Chapter 7
Colombian Organized Crime: From Drug Trafficking to Parastatal Bands and Widespread Corruption

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Abstract This essay traces the evolution of Organized Crime (OC) in Colombia in the post WWII period. It also highlights the country's structure: its geography, historical and institutional development that made it very vulnerable to the development of transnational OC. By today's definition, OC has always existed in Colombia but it was a local fixture. The development of the illegal drug industry in the 1970s globalized Colombian OC. It is shown that when the illegal cocaine industry started it was dominated by two large cartels (drug lords) and then in their adaptation to government actions it evolved into one controlled by warlords (guerrillas and paramilitary groups) and finally, after the government improved its capacity to fight the guerrillas and negotiated with paramilitary groups, has become fragmented and dominated by parastatal bands that control the political establishment in many areas and also have become involved in many other criminal activities. These bands have increasingly developed links with international criminal organizations. In this process, OC has penetrated the political structures of many regions and many government agencies and it diversified from illegal drugs into illegal money making activities, generating widespread corruption. The essay also schematically compares Colombia with Mexico and presents a few conclusions that are not optimistic about the possible modernization of the Colombian state in the short term.

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Introduction

Economic crime defined simply as activities that generate income and wealth breaking laws has been a constant main activity in Colombian history. Since the Spanish colony, contraband trade has been a way of life in several border areas. In the Guajira peninsula in the Caribbeans, for example, it has been a principle source of income and employment since the sixteenth century and has remained strong until the present (González-Plazas 2008).[1] During the nineteenth century after the country separated from Ecuador and Venezuela, Colombia had at least nine civil wars in which one of the main issues for the conflicting parts was the control and property of the land. In the twentieth century, as the country modernized, crime also developed: smuggling organizations flourished with the incentives provided by very high tariffs and other strong policies to protect industry; gangs engaged in illegal emerald mining and exports were quite sophisticated; car theft and home breaking and entering were common activities of small bands. The high level of violence that the country has experienced continuously in this period led to the development of a small arms black market.[2] In the 1931–1991 period Colombia maintained a foreign exchange control regime and holding foreign exchange was illegal. There was however a well-organized foreign exchange black market that was obviously illegal but tolerated. Whether the groups that participate in these economic crimes are called organized crime (OC) or common criminals depend on how these activities are defined.

For decades the country has experienced a continuous social conflict that most of the time has been violent. It expressed itself in "*LaViolencia*" of the 1940s and 1950s from which strong guerrilla organizations evolved that are still active today. During this period the liberal and conservative party contenders had strong ideological discourses but a main purpose of the confrontation in many regions was to capture land, displacing opponents (Bushnell 1993: 203–204). While the conventional wisdom presents these events as something similar to a civil war, they had strong OC characteristics according to today's criteria. Land ownership has always been a main status symbol in the country and the weak and frequently undefined and questionable rural property rights have encouraged the formation of OC like groups.

Contraband, black market foreign exchange dealing, and the use of violence, force and political power to accumulate land are just a few of a long list of illegal activities that highlight the social acceptance of law breaking behaviors within significant groups of the population. As argued extensively in other works

[1] For example, "in 1970 a group of politicians from the region sent a letter to the president of the country disapproving new measures to control contraband because 'one cannot prohibit merchandize contraband trade, the only means of subsistence of the majority of the population'" (Tirado 1978).

[2] While there is little or no research done on these types of crimes, the newspapers are full of references to them.

(Thoumi 1995, 2003, 2009a) the Colombian central state has never controlled the country's territory and it has not been capable of formulating a national project that would allow the establishment of the rule of law. In practice, there are many conflicts between the formal norms (constitution, laws, etc.) and the socially accepted behavior norms of large segments of the population. One main reason for this has been the country's geography. The country is beautiful but communications and transportation have been and still are extremely difficult: very high mountain ranges and thick unhealthy tropical forests have made integration very costly and difficult. This promoted the development of strong local identities and a very weak national identity. Indeed, it may be asserted that Colombia is a country but not a nation in the sense of having an identity that generates cohesion among its members. Colombia is a country with very low levels of trust, solidarity, reciprocity and empathy (Yunis 2003).

It is interesting that Colombians learned to live in an environment with many organizations that today would be considered criminal. In other words, these were accepted as normal and justified because of poverty, inequality, social exclusion and other reasons or accepted as part of modernization. In this environment what might be called OC has always been an important feature of Colombia. However, while many of the country's regions were very isolated, OC was very much a local problem. In the post war economic development and technological change have made the country increasingly connected with the outside world and when the country became a main actor in the cocaine industry, its OC became transnational organized crime (TOC).

The following section sketches the evolution of the illegal cocaine industry actors in Colombia. It shows that when the industry started it was dominated by two large cartels (drug lords) and then in their adaptation to government actions it evolved into one controlled by warlords (guerrillas and paramilitary groups) and finally has become fragmented dominated by parastatal bands that control the political establishment in many areas and also have become involved in many other criminal activities. Colombian trafficking organizations have also developed international links and have become globalized.

