators of violence against the civilian population, the AUC was an obstacle to peace during the Caguán negotiations between the FARC and the State.¹⁸

The AUC are currently in negotiations with the Government, with a view to ceasing hostilities and demobilising. They are demanding recognition as an independent political movement, but links with the drug trade and criminal practices are hampering the negotiations (Pizarro, 2004).

3. The State, Decentralisation and Conflict

Until recently the principal hypothesis used to explain the expansion and consolidation of illegal groups, principally guerrilla forces, was the weakness of the Colombian State. Especially in rural areas the State was quite simply unable to offer social services and basic public goods such as education, health and public services. It was also failing in the provision of justice and the protection of basic human rights. This lack of public and social services fed popular discontent and, in the long-term, led to guerrilla activity. This hypothesis has, however, been called into question by recent research¹⁹. It would appear that State presence has a low influence on the expansion of armed activity. The research sustains that, independent of State presence, the conflict has expanded in more urbanised municipalities with important natural resources and high levels of economic activity (Bottia 2003, Salazar 2005).

Nevertheless, it is not enough to explain the conflict by skating that it has obeyed a pattern of greed and grievance (Collier 2000). Any explanation must include the institutional changes implemented by the State²⁰. The evolution and expansion of conflict in despotic, centralised countries is not the same as its development in countries that have opted for greater decentralisation and political openness. The latter, paradoxically, offers more financing and expansion opportunities to irregular groups. The reason is twofold: on the one hand, local governments have less repressive capacity than the central government so local leaders are more susceptible to intimidation, and on the other, as more resources are transferred to local governments the "pot" available for plundering increases. Decentralization is, therefore, an opportunity to widen political influences and increase sources of financing.

¹⁸ During the peace negotiations between the FARC and the Pastrana Administration, (1998-2002), the FARC suspended the dialogue on various occasions citing poor results in the Government's fight against paramilitarism.

¹⁹ See Bottia (2003), Rubio (2002), Echandía (1999).

²⁰ Medina (2004) has criticised the "offer" version of conflict proposed by Collier (2000), in part because violence and conflict can have "multiple equilibriums", which implies that transversal cut analyses are not only incomplete, but are wrong. However, a historical analysis of irregular groups and the institutional framework surrounding their actions, and the strategy of comparing similar municipalities, have enabled us to overcome this criticism.

The next section details the most relevant aspects of decentralisation in Colombia since the mid-1980s. We show how decentralization reduced the role of the so-called “objective conditions” of the conflict by generating unprecedented advances in social indicators, but that it also gave irregular groups new territorial control and finance opportunities.

3.1 Decentralisation in Colombia: Objectives and Advances

The process of decentralisation in Colombia began in the mid-1980s. Its objectives were to increase the provision of local public goods and services and to strengthen municipal level democracy. From the outset political decentralization was combined with administrative decentralisation. Until the start of the 1980s, the Colombian State was highly centralised. Spending decisions were taken by central government agencies and Congress acted as the mediator between the Government and the regions. The initial proposal for decentralization focused on three areas: politics, economics and administration.

The political component of decentralisation was designed to improve the closed political structure, characterised by the exclusion of broad sectors and political movements (Hoyos and Ceballos, 2004). According to the National Planning Department (2002), the political component had three objectives: to consolidate democracy; to develop participative, direct democracy; and to increase governability. The process hoped to bring government closer to the people, improve institutional capacity, combat corruption and increase the margin of governability. In addition, regards the development of participative democracy, it was hoped that the bipartisan tradition would be eliminated and the participation of non-traditional political parties increased.

Another component was administrative decentralization. According to the National Planning Department (2002), the idea was to improve the distribution of functions amongst different administrative levels using the following criteria: the assignation and provision of municipal public goods; departmental tracking and control; and the definition and design of central government policies and strategies. Administrative decentralization gave local authorities the right to draw up and execute budgets, plan activities, authorise spending and sign contracts. In spite of the budgetary limits the process imposed, in many municipalities with a high presence of illegal groups the initiative became a lucrative alternative under the new system of “armed clientelism” (Pizarro, 2004).

The fiscal decentralisation initiative included reforms aimed at guaranteeing a minimum level of resources for local agencies, to enable them to carry out with their new roles. Automatic and semi-automatic transfers from central government were increased, resources were reassigned and new sectors were created for local development (DNP, 2002)²¹.

For analytical purposes there follows an explanation of the two stage evolution of decentralisation. The first stage, in the 1980s, was made up of a set of fiscal measures

²¹ The re-assignation of resources for local development, including the creation of new public-sectors. Importance was given to the provision of drinking water, basic sanitation, culture, recreation, sport and subsidised housing, amongst others.

aimed at reorganizing and strengthening local finances. The second, following the 1991 Constitution, gave new impulse to the process of decentralization and made Colombia one of the most decentralized States in Latin America. The second stage was completed in the 1990s with a set of fiscal reforms that further developed the Constitution and replanted some of its articles.

The First Stage: the popular election of mayors

Decentralisation during the 1980s was characterised by a weak social and economic democracy that, in turn, made it difficult to strengthen politics. In addition, the army had lost its monopoly of force, and drug trafficking had severely weakened the justice system (Sánchez and Núñez, 2000, Echeverri and Partow, 1998). Local governments had a low capacity to act due to their weak fiscal base, low margin of political manoeuvrability, and slow progress regards social indicators (seen in the low coverage of social and public services). One must also add the presence of illegal armed groups, who constituted a sort of “embryonic State” in regions with minimal or no State presence (See Hoyos and Ceballos, 2004).

The popular election of mayors from 1988 was one of the first, and most important, advances in political decentralisation. The first stage of decentralization followed an integral strategy that combined physical, political and administrative changes, with a view to generating a significant impact on the fundamental problem of legitimacy.

The Second Stage: The 1991 Constitution and Increased Decentralisation

The 1991 Constitution formalized transfers to local governments and the popular election of mayors and governors, and laid the foundations of increased decentralisation, especially in terms of higher resource allocation for local governments. This stage had four principal facets (Alesina et. al. 2002; DNP, 2002): a) The Government had to transfer to local governments half of all resources collected; b) the bulk of the resources had to be spent on health and education; c) elected governors and mayors had to administer their own resources and improve their fiscal situation; d) democracy had to be strengthened via the creation of participative mechanisms. The period in office of governors and mayors was increased from two to three years to improve local government continuity.

