The Structure of Underdevelopment in Colombia: A View from the Chocó

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Colombia had GDP per-capita of US$ 7,700 in 2012 which is about 15% of the level of the United States.

This situation has been remarkably constant. In 1900 Colombia’s GDP per-capita was 18% of the US level.

Of course Colombia is not very poor by even Latin American standards (let alone African or South Asian) (it is three times more prosperous than Bolivia, one and a half times as prosperous as Guatemala, slightly more than Peru, though poorer than Argentina, Chile or Venezuela).

Today I want to talk about what causes the persistent underdevelopment of Colombia by looking at the poverty of its poorest region, the Chocó, with an income level similar to Guatemala.
I will approach this issue through the lens of a discussion that took place on July 18 in Quibdó, the departmental capital of the Chocó, during Serie Conexión Pacífico – 1er Taller Regional El Pacífico y sus desafíos para la gobernabilidad.

There are many theories of why Colombia remains poor and this discussion focuses on only some of them. However, as I will argue, that interpreted correctly, the discussion is immensely revealing about the factors that keep Colombia poor, though not for the reasons proposed by the panelists.

The views that the panelists express are sincerely held by them and many Colombians from the ‘tierra fria’ about the problems of the Chocó, the Pacific Coast and the ‘tierra caliente’ more generally.
Why is the Chocó Poor?
The View of the Panelists

- The panelists present a clear thesis about the poverty of the Chocó and it is one of the most basic views in economics: property rights are not well defined and this removes peoples’ incentives to work hard, people ‘free ride’ and it means they cannot pledge their land as collateral to get a loan (the de Soto effect).

- The reason property rights are ill defined is Ley 70 of 1993 which allowed Afro-Colombian communities to petition the government for collective (not private) titles to the lands on which they lived.

- The situation is exacerbated because the titles stop local and national governments building infrastructure and providing public goods because negotiations with the communities are so inefficient.
Map of Black Communities’ Land
Solving the Poverty of the Chocó

- The solution to these problems is a ‘technical’ one.
- The Chocó had an inappropriate set of economic institutions exogenously thrust upon it by the 1991 Constitution (Transitory Article 55 of this led to Law 70). This trapped the region into a ‘living museum’ and condemned it to poverty.
- Solution: abolish the collective titles and privatize the land and create a system which will allow the government to provide infrastructure.
- Let’s see what the response from the audience to these arguments was.
Why is the Chocó Poor?
The View of the Audience

The views from the audience were very different from those of the panel, they stressed several things but most importantly:

1. The poverty of the Chocó was much older than 1993 (the first collective titles were actually issued only in 1997) so could not possibly have been caused by it.

2. They clearly supported the idea of collective titles and related it to the ‘defense of the territory’.
What the Audience was Worried About #1

Obedezco pero no cumple

- The Afro-Colombian people of the Chocó fought to stop their lands being designated as baldío. Why?
- Ley 160, passed in 1994 stipulated that people who had de facto occupied baldío for 5 years or more, could ask INCORA (Instituto Colombiano de Reforma Agraria), for the property rights of the land. This is a type of concession was restricted to citizens that do not already own lands in Colombia and that have a rent below a threshold (less than 1000 minimum wages a month). Preference was given to poor people or desplazados.
- The amount of land given is limited to a Unidad Agrícola Familiar (UAF), an amount of land judged by the INCORA to allow a family “to live with dignity”.
- The reality is that elites, aided by high society law firms, bend and break the law to severely violate its intentions.
What the Audience was Worried About #2
Brigard y Urrutia

- Riopaila-Castilla, a sugar company from Valle del Cauca, is owner of the Veracruz Project, which created 27 SAS (Anonymous Simple Societies) and in 2010 bought 42 parcels of land in Vichada, equivalent to 35,000 hectares. Facilitated by the elite law firm Brigard and Urrutia the tortuous transaction was designed to circumvent the law and concentrate all the land for Riopaila.

- Cargill the US-based multinational corporation through Black River, an investment fund, created 40 SAS and buy 43 parcels of land in Vichada, 61 thousand hectares for 60 thousand million pesos. Through the INCORA, Black River bought these lands from campesinos and sold them at hundreds of times the original price.

- Having their lands declared baldío would have meant dispossession for the Afro-Colombians.
In the Urabá Chocoano the weakness of the state has allowed elites to expropriate large amounts of land and not just with the help of Brigard y Urrutia.

In Curvaradó and Jiguamiandó between 1996 and 1997 70% of the population was displaced by paramilitaries and the army.

The people were replaced by tropical palm, by 2005 the palm plantations reached 35,000 hectares, about 20% of the communal lands of the consejos comunitarios.