Section 3 makes a short comparison with Mexico that has been having a very high level of drug-related violence reminiscent of Colombia in the 1980s and early 1990s.

Section 4 presents some examples of other criminal organizations involving the political establishment that have controlled the agency that manages the assets seized to drug traffickers, have controlled the construction of large infrastructure projects and the numbers' game monopoly, stealing huge amounts of government funds and generating widespread corruption. Other common crime has followed suit and has increased drastically.

The essay ends with a short section on reflections and a few conclusions that are not optimistic about the possible creation of a future modern State in Colombia.

The Development of the Illegal Drug Industry: From Traditional Marijuana and Coca, to Drug Lords, to Warlords, to Parastatal Bands

Coca has grown in Colombia for centuries. It is used by Indians in rituals and for sustenance but its use has been minor compared to Bolivia and Peru as Indian communities have been only a small proportion of the country's population. After the Conquest, the mixing of the races was very fast and most Indian groups were either assimilated or wiped (Jaramillo-Uribe 1989). The ones that survived remained isolated and had weak links to the market economy. Coca use was limited to a small number of Indian groups who chewed it, used in their social rites and for medicine. Some peasants and country folk also used it this way. Ruiz-Hernández (1979: 111) traces the use of marijuana back to 1925, albeit its use was concentrated in the ports and limited to marginal members of society. Marijuana use in the Atlantic coast was widespread in the late 1930s and 1940s and by 1952 marijuana was exported in small quantities through Santa Marta (Sáenz-Rovner 2007: 210–211). By the mid-1960s marijuana was grown in large plots in the Sierra Nevada de Santa Marta on the Caribbean coast (Ruiz-Hernández 1979: 116). Partridge (1975) found a well-organized business in 1972 that produced for the domestic and export markets although the country at the time was not a significant world producer. When Mexico and Jamaica pressured by the U.S. fumigated marijuana with paraquat in 1975 fearful U.S. consumers sought other sources and farmers in that area responded to the foreign traffickers' demand for marijuana expanding cultivation and exports (Camacho-Guizado 1981). Soon after, they developed their own export trafficking networks. The marijuana boom did not last because the more potent *sin semilla* variety was developed in the United States where hydroponic plantings developed indoors, and because in 1978 the Colombian government under pressure from the U.S. implemented a strong eradication campaign (González-Plazas 2008).

The experience with marijuana showed how quick profits could be made in an illegal drug market; Colombians had well developed smuggling organizations and realized that cocaine offered much greater returns. They started purchasing and importing coca paste and cocaine base from Bolivia and Peru and processing them into cocaine to be exported. They organized distribution networks abroad and a cocaine boom materialized. The illegal industry included many independent operators although two loosely organized large syndicates developed based in Medellin and Cali. Other significant trafficking groups developed in Bogotá and the Caribbean coast. These became known as "cartels", clearly a misnomer that is today widely used. "There is no doubt that it is politically useful for many groups to call the cocaine export organizations cartels, an adjective that conjures unpleasant memories of OPEC, of raw market exploitation, and that conveys the image of a conspiracy against the consumers" (Thoumi 1995: 142). The cartels, however, have not had any monopoly power. Indeed, the retail price of cocaine in the American markets declined sharply, "by 1995, after adjusting for inflation,

they were about one-third of their 1981 levels" (MacCoun and Reuter 2001: 30). Since then they have remained relatively stable although the last World Drug Report (UNODC 2011) shows a recent increase.

The demand for coca base and cocaine paste by cocaine traffickers was a strong incentive to establish coca plantings that by the late 1970s had grown as a 'backward linkage' of cocaine manufacturing and trafficking although most coca bases used in refining cocaine continued to be imported.

The two large syndicates required armed branches to protect their leaders and their investments, to enforce deals and to intimidate the government, the press and others who opposed them. The Colombian government signed an extradition treaty with the United States in 1978 and traffickers, mainly those associated to the Medellin cartel, responded with terrorist tactics and a war against narco-terrorism ensued after the April 31, 1984 assassination of the Justice Minister. In the following years there was a very high level of drug-related violence in which many judges, policemen, politicians and journalists were killed. Simultaneously, several guerrilla groups had also become active. To solve the persistent internal conflict and the narco-violence, a Constitutional Assembly was convened and a new Constitution enacted in 1991 that eliminated extradition, a measure that had strong public support by then. President Cesar Gaviria then offered a way out to the traffickers: those who confessed one's crime could turn themselves in and serve a relatively short sentence in Colombia. Pablo Escobar, the main leader of the Medellin cartel built a prison outside that city and turned himself in. This, however, did not stop him from running his business and having control over the prison, even killing some of his comrades who visited him (Thoumi 1995: 228).

The government then tried to take over control of the prison but Escobar well-oiled network allowed him to escape. The chase was on and the government received technological support from the U.S. and intelligence support from splinter traffickers' groups who had been threatened by Escobar and by the Cali cartel (Chepesiuk 2005: Chap. 8). Escobar was killed on December 2, 1993 and by 1994, most members of the Medellin cartel were dead or in jail.