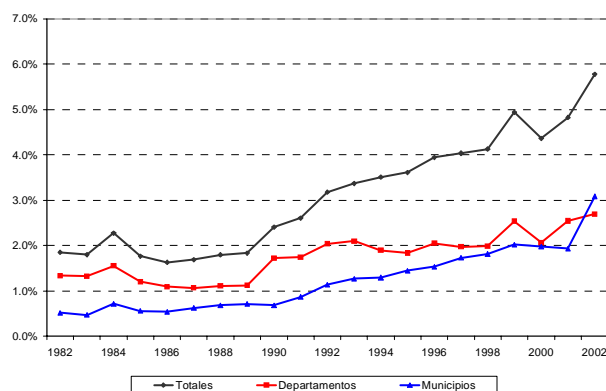
The period from 1999 to 2001 was characterised as one of increasing decentralisation. A number of fiscal statutes were passed including Law 549/1999 (the creation of the Regional Pension Fund), Law 617/2000 (the rationalisation of public spending in the regions) and Law 619/2000 (which modified the 1994 municipal royalty law).²² In addition, the National Participation System was created to unify the old systems of departmental (*Situado Fiscal*) and municipal (*participacion*) transfers.

²² Law 549/1999 established financing for regional pension liabilities and created the Nacional Regional Pension Fund. Law 617/2000 was designed to promote regional fiscal improvements, proposing an adjustment in regional spending and creating a new categorisation of municipalities and departments.

3.2. Decentralisation, State Presence and Municipal Resources

The Government's decision to give administrative responsibility to the municipalities led to sharp rises in local resources, especially from transfers. Graph 4 illustrates the evolution of transfers as a percentage of GDP. Between 1982 and 2002, total transfers went from 1.9% of GDP to almost 6%. This increase was due principally to the increase in municipal transfers, which went from 0.5% of GDP to 3.1%, thus superseding departmental transfers. Decentralized social spending rose considerably, mainly in education, health, social security and employment - public spending shot up during the 1990s as a result. Local governments began to manage substantial resources, which made them an attractive source of financing for the irregular groups.

Graph 4. Transfers (% of GDP), 1982-2002



Source: DNP, authors' calculations.

The results of decentralisation are mixed in terms of political participation and institutional development. On the one hand, political decentralization has been complemented by new political alternatives. In the first local elections in 1988, more than 85% of the mayors elect belonged to one of the two traditional parties. But these parties have subsequently lost their predominance to new coalitions, civil movements and independent candidates, who have won a high number votes in recent years²³. Similarly, the re-election of governors and mayors, introduced by the 1991 Constitution, has given voters the ability to apply electoral sanctions or prizes. Between 1988 and 1997, the mayor was re-elected twice in 316 municipalities and three times in 20 municipalities, suggesting recognition of positive local government performance (Maldonado, 2001).

The results of the process were substantial in terms of education, health and public services. Education experienced huge advances during the 1990s. Literacy and educational coverage rose and there were improvements in the general quality of schooling. For example, secondary school coverage went from 48% in 1990 to 75% in 2000, mainly due to the increased capacity of State schools and the higher number of places for the poorest sector of the population, both in rural and urban areas (Sánchez and Núñez, 1999). Additionally, more than 60% of the poorest families now have access to the subsidized health regime. There have also been improvements in access to

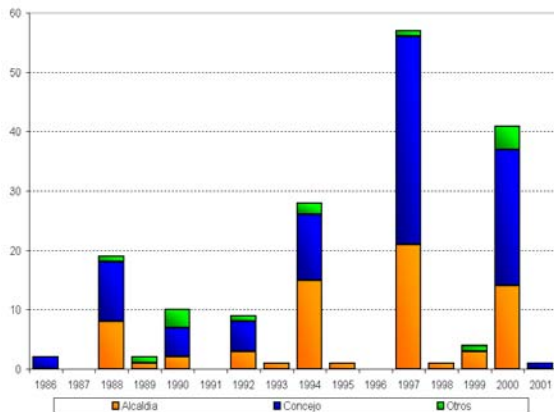
²³ In the 2003 elections, more than 55% of elected mayors belonged to movements or coalitions not connected to the two traditional parties.

water and sewerage services. In summary, the social achievements of decentralization are numerous and, although there are important regional differences regards social reform, the “objective causes” of the conflict (the cause of Collier’s grievances, 2000) have fallen considerably.

3.3. The Effect of the Conflict on Local Government

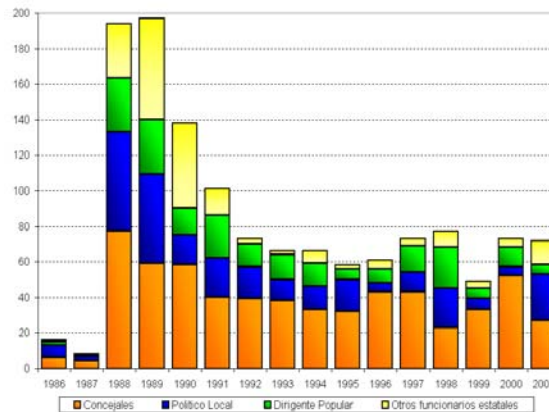
As stated above, decentralisation was accompanied by a huge rise in the intensity of the armed conflict. In a large number of municipalities the electoral process and the ability of local governments to govern was seriously restricted by irregular groups and political violence. Thus, more open municipal politics became the means by which the irregular groups refined their influence over the population and strengthened their territorial control. The groups influenced municipal politics in a number of different ways, amongst which figure: protecting favoured candidates, threatening and assassinating non-favoured candidates, and threatening voters. This has damaged the electoral process, political participation and electoral legitimacy (elections with just one candidate) in a number of municipalities. The political pressure mentioned manifested itself through violence against candidates. According to Presidential statistics, from 1988 to 2001 illegal armed groups assassinated 70 mayoral candidates, 92 council candidates and 14 candidates for other posts. 1997 was the worst year with a total of 57 assassinations, 100 kidnappings and 369 retirements from political life due to pressure from armed actors (see Graphs 5 and 6).

Graph 5
Assassinations of Candidates, 1986-2001



Source: Human Rights Observatory, Vice President’s Office.