The Inter-Ecclesial Commission of Peace and Justice reported by 2005: 106 assassinated and missing people, 12 displacements (40,000 displaced), 19 raids and burning of hamlets, and 15 cases of torture.
The Roots of Poverty in the Chocó

- Existing data supports the views of the audience. Today income per-capita of the Chocó is 40% of the national level, in 1960 it was 30%. So Chocó was even poorer relative to the rest of the country historically.

- The Chocó is certainly disconnected from the rest of the country and isolation of other parts. There is in effect no road from Quibdó to the rest of the country; there is the Río Atrato or the airport.

- This isolation and poverty has deep roots stretching back to the slave economy of the 19th century.
Roots of the Collective Titles

- Indigenous peoples in Colombia had collective title to their lands at least since Ley 89 of 1890 which also recognized the rights of their traditional political institutions to manage their affairs.
- Ley 2 of 1959 declared vast areas of the country to be baldío including much of the Pacific littoral.
- In 1975 the government of Alfonso López Michelsen expressed his vision of turning Colombia into the “Japan of South America,” with a dream of developing the Colombian Pacific.
- In 1982 President Belisario Betancur introduced his “Integral Development Plan for the Pacific Coast.”

“This extensive region contains immense forest, fishing, river-and sea-based mineral resources which the country requires immediately.”

The aim was to remove the “structural bottlenecks hindering regional development and holding back rapid growth.”
Introduction

Dreams (or maybe Fantasies) of Modernization

- In 1984 Betancur launched the Plan Pacifico with ambitious infrastructure projects included the building of roads, hydroelectric and energy plants, telecommunications networks, as well as plans to boost forestry, fishing, agriculture and mining.

- His successor, President Virgilio Barco announced more plans in 1987 including the construction of the Puente Terrestre Inter-oceanico, a land bridge between the Pacific and Atlantic oceans near Panama, comprising a railway, road, canal and oil pipeline. Crossing the Baudo mountain range and the Darien swamplands, the PTI was to connect two planned superports and included a massive road building plan throughout the Chocó.
**The Emergence of Collective Property Titles**

- Having their land declared baldío and the Plan Pacifico and what followed provoked widespread alarm in the Black and Indigenous communities in the region.

- The result was large scale defensive social mobilization.

- Various river-based Black peasant associations emerged— in 1987 the Peasants’ Association of the Atrato River, in 1990 the Peasants’ Association of the San Juan River, as well as urban Black popular organizations like the Quibdó-based Organization of Popular Neighborhoods of the Chocó. Broader movements aimed at the representation and coordination of Black people’s demands also emerged, such as the Cimarron Movement, formed in 1982.

- These linked up with indigenous organizations from whom they adopted the idea of collective titles which they managed to insert into the new constitution.
The inefficient economic institutions of the ‘periphery’- the collective titles established by Law 70 were actually a response to the ‘modernization’ of the core in a context where the central state completely failed to provide basic public goods (like order) in the Chocó.

Faced with the threat of having their land expropriated by elites, Afro-Colombian communities decided that collective titles gave them the best hope of being able to act collectively to protect their land.

A simple lesson here is that one cannot separate the form in which property is held from the distribution of it.

But this discussion generates a puzzle: if collective titles were created by the threat of expropriation by powerful elites how on earth did the elites allows Afro-Colombians to establish collective titles on 60% of the Chocó?
How did the Afro-Colombians get away with it?

There are three potential explanations for this.

1. Nobody thought the land was valuable.

2. Afro-Colombians were able to take advantage of a unique window of opportunity and a moment of very unusual politics (Candidates Luis Carlos Galán, Bernardo Jaramillo Osso, Carlos Pizzaro murdered in the 1990 presidential election, one third of the members of the constitutional assembly were former members of the demobilized M-19 rebel group).

3. The weakness of the Colombian state in peripheral Colombia means that it inevitably lacks control and has to tolerate mobilization by subaltern groups.

These are all important but let me elaborate of 3.
A major source of the poverty in the Chocó and the reactions to it is the way that the Colombian state functions.

There is a distinct in Colombia between a geographical core and a periphery which is poorer, less well educated, less healthy, more violent, has less political competition, more corruption.

The core has never been interested in fully integrating the periphery into the nation.

Instead it rules ‘indirectly’ with severe consequences for the political economy of the periphery.

This type of rule was very common in colonial empires (the Spanish ran their American empire via ‘caciques’) and still is in much of the world - for instance in Pakistan or Sudan.
What do I Mean by Indirect Rule?

Consider a very specific example. In 1977 in the vereda of Las Mercedes in Puerto Triunfo Ramón Isaza started a paramilitary group called Los Escopeteros with 10 men to fight against the FARC.

By 2000 this had turned into the Autodefensas Campesinas del Magdalena Medio (ACMM) with 6 fronts covering 16,000 square kilometers. In their territory they were the state (though they prefer the expression ‘de facto authority’).