Trafficking organizations do not operate in a vacuum and need support from social groups and government officials. The Medellin cartel was formed mainly by traditional Colombians and invested its profits heavily in rural land that had to be protected against guerrilla groups. To do so, it developed links with the military and organized its own armed branch, which became one of the roots of the paramilitary movement. This group attacked the national police which fought the cartel. The Cali trafficking organization had a more modern outlook and invested mainly in urban areas. It developed strong networks within the city and links with its police force (Chepesiuk 2005). Both groups also developed support networks with politicians and local economic elites.

After the 1994 election of President Ernesto Samper evidence was uncovered that showed that his campaign had been funded by the Cali cartel. This scandal forced the government to go after the Cali cartel and by 1995 most of its leaders were either captured or killed.

The disruption of the cartels led to a restructuring of the illegal industry. Some of the cartel members continued to traffic from jail but their control of the industry weakened, and a large number of small '*cartelitos*' and a few mid-sized ones emerged. Their number was never established but DEA documents suggest that by 1995 there were 200–300 smaller trafficking groups (Zabludoff 1996).

Small trafficking organizations have strong incentives to purchase, coca paste, cocaine base and cocaine locally and heroin trafficking could be more attractive to them because of its higher price per unit of weight and volume. These changes promoted the expansion of coca and the development of poppy plantings and heroin trafficking. The organizations cannot have large armed groups. They started hiring guerrillas and paramilitary groups for protection. These groups soon realized that having the weapons allowed then to control important parts of the illegal industry and became increasingly involved in it. Guerrillas and paramilitary groups gained control over coca and poppy planting regions. They also became involved in the refining process. Guerrillas controlled most illegal plantings areas while paramilitary groups were predominant in the manufacturing and trafficking stages.

Poppy cultivation was first detected in Colombia in 1986. Colombian and American fixation with cocaine allowed poppy, opium and heroin production to grow unnoticed until the early 1990s (Thoumi 2003: 91). Around 1993, however, Colombia became a main heroin supplier to the United States. The spread of poppy in the early 1990s involved several Indian communities. Vargas and Barragán (1995) found that violence had increased in most poppy growing locations and that traditional Indian communities were being disrupted and their ancestral authority structures challenged. This was a main reason for Indian community associations to negotiate with the government programs to eliminate poppy. However, no negotiations took place with non-Indian poppy growing peasants.

From 1995, the data shows a sharp decline in poppy plantings that continued into the 2000s to less than 400 ha in 2009. It is not clear why heroin did not take off as cocaine did and why poppy cultivation fell so sharply. Newspaper reports suggest that small trafficking groups continue to export small amounts of heroin. In January 2009 it was reported that a "Queen of heroin" had been captured with a stash of 10 kilos (El Espectador 2010). The last World Drug Report 2011 of UNODC estimates that Colombia may produce about 1 ton of heroin a year.

In the 1990s coca plantings exploded in Colombia. This was the result of changes in the structure of the trafficking organizations and other factors. The FARC guerrillas had strong links to and received funding from the Soviet Union and the ELN from Cuba. After the collapse of the USSR both lost the funding provided by those patrons. Then "taxes" on coca and poppy plantings and drug trafficking became an attractive substitute and important income source. The paramilitary movement that developed in response to the guerrillas threat to landlords and by the traffickers' response to the government's anti-drug policies also required funding and illegal crops and cocaine and heroin processing and trafficking provided a good share of it. Both armed organizations promoted the expansion in coca and the start of opium poppy plantings. In 1990 Colombia opened its economy which increased competition in agricultural product markets.

The economic reforms in Vietnam in 1986 allowed the expansion of coffee production and the breaking down of the International Coffee Agreement in 1989 that established export quotas and supported coffee prices allowed Vietnam to compete successfully in the international markets. These changes led to a rural crisis in parts of the Colombia, spanning rural–rural migrations to coca growing regions where immigrants became *cocaleros*.[3]

The 1991 Constitution 'guaranteed' important economic rights to education, health and housing and strengthened systems to transfer funds from the central to local governments.[4] This meant that, for the first time, poor municipalities in isolated regions had significant revenues. Many of these did not have administrative capabilities or accountability systems. Guerrilla and paramilitary groups realized that they could profit from controlling coca- and poppy growing areas and municipalities. Territorial control allowed them to induce voters to elect the candidates they supported and then to obtain revenues from municipal investment projects and employees including those in education and in the health sector. They profited from illicit drugs, extortion ("protection" services) and ransoms from kidnapings. They also invested in licit businesses to complement their income and launder some of their illicit profits. These vary depending on the location and cover a wide range of activities including, ranching, agricultural business, transportation (trucking and busses), casinos, urban real estate, etc. (Garzón 2008). In summary parastatal bands "own" the areas under their control.

The illegal industry's fragmentation, the agricultural crisis of the 1990s and the armed groups' territorial control led to the boom in illegal coca plantings that turned Colombia