Graph 6
Assassinations of Politicians, 1986-2001



As we mentioned above, decentralisation gave greater administrative responsibilities and higher resources to municipalities. The illegal armed groups, in turn, used this situation to win control of local government and strengthen their economic, political and military strategies. As Rangel states:

“There is no doubt that the impact on municipal life of political, fiscal and administrative decentralisation did not go unnoticed by the guerrilla groups. They rapidly understood that the reforms made the municipalities new centres of regional power.” (1997, p. 54)

The reforms gave municipalities greater autonomy regards resource management, and this, added to their new political autonomy, made them attractive to the armed groups;

they became a source of financing and political support. Additionally, the guerrilla forces tried to destabilise State institutions and hamper local management via armed pressure:

“the guerrilla forces wanted to ... penetrate and control administrative agencies and regional and municipal government to condition, block and destabilise their actions and institutions.” (Rangel, 1997, p 55)

The armed groups began to use “armed clientelism” to appropriate public goods and resources via the use of violence. Similar to traditional clientelism, the irregular armed groups influenced the public contracting process and appropriated a percentage of municipal resources via contractor payments, amongst other things. The illegal groups, therefore, shaped the distribution of municipal public spending in many regions of the country (Rangel, 2001).

The ability to govern of many local governments has also been restricted by the actions of armed groups, who threaten, kidnap and assassinate local leaders and public-sector officials. This violence against the authorities shot up from 1988, when the popular election of mayors began. As can be seen in Graph 6, the use of violence intensified from this date and never returned to pre-decentralisation levels, when this type of political violence was almost unheard of.

The statistics regards the threatening, kidnapping and assassination of local leaders and public-sector officials are alarming. According to the Confederation of Municipalities, in the recent past 554 mayors (about 50%) have been threatened, and many have had to recur to “distance governing”. According to the Human Rights Observatory, between 1988 and 2001, 131 mayors, 461 councillors, 291 local political leaders, 185 union leaders and more than 550 State functionaries were assassinated²⁴.

Romero (2003) argues that decentralisation did not have the desired effect of legitimising local governments and combating the armed conflict due to the characteristics of the conflict itself. Growing political responsibility led to increased political violence because it sharpened the rivalry between those demanding political change and those defending the status quo. Romero (2003) explains that violence against authorities and functionaries is the result of the armed groups’ political ambitions in the regions. More recently Duncan (2005) explained how the illegal self-defence groups, with their Mafia-like structures, began to influence politics and contracting in urban areas via intimidation and violence.

3.4. The Armed Conflict and Justice: State Weakness

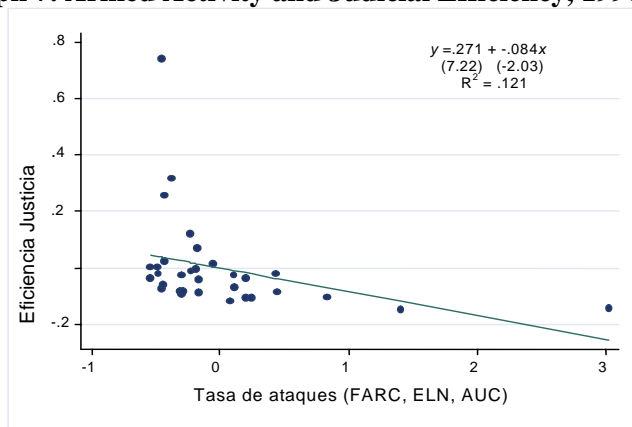
The legal system has an important effect on criminal activity as many studies have shown²⁵. However, during armed conflict justice is weakened, which permits and facilitates the actions of the illegal armed groups. These groups affect the provision of justice by intimidating or assassinating judges and prosecutors, or creating congestion in the legal system by scaling up their activities. Thus the provision of justice affects the armed conflict, which in turn affects the provision of justice.

²⁴ Public-sector functionaries include police officers, legal functionaries, prison guards and others.

²⁵ Rubio (1998), Sánchez *et al.* (2003), Diaz and Sánchez (2004). These studies consider the provision of justice to be a determinant of violent crime (homicides and kidnappings) and illegal armed activity.

The judicial system could not respond to the escalating levels of armed activity in Colombia in the 1990s, and the provision of justice worsened. The evidence presented in Graph 7 corroborates this affirmation as it shows the negative relationship between judicial efficiency (the number of captures for homicide versus the number of homicides) and armed activity in the regions²⁶. It can be seen that departments with low levels of judicial efficiency experienced high levels of armed activity. Similarly, departments with high levels of armed activity experienced a greater deterioration in judicial efficiency - Arauca and Guaviare being the most dramatic cases.²⁷

Graph 7. Armed Activity and Judicial Efficiency, 1990-2000



Source: DNP, Police, authors' calculations.

To determine the effect of illegal armed activity on municipal judicial efficiency in 2003, we used matching estimators to create a municipal probability model²⁸. This allowed us to speculate on the level of municipal judicial efficiency there would have been without the presence of armed activity. We first estimated the probability of armed activity (FARC, ELN and AUC) for 2002, using geographical, socio-economic, economic, persistence and diffusion variables for armed activity. The estimated probability was then used to carry out the matching, using matching estimators (a control group of similar municipalities that did not experience armed activity, used to determine its effect on those that did). The results are presented in Table 1.

Table 1. Differences in Judicial Efficiency as a Result of Illegal Armed Activity.

Variable	Study group average	Control group average	Difference
Index of Municipal Judicial Efficiency	0.0855	0.1004	-0.10148*

No. Study: 556, Study: 448

Matching Method neighbour

*Significance: 95%

²⁶ We took an average of regional armed activity and judicial efficiency for the period 1990-2000.

²⁷ Arauca experienced the highest rate of attacks, and judicial efficiency went from 10% in 1991 to 3.2% in 2000. Guaviare also experienced an escalation in armed activity, and judicial efficiency went from 43% in 1989 to 17% in 2000.

²⁸ All captures in 2003 versus the number of crimes reported to the police.

Table 1 displays the results for judicial efficiency in 2003 in 1004 municipalities, just short of the total number of municipalities in Colombia. According to the DNP and the President's Office, at least one armed group was active in 448 municipalities in 2002. The difference between average judicial efficiency in these municipalities and the control group is negative and statistically significant. In the control group there were around 10 captures per 100 crimes, whilst in the study group there were 8.5 captures per 100 crimes (15% fewer), or 71 fewer captures compared to the control group. Multiplying this difference by the number of municipalities experiencing armed activity (448) generates a total of 31,808 captures, or approximately 12% of all captures in 2003. These results clearly show the negative effect of illegal armed activity on the efficiency of the judicial system.