The Frente José Luis Zuluaga was commanded by Isaza’s son in law Luis Eduardo Zuluaga (‘McGuiver’).
According to most uses of the term “state” current in the social science literature, FJLZ built and ran a state in their territory. They had a written (very incomplete) legal system or ‘estatutos’ which they (imperfectly) enforced and they had a rudimentary equality before the law in the sense that the same laws applied to members of the FJLZ as the civilian.

The FJLZ also had a bureaucratized organization with functional specialization which appears to have been remarkably unpatrimonial.

They regulated trade and social life.

They built 176 km of roads, a health clinic, houses for poor people, schools, a plaza de toros, and did rural electrification.

They had a mission statement, an ideology, a hymn, a prayer and a radio station called ‘Integration in Stereo’ (Intergación Estéreo).

They gave out medals, including the “Order of Francisco de Paula Santander” and the “Grand Cross of Gold”.
La Plaza de Toros de La Danta
The Mechanisms of Indirect Rule

How is it that the state is content to allow McGuiver to run this territory?

I think there are many mechanisms which make this system work, let me discuss four:

1. Blaming the Periphery: The “bad institutions” in the periphery give the central government a perfect excuse to monopolize resources.

2. Looting the Periphery: The “bad institutions” in the periphery allow core elites to expropriate wealth.

3. Fragmenting the Periphery: The fragmented nature of the country as a consequence of the weakness of the state means that no coherent opposition can emerge to contest the power of the Santos’s and Lopez.

4. Buying the Periphery: Lawlessness in the periphery lowers the ‘supply price of votes’.
Blaming the Periphery
The Examples of the Regalias

“no queremos más piscinas de olas” - Mauricio Cardenas - Finance Minister
The problems give the government an excuse to attempt to reverse the decentralization of the 1991 Constitution and keep more resources for themselves - Acto Legislativo No. 5 of July 18th 2011 allows the central government to veto projects which involve regalía funds.

The ‘inefficiency’ of regalías was illustrated by the fact that the departamentos which were major benefactors of direct regalías had welfare indicators that were below the National average and that did not attain the goals envisioned by the former law regulating regalías.

As El Fiscal General Guillermo Mendoza put it, Colombia “va rumbo a ser una segunda Nigeria ... En ese país los gobiernos corruptos se robaron todas las utilidades de petróleo. Acá sucede lo mismo con los departamentos en materia de regalías”, El Tiempo, Agosto 20 de 2010.
Looting the Periphery

- I showed above how the weak state in the Colombian periphery brings together the interests of high society and ‘low society’ elites.
- The illegal palm plantations in Urabá Chocoano were initially set up by paramilitaries, particularly Vicente Castaño but both types of elites were heavily invested.
- They got financial back from the state via FINAGRO, the Fondo Agropecuario de Garantías and the Incentivo de Capitalización Rural.
- They also benefitted from helpful rulings by INCODER: In 2005, for example, after recognizing collective lands for 1125 families, INCODER decided to discount 10 thousand hectares and give them to the palm enterprises.
Fragmenting the Periphery #1

- An implication of the isolation of the periphery is that when protests happen people focus on parochial local issues, not national ones and it is hard to come together to identify the national issues that affects them.

- This is illustrated by the recent paros.
  - Dignidad Cafetera: demanded price subsidies for coffee; democratization of the National Federation of Coffee growers; restrictions of mining in coffee-growing areas.
  - Dignidad Papera, Lechera y Cebollera: demanded price subsidies for their crops; prohibition of re-hydration of powdered milk; compensation for the importation of powdered milk and frozen or pre-cooked potatoes; controlling contraband from Perú and Ecuador.
  - Dignidad Panelera: increased tariffs on imported subsidies such as corn syrup; the purchase of 3,500 tons of panela.
  - Catatumbo: stop fumigation of coca; subsidize coca producers while they transition to something else; stop mining activity.
  - Mineros: stuff about mining.
The only real cross-cutting issue is antagonism to the Free Trade Agreement.

“Lo que hemos visto en esta semana, en ese sentido, ha sido preocupante. Protestas y bloqueos sin orden, sin mayor coherencia, con pliegos de condiciones incluso contradictorios, sin propuestas de soluciones. A algunos voceros de los cafeteros no les gusta la minería en el pliego cafetero, pero apoyan la minería en el pliego minero. Los camioneros quieren subir sus fletes, lo que afectaría el bolsillo de los agricultores. Se pretende que la sociedad en su conjunto los financie a todos. Y, a la vez, siempre seguiremos con la espada de Damocles de un nuevo paro, de una nueva revuelta, porque ninguna solución satisface plenamente” - El Espectador 23 Ago 2013.