We can, therefore, conclude that local-level armed activity damages judicial efficiency via the intimidation of judges and police officers, congestion in the legal system and the creation of an environment of impunity for common criminals. A weak justice system is a prerequisite for the expansion of illegal groups' influence on local and regional government and society.

4. Empirical Evidence on Decentralisation and the Conflict

4.1. Methodology

The methodology used had to include the time and geographical variables required by the study. Firstly, given the geographical nature of the dependant variables used in this investigation, there may be some correlation, be it with the dependant variable in neighbouring municipalities or the explicative variables related to municipal or departmental locations and neighbours. The activity of irregular groups in one municipality should be correlated with the activity of irregular groups in a neighbouring municipality with similar social conditions or violence generating factors, and econometric techniques should be used to capture these relationships. The activity of irregular groups depends not only on the characteristics of each municipality, but also on the activity and values of other variables in neighbouring municipalities²⁹.

The model used was the following:

$$Y_{i,t} = \rho * WI * Y_{s,t} + X_{i,t} * \beta + X_{s,t} * WI * \delta + u_{i,t}; \quad (1)$$

Where $Y_{i,t}$ represents armed activity in municipality i in year t , $Y_{s,t}$ represents armed activity in the neighbouring municipality s in year t , the vector $X_{i,t}$ contains the explicative variables in municipality i in year t , and vector $X_{s,t}$ contains the independent variables in neighbouring municipality s . The spatial correlation, measured by parameter ρ , is similar to the temporal auto-correlation observed in the time series. However, in time series this econometric problem is unidirectional; the past explains the present and can be easily resolved by the lag operator. In contrast, the spatial

²⁹ The spatial auto-correlation of the dependant variable is not contemplated by Standard econometrics (MCO, transversal cut); this violates the principle of independent observations. This incorrect specification generates correlated residues, and thus invalidates the results of statistical inferences based on the t-student test and, at the same time, increases the R2 value.

dependence is multi-directional - all the regions can affect each other, which motivates the implementation of a contiguous spatial matrix³⁰ $W1$ (or spatial lag).

The use of this type of methodology and the integration of a contiguous matrix in the econometric models allowed us to capture the spatial diffusion and the contagious effects of illegal armed activity. Which means we can analyse the contagious effects of illegal armed activity in one municipality on another, as well as the influence of the independent variables of neighbouring spatial units on local dependant variables.

We used spatial tobit models for the period from 1974 to 1982 to explain the rate by inhabitants (the number of illegal armed actions). For 1985 – 2002 we used probit spatial models to explain the presence or absence of each of the illegal armed groups (FARC, ELN and AUC) in a given municipality.

4.2. The Data

The different econometric exercises all have a dependant variable, whether it be the rate of illegal armed activity from 1974 to 1982, or the presence of activity (as a 1 or 0 variable) between 1985 and 2002. As mentioned above, we used tobit spatial methodology for the first period and probit for the second. This variable was constructed using IEPRI information on the activities of armed groups for the period prior to 1982.

The explicative variables for activity from 1974 to 1982 are municipal socio-economic variables, including unsatisfied basic needs (UBN), sewerage, energy and education, from the 1973 census. Municipal income and the presence of mining resources (gold) were used as variables of municipal wealth or development. The State presence variable was constructed using judicial efficiency, measured as the relationship between captures for homicide and the number of homicides (police data). The control factor for the history of municipal illegal armed activity was the intensity of the *Violencia Tardía* (1958-1962) calculated by Chacón and Sánchez (2004).

The explicative variables for the presence or absence of the three most important armed groups from 1985 to 2002 have been divided into socio-economic variables (UBN, Gini land ownership coefficient, primary and secondary educational coverage), wealth and economic activity variables (oil, cattle, coca crops, municipal transfers), State presence variables (electoral participation, political representation, judicial efficiency), geographical variables, and temporal and spatial lag variables. The data for the explicative and dependant variables was taken from different sources (the President's Office, the National Planning Department, the Agustín Codazzi Geography Institute, the Dane, and the National Registrar).

³⁰ A contiguity matrix for N geographical units of size $(N \times N)$ with zero diagonal values (one cannot talk of the vicinity of a geographical unit to itself) and the other elements of the matrix include vicinity criteria between the other spatial variables N_i and N_j (for $i \neq j$). These values are different according to the vicinity criteria used. If the matrix used is $1/\text{Distance}$, the elements i and j of the matrix, for i different to j , fill up with the inverse of the distance between the two municipalities i and j , so that the furthest geographical units have lower values. If the matrix used is binary 1km, only those elements of the matrix where the distance between census sectors is less than 1km fill up, and the rest of the matrix is full of zeros. The diagonal is filled with zeros and then all the matrixes are standardised horizontally, so that each horizontal sum of the elements in the matrix adds up to 1 (Moreno and Vayas, 2001).

4.3. The Results

The Early Activities of Armed Groups: 1974 – 1978

The results of the econometric exercises designed to explain the activities of irregular armed groups from 1974 to 1978 and 1979 to 1982 are presented in Table 2. The level of armed activity from 1974 – 1978 is positively associated with poverty, measured by the Index of Unsatisfied Basic Needs (UBN), and inequality, measured as variance in municipal educational coverage. Primary educational coverage has a negative effect. State presence, measured by judicial efficiency, has the expected negative effect. The wealth variables, measured by per capita municipal tax collections and the presence of gold, have the expected positive value, although only the presence of gold is statistically significant.

The results show a strong spatial correlation or contagious effect; 0.22 of the level of armed activity is passed on to the neighbouring municipality. The results suggest that if a municipality experienced violence during the *Violencia Tardía* (1958-1965) it was more susceptible to the activities of irregular groups between 1974 and 1978.

The results corroborate the hypothesis that, at its outset, the conflict could be explained by exclusion and poverty, as explained by the statistical significance of the poverty and inequality variable. The conflict was centred on areas where the peasant self-defence groups, that were the seeds of the guerrilla movement, had formed at the end of the 1950s and start of the 1960s.

**Table 2. Rate of Illegal Activities
(Tobit 1974-1978)**

Social Conditions		
UBN	1.10	***
Primary education coverage	-2.59	***
Educational variance	0.70	***
Sewerage	1.72	***
State Presence		
Judicial efficiency	-0.88	***
Tax per capita 1973	0.01	
Economic Activity		
Presence of gold	0.38	*
Spatial Variables		
Spatial lag	0.22	***
Violence		
<i>Violencia Tardía</i> (1958-1965)	0.32	*
Constant	-1.74	***
Number of observations	942	
Methodology	Spatial tobit	
Dummies years	***	

The Activities of Armed Groups: 1985 – 2002

The probability determinants for the presence of illegal armed activity (FARC, ELN and AUC) between 1985 and 2002 are presented in Table 3. In the case of FARC activity, it can be seen that of the socio-economic variables only secondary education has the expected negative sign. Primary education has a positive effect. The effect of poverty, although positive, is not statistically significant. Land ownership has a negative effect, contrary to our “objective cause” expectations. This may be due to the way the FARC expanded its activities from the south of the country, where large landholdings are common, to the mountainous west of the country, where properties are smaller³¹.

The economic variables are all positive and statistically significant. A guerrilla presence, oil extraction and cattle farming all influence the probability of FARC armed activity. A similar thing happens with coca growing – it increases the probability of FARC activity in the municipality. Government transfers to the municipality have a positive, significant effect on FARC activity. Wealth and economic activity follow the line of thinking developed by Collier (2000), related to civil wars in various countries, and Bottia (2003), related directly to Colombia.

We also corroborated the hypothesis that increased municipal resources and political power following decentralisation led to the conflict becoming a dispute for local power, and that it facilitated a rise in armed activity. The State presence and political activity variables have the expected signs. The effect of judicial efficiency is negative and highly significant. Electoral participation and the level of mayoral support (the number of votes for the winner versus total votes) have a negative effect on FARC armed activity. High electoral participation and political support are indications of the legitimacy of local governments, and hamper, to a certain extent, the activities of illegal armed groups.

In terms of the temporal dynamic (Table 3) there is a high level of temporal persistence in FARC municipal activity; a municipality that has experiences FARC activity in the past is likely to experience FARC activity in the present. The contagious effect is high and significant – the probability of FARC activity in a given municipality rises by close to 40% if the group is active in neighbouring municipalities.

Regards the ELN, Table 3 shows that socio-economic variables have no statistically significant effect on their activities, with the exception of the Gini property coefficient, which has a sign opposite to that expected based on the “objective cause” hypothesis. The explanation for this is similar to that of the FARC. Wealth and income (cattle ranching and municipal transfers) have a positive, statistically significant effect on ELN activity. Once again, the positive, significant effect of municipal transfers is a clear result of decentralisation. In terms of State presence and political development, both judicial efficiency and electoral participation have the expected negative effect on ELN activity, as they did with the FARC. ELN activity also has a very significant persistent

³¹ According to Reyes (1999) areas of small landholdings in the Andean region have not suffered agrarian conflict since the mid-1980s. They have, however, been the object of guerrilla and paramilitary activity and there have been confrontations between these groups and the army.

(temporal dynamic) and contagious (spatial dynamic) effect, although less so than for the FARC.

The models for AUC activity were generated for 1995 – 2002, due to the fact that systematic municipal information is only available for this period. Table 3 shows that socio-economic variables have no statistically significant effect. Only poverty (UBN) has a negative effect. All of the wealth and resource indicators have the expected positive sign; the existence of oil, cattle ranching and coca crops all incentivise AUC activity. Once again, the size of municipal transfers has a significant effect on the activity of this group. State presence and local electoral participation negatively affect the probability of AUC activity, and were, in fact, of a higher (negative) magnitude than in the case of the FARC and the ELN. Again, the positive, significant effect of transfers on AUC activity stands out.

The AUC temporal-spatial dynamics behave differently to those of the other two groups. Although there is strong temporal persistence (similar to the ELN and less than the FARC), the contagious effect is very low (just 0.013, compared to 0.38 for the FARC and 0.31 for the ELN).

The Expansion of the Conflict, 1985 – 1992 / 1993 – 2002

With a view to determining the variables that explain the expansion and intensification of the conflict, we carried out an additional econometric exercise on the FARC and the ELN (this was not possible for the AUC due to the lack of data). The dependant variable is the average annual change in activities between 1985 and 1992 and 1993 and 2000. For example, if from 1985 – 1992 a municipality experienced ELN or FARC activity in four of the eight years, its indicator for the period would be 0.5. If from 1993 – 2000 the municipality experienced activity in seven of the eight years, its indicator would be 0.875 – an intensification of 0.375. Thus, municipalities that went from 0 to a positive value (between 0 and 1) were part of the expansion of the conflict and municipalities that went from a positive number to a higher positive were part of the intensification of the conflict.

The results presented in Table 4 show the effects of the different variables on the expansion and intensification of the conflict. The explicative variables are average for the period 1985 – 1992. Amongst the socio-economic variables, poverty has no statistically significant effect on the expansion of FARC and ELN activities. The Gini land ownership coefficient negatively affects the expansion and intensification of the conflict, implying that both groups moved towards areas with lower concentrations of land ownership (as we mentioned previously, this is due to that fact that the expansion was towards the mountainous west of the country where properties are smaller), and is consistent with what we observed regards the early conflict (1974 – 1982) in zones of greater inequality. Higher levels of access to secondary education between 1985 and 1992 had a negative effect on the expansion and intensification of FARC activity, but not on that of the ELN.

Table 3. Illegal Armed Activity (activity = 1, no activity = 0)

FARC y ELN : Período 1985-2002; Autodefensas: 1995-2002

Grupo armado ilegal	FARC	ELN	Autodefensas
Condiciones socioeconómicas			
NBI	0.0003	0.0003	0.0008 **
Gini Avalúo Propiedad	-0.1196 ***	-0.0430 **	0.0112
Cobertura Primaria	0.0252 ***	-0.0048	-0.005
Cobertura Secundaria	-0.0391 **	0.0019	0,0144
Actividad Económica			
Presencia de petróleo	0.0322 ***	-0.0009	0.0294 *
Presencia de ganadería	0.0454 ***	0.0199 ***	0.0382 ***
Cultivos de coca	0.0025 *	-0.0015	0.0041 **
Transferencias	0.0501 ***	0.0421 ***	0.0509 ***
Presencia Estatal			
Eficiencia de la justicia	-0.0872 ***	-0.0687 ***	-0.2242 ***
Participación electoral	-0.1907 ***	-0.0577 ***	-0.1404 ***
Representación política	-0.0894 ***	0.0261	0,0338
Variables Geográficas			
Altura	0.0064 **	0.0056 ***	-0.0039
Distancia a la capital	0.000	0.000	-0.0001
Dinámica Tempo-Espaciales			
Rezago temporal 1	0.1850 ***	0.1331 ***	0.1679 ***
Rezago temporal 2	0.0692 ***	0.0713 ***	0.0590 ***
Rezago temporal 3	0.0759 ***	0.0722 ***	0.0349 **
Rezago espacial FARC	0.3893 ***	0.3102 ***	0.0135 ***
R ²	0.2504	0.3493	0.1561
Número de observaciones	13029	14070	5203
Metodología	Probit espacial	Probit espacial	Probit espacial
Dummies años	Si ***	Si ***	Si ***