This makes it very easy for political elites to deal with, a subsidy here, some cheap loans there.
Rodrigo García Caicedo, a cattle rancher and civic leader of Córdoba who was a principal in the creation of the paramilitary groups in his department, said in 1990 to a leader of the M-19 guerillas:

“I am sure that if the guerrillas had spoken to us, instead of attacking us, we would have had a common war, not a war amongst us or against us. We would have organized and had all risen against the central state”.
Buying the Periphery

- The policy of indirect rule and the delegating of authority to El Alemán and others in the periphery makes votes very cheap to buy.
- Example: The Pact of Sante Fé de Railto.
Pacto de Santa Fe de Ralito

En este documento queda constancia de los asistentes a esta reunión, firman a voluntad propia.

Santander Losada
Estado Mayor AUC

Adolfo Paz
Estado Mayor AUC

Jorge 40
Estado Mayor ACCU

José María López
Gobernador Córdoba

Salvador Arana Sus
Gobernador Sucre

Reginaldo Montes
Representante a la Cámara (Córdoba)

Luis Álvarez
Suplente Cámara de Representantes Córdoba

Don Berna

Diego Vecino

Jaime García
Gerente CVS

Alvaro Cabrerales
Ex-Diputado

Sigifredo Sánchez
Alcalde Tarapacá

Alfonso Campo Escobar
Representante a la Cámara

José María Limar
Representante a la Cámara

William Montes
Senador (Bolivar)
I have argued that we should see the ‘bad institutions’ of the Chocó as a direct response to ‘modernization’ in the core in the context of a weak Colombian state.

This is not a transitory situation. The Colombian state has operated like this for a long time (probably since the Liberal constitution of 1863).

Afro-Colombians were in the past left alone because they were not seen as controlling anything valuable enough to steal.

The poverty in the Chocó is indeed created by bad property rights and the absence of infrastructure, but not for the reasons identified by the panelists.
Implications of a Weak State

- The fact that the panelists even though they work for the government as economists had never been to Quibdó before and knew nothing about it or its history is what you’d expect with a weak state.

- Since the state is absent in large parts of the periphery it is natural that it is ignorant about what goes on there.

- The weak state also has a remarkable ‘theatrical side’, for example: Failure of land restitution in Urabá. The central state does not seem to realize it has no capacity in Urabá - President Santos’ public relations in Necoclí in February 2012, pero

  “Es más fácil devolver el mar con un dedo que estas tierras a sus legítimos dueños, dicen los campesinos.” - campesino in Urabá, quoted in El Espectador, October 14, 2012.
The Contradictory State

- I have characterized the Colombian state as deliberately weak, but a weak state is also a contradictory state.
- At the same time as the ‘Obedezco pero no cumplo’ mentality of the Bogotano elites allows Brigard y Urrutia and El Alemán to expropriate masses of land the Chocó Afro-Colombians can use the law to try to protect their land. Moreover, corrupt politicians can (sometimes) end up in prison and reformist politicians can (sometimes) get elected.
- This is both its strength (nobody designed the complex outcomes and it is hard to understand) and (hopefully) its weakness (it allows for change).
In the debate at Quibdó the economists genuinely believed they were proposing ‘technical’ and non-ideological solutions to the problems of the Chocó.

Their ideas, derived from mainstream economic theory, emerged in the 18th and 19th centuries as an interpretation of what induced the successful economic development of Western Europe.

The audience interpreted this as a thinly veiled justification for reforms that would massively advance elite economic interests in the country, which they probably would.
The Role of Economic Doctrines

One conclusion is that economic principles have very different consequences when the state is weak and contradictory.

But how such ideas and their endless repetition (since at least the Liberal reforms of the 1850s) despite the outcomes, fit into the structure of Colombian underdevelopment is not clear.

It is quite reminiscent of Michel Foucault’s discussion of prisons in his book *Discipline and Publish: The Birth of the Prison* - even though prisons never actually accomplish their announced objective (rehabilitate people) this justification is endlessly repeated because prisons do have other systematic unintended consequences (create a class of delinquents) which turns out to be very convenient for social control.
Some Academic Connections

- The argument I made today is clearly related to some important academic works apart from Foucault.
- James Ferguson’s *The Anti-Politics Machine* focuses on a case (in Lesotho) where international policy advice is predicated on a completely erroneous model of Lesotho’s society and institutions. Hence policy fails but he argues that the persistence of such policy advice does have systematic results in terms of expanding the bureaucratic reach of the state in Lesotho (à la Foucault).
  - Partially the ‘Anti-Politics Machine in the Tropics’, but not about the World Bank, with a very different conception of the domestic state.
- James Scott’s *Seeing Like a State* examines the failure of grand government schemes as a combination of necessarily incomplete ‘legibility’; ideology of high modernism; authoritarianism; prostrate civil society.
  - Chocó is ‘illegible’ in Scott’s language but contra-Scott Colombian state content with that.