*** significativo 99%, ** significativo 95%, *significativo 90%

Table 4. The Expansion of Guerrilla Groups

FARC y ELN : Período 1985-1992/ 1993-2002

Grupo guerrillero	FARC	ELN
Condiciones socioeconómicas		
NBI (promedio1985-1992)	0.0004	0.0004
Gini Avalúo Propiedad (promedio1985-1992)	-0.0972 **	-0.0878 **
Cobertura Primaria (promedio1985-1992)	-0.0039	0.0053
Cobertura Secundaria (promedio1985-1992)	-0.0825 **	0.000
Actividad Económica		
Presencia de petróleo	0.0017	-0.0354 **
Presencia de ganadería	0.0162	0.011
Cultivos de coca (promedio1985-1992)	-0.0169 *	0.0065
Cultivos de coca (diferencia)	0.0254	0.0280
Transferencias (promedio1985-1992)	0.078 ***	0.0595 ***
Transferencias (diferencia)	0.0510 ***	0.0571 ***
Presencia Estatal		
Eficiencia de la justicia (promedio1985-1992)	-0.0671	-0.0040
Participación electoral (promedio1985-1992)	0.002	-0.0406
Representación política (promedio1985-1992)	0.0074	0.0095
Variables Geográficas		
Altura	0.0111**	0.0033
Distancia a la capital	0.0000	0.0000
Dinámica Tempo-Espaciales		
Actividad FARC (promedio1985-1992)	-0.5180 ***	0.0540 *
Actividad ELN (promedio1985-1992)	0.1450 ***	-0.5182 ***
Rezago espacial FARC (promedio1985-1992)	0.5345 ***	-0.0744
Rezago espacial FARC (expansión)	0.8182 ***	0.0293
Rezago espacial ELN (promedio1985-1992)	-0.2506 ***	0.5310 ***
Rezago espacial ELN (expansión)	-0.017	0.9070***
R ²	0.3684	0.444
Número de observaciones	997	997
Metodología	OLS Espacial	OLS Espacial
Expansión = promedio 1993-2000 - promedio1985-1992		
*** significativo 99%, ** significativo 95%, *significativo 90%		

We found that oil and cattle ranching could not be linked to the expansion and intensification of the conflict from 1993 to 2000. Both groups began their activities in regions where these economic activities were prevalent (which is consistent with the previous section's findings), but the fact that no *new regions* appeared meant that there

was nowhere new for the groups to expand into. The presence of coca growing between 1985 and 1992 is negatively associated with the expansion and intensification of FARC activities. This is due to the fact that the FARC were already active in coca growing zones. This result has been corroborated by other studies, using different methodologies, that have found that the expansion of coca growing is *preceded* by the activities of illegal armed groups (Díaz and Sánchez, 2004).

Both the initial level of transfers, and their growth from 1985 – 2002, had a positive, significant effect on the expansion and intensification of FARC and ELN activity. This concurs with our hypothesis that institutional changes and greater local political and budgetary autonomy facilitated the expansion and intensification of the irregular groups' activities.

None of the State presence variables had a statistically significant effect on the expansion of FARC or ELN activities between 1985 and 1992. Amongst the geographic variables, only altitude is positively and significantly associated with FARC expansion, which could be explained by this group's pattern of expansion towards the west of the country (Table 4).

The previous activity variables for 1985 – 1992, as much in individual municipalities as in neighbouring municipalities, and the expansion of the groups into neighbouring municipalities between 1993 and 2002, have an effect on the expansion and intensification of the conflict (Table 4). If average FARC activity between 1985 and 2002 was positive, it reduced by 0.5 between 1993 and 2002, which implies that, *ceteris paribus*, once a certain level of territorial control has been achieved by earlier activities, future levels of activity decline. The same pattern is observed for the ELN (Table 4). Additionally, in municipalities where the ELN were active between 1985 and 1992, FARC activity expanded between 1993 and 2000. The same is true *mutatis mutandis* for the ELN, although the ELN's response between 1993 and 2002 to FARC activity between 1985 and 1992 is much lower (0.05) than the FARC's response to ELN activity (0.14).

Previous activity in neighbouring municipalities and the expansion of groups into neighbouring municipalities is positively associated with the intensification of the conflict, as much for the FARC as the ELN. For both groups, half of all activity between 1985 and 1992 was transferred to (or "caught" by) neighbouring municipalities between 1993 and 2000. In terms of expansion, there was also a high rate of transmission to neighbours; 0.8 of FARC expansion and 0.9 of ELN expansion was transmitted to neighbouring municipalities. The cross-referenced spatial effects are only statistically significant (negative) for the effect of ELN activity between 1985-1992 on FARC expansion (Table 4).

4.4. An Explanation of the Conflict's Geographical Expansion

Changes in the Probability of Illegal Armed Activity

Once we had completed the econometric exercises for the determinants of the illegal armed groups' activities, it became necessary to analyse the relative contribution of each of the geographic expansion variables of the conflict in recent years (the increased

probability of armed activity). We employed a simple decomposition exercise using the following equation:

$$PORC_{t,k} - PORC_{t-i,k} = \sum \beta_k (X_t - X_{t-i}) \quad (2)$$

Where PORC is the percentage of municipalities that experienced illegal armed activity in time t and $t-i$. This means that the change in the percentage of municipalities in which group k was active corresponds to the sum of the difference of each explicative variable multiplied by its respective coefficient β_k . For time t average activity in 1998/2000 is used, and for time $t-i$ average activity in 1988/1990.

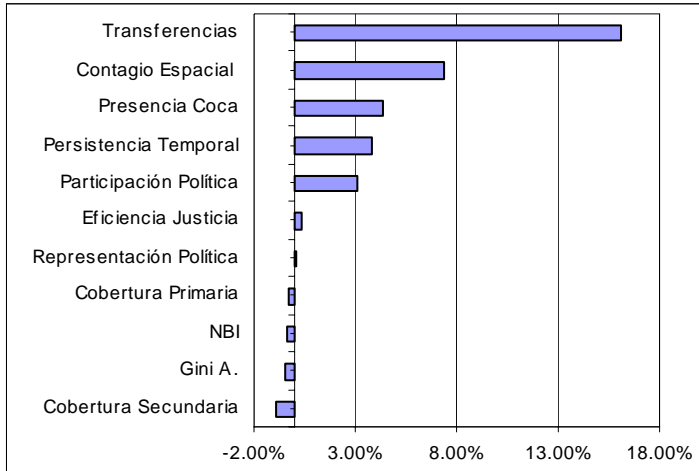
The FARC, for example, were active in 10% of municipalities between 1988 and 1990, a figure that rose to 29% for 1998/2000. Graph 8 displays the effect of each of the explicative variables on the increased probability of FARC activity. It can be seen that the variable with the greatest effect on the expansion of FARC armed activity was municipal transfers, an indicator of decentralization having provided higher resources to municipalities. The next most important aspect is the contagious effect, which shows that FARC activity tends to spill-over into neighbouring municipalities. The temporal persistence of FARC activity also explains, in part, the expansion of this group. Municipalities that experienced FARC activity in the past are more susceptible to experience activity in the present. The other activities that explain to some degree the increased probability of FARC activity are the presence of illicit crops in the department and weak municipal electoral participation³². Municipalities in which political participation fell from one election to the next experienced higher increases in the probability of FARC expansion. However, the negative, statistically insignificant socio-economic variables had little effect on the increased probability of FARC activity.

Regards the probability of ELN activity from 1988/1990 to 1998/2000, it can be largely explained by municipal transfers, as seen in Graph 9, followed by coca growing and contagiousness. The socio-economic variables did not have an important effect on the increased probability of ELN activity in the period in question.

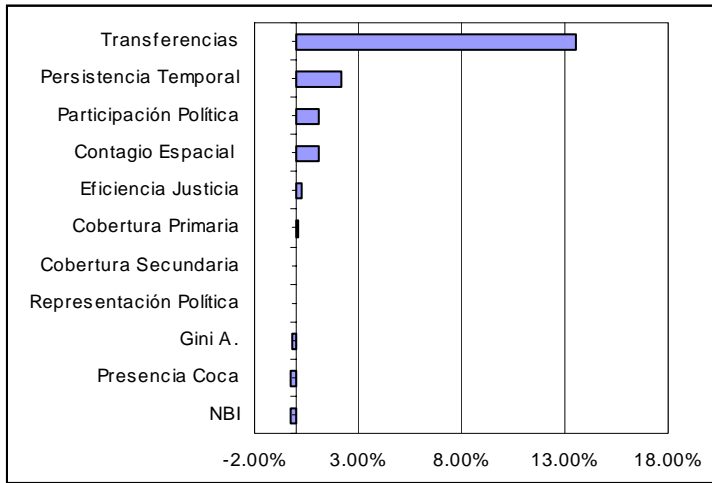
Finally, the variables associated with the increased probability of AUC activity from 95/96 to 99/2000 were municipal resources or transfers, the presence of coca growing and temporal persistence (Graph 10). The other variables had a lower impact.

³² The future weakening is due to the activities of armed groups (Sanchez and Díaz, 2004). The way in which weak participation in previous elections facilitates the actions of irregular groups is examined.

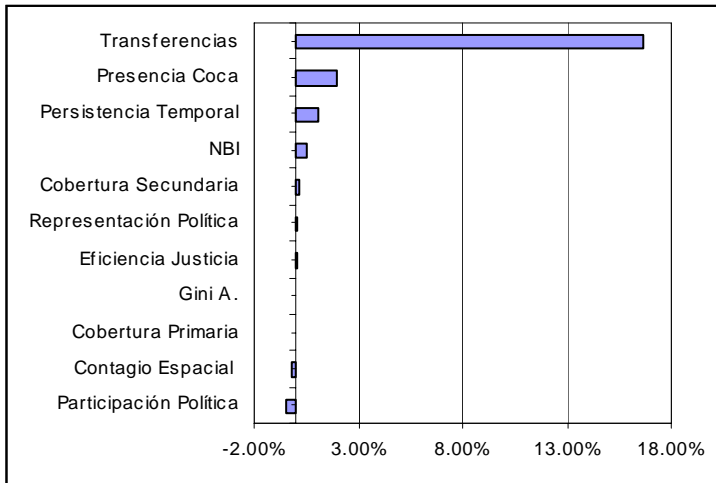
Graph 8. The Changing Probability of FARC Activity: 1988/90 – 1998/00



Graph 9. The Changing Probability of ELN Activity: 1988/90 – 1998/00



Graph 10. The Changing Probability of AUC Activity: 1995/96 – 1999/00



The Expansion of the FARC and the ELN

To conclude the previous exercise we determined the relative contribution of each of the variables in Table 4 to FARC and ELN expansion. The relative contribution of each variable was calculated using the following equation:

$$\text{Contribution \% of } X_k = (\beta_k * PROM(X_k)) / PROM(Y) \quad (5)$$

Where the relative contribution is defined as the coefficient of variable X_k in the regression multiplied by its average divided by the average of the dependant variable Y , which, in this case, is FARC or ELN expansion. The average value for each variable in 1985 – 1992 and 1993 – 2000 is shown in Appendix 1. The descriptive statistics show that FARC activity went from 0.125 in 1985 – 1992 to 0.265 in 1993 – 2000³³, and ELN activity went from 0.10 to 0.15. A similar pattern was observed for the neighbouring municipalities.

The results of the decomposition exercise can be seen in Graphs 10 and 11 – FARC and ELN respectively. The initial transfers variable (1985-1992) makes the highest contribution to the expansion of these groups (more than 800% for the FARC and more than 900% for the ELN), followed by the increase or change in transfers (more than 100% for the FARC and more than 200% for the ELN).

The contagious effects also help explain 61% of FARC and 81% of ELN expansion. Furthermore, expansion in neighbouring municipalities contributes to 100% of local municipality expansion for the FARC and 68% for the ELN. The initial activities of both groups contribute negatively to their expansion (FARC: -57%, and ELN: -75%). Other variables with some level of impact are the presence of coca growing between 1985 and 1992 (173% FARC and 100% ELN - Graphs 11 and 12). The socio-economic variables had a low effect on the expansion of these two groups. Finally, amongst the geographical variables only altitude had a positive effect (61%) on the expansion of FARC activity.

³³ This means that from 1985 to 1992 Colombian municipalities experienced the activities of these groups once every 8 years on average, a figure that went up to more than 2 during 1993 – 2000.

Graph 11. The Expansion of the FARC: 1985 – 1992 / 1993 – 2002



Graph 12. The expansion of the ELN: 1985 – 1992 / 1993 – 2002



The results of the decompositions show how higher municipal resources – the product of political, administrative and budgetary decentralisation – were the most important determinant of the probability of irregular groups’ activity and expansion. Thus fiscal and political decentralization provided resources for the irregular groups to plunder, and opportunities for local level intimidation due to the repressive inability of the municipalities. This gave the groups the opportunity they needed to consolidate their territorial power. In addition, the State’s poor capacity of response regards the provision of justice and the prevention of violent activities facilitated the actions of the illegal groups.

6. Conclusions

Since the mid-1980s the Colombian conflict has escalated rapidly, expressed as much by the number of attacks and level of illegal armed activity, as by the increased geographical coverage of their activities. Part of the explanation for these increases is in the improved sources of financing the groups enjoyed (kidnapping, extortion, illicit crops and drug-trafficking). However, to better understand the dynamics of the conflict (especially considering its long-term nature), one must take into account the institutional changes that redefined the strategic objectives of the illegal groups. The most important change (starting in the mid-1980s) was the fiscal, administrative and political decentralisation process that turned the conflict into a dispute for local power.

This study used conflict statistics dating back to the early-1970s. The evidence shows that until 1985 the number of attacks and municipal coverage were low – just 12% of municipalities experienced illegal armed activity between 1974 and 1982. The econometric evidence, in turn, shows that the conflict (in terms of the activities of current guerrilla groups) can be explained to a large degree by socio-economic indicators of poverty and inequality, and also by contagiousness and the violent tendencies inherited from *La Violencia* of the 1950s and 60s.

From 1985 the intensity and geographical coverage of the conflict increased. This is explained by the fact that the guerrilla groups, especially the FARC, constructed organisations that were capable of collecting and investing enormous the economic resources that came from substantial, stable sources (plundering productive activities, kidnapping and the drug trade). The ELN designed a political-military strategy based on occupying regions with high economic potential, especially mines and energy, but with a low State presence that enabled them to exploit the local resources and win popular support. Finally, the AUC managed to consolidate their objectives in the fight to win control of strategic territories of great economic importance to the guerrilla groups, with whom they fought for economic resources whilst terrorizing the population via massacres and collective assassinations of groups they accused of sympathizing with the guerrilla forces.

The results of the econometric exercises show that the greater part of the increased activity and expansion of the Colombian conflict since the mid-1980s (and especially in the 1990s) can be attributed to stronger sources of financing (greed), and very little to “objective conditions” (grievance) (Collier, 2000). In both cases (guerrilla and paramilitary) access to sources of financing explains a good part of the geographical

expansion of activities. The weak justice system was also a key factor for the groups; the probability of being caught was (and still is) extremely low.

However, this explanation of the conflict is a little hollow; it does not take into account the redefinition of the groups' strategic objectives, nor the way decentralization modified the means to achieve them. In fact, the entire rationality of action in the fight for power changed when the institutional framework of the State they were trying to destroy changed – when power is decentralized, and transferred to local institutions, it becomes more vulnerable to external influences.

The statistics show that in a high number of municipalities the electoral process and government management were seriously restricted by the political violence meted out against candidates, functionaries and leaders – and that the violence shot up from 1988, the first year mayoral elections were held. Local government management was restricted by pressure from the armed groups and “armed clientelism” appeared (using violence to appropriate State resources). Thus, the illegal armed groups controlled (and continue to control) the distribution of public spending and municipal investment.

The results confirm that the variables connected to municipal politics, electoral participation and popular support for mayors determine the presence or not of illegal armed activity. This, in turn, shows that there is a clear relationship between the armed conflict and political decentralization. In addition, the empirical results and the decomposition exercises reveal a strong connection between greater local government independence and fiscal strength and the intensification of the conflict. This corroborates our hypothesis that decentralization turned the conflict into a dispute for local power, manifested in the use of violence to gain control of public goods and services, influence political and electoral results of interest to the irregular groups, and consolidate local territorial control

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Appendix 1.

Apéndice 1						
	Estadísticas descriptivas	Observ	Mean	Std. Dev.	Min	Max
Periodo 1985 - 1922	NBI	1062	52.4205	15.5362	9.99	87.55
	Gini	1062	0.5095	0.1425	0.02	0.87
	Actividad ELN	1071	0.1007	0.2048	0.00	1.00
	Actividad FARC	1071	0.1259	0.1967	0.00	0.88
	Actividad ELN vecinos	1062	0.1051	0.1506	0.00	0.91
	Actividad FARC vecinos	1062	0.1313	0.1400	0.00	0.72
	Cobertura Primaria	1030	1.3776	0.6974	0.18	17.40
	Cobertura secundaria	1000	0.3673	0.2212	0.01	2.43
	Presencia de coca	1070	11.7016	0.9678	5.90	12.59
	Transferencias	1069	11.4361	1.0157	6.30	16.34
	Eficiencia de justicia	1062	0.2800	0.1811	0.00	0.72
	Participación Política	1062	0.6623	0.0918	0.33	1.35
	Representación Política	1062	0.5336	0.0870	0.34	0.98
	Periodo 1993 - 2000	NBI	1062	43.8353	18.2768	7.23
Gini		1062	0.5349	0.1308	0.06	0.87
Actividad ELN		1071	0.1531	0.2569	0.00	1.00
Actividad FARC		1071	0.2633	0.2829	0.00	1.00
Actividad Autodefensas (2000)		1060	0.1104	0.3135	0.00	1.00
Actividad ELN vecinos		1062	0.1572	0.1975	0.00	0.91
Actividad FARC vecinos		1062	0.2693	0.1903	0.00	0.89
Cobertura Primaria		1053	1.2480	0.3053	0.22	2.96
Cobertura secundaria		1048	0.5145	0.2525	0.04	2.05
Presencia de coca		1070	11.5808	0.9001	6.73	12.41
Transferencias		1070	14.0226	0.7267	9.95	19.78
Eficiencia de justicia		1062	0.2250	0.1657	0.06	1.17
Participación Política		1062	0.5518	0.1251	0.15	1.11
Representación Política		1062	0.5225	0.0807	0.25	0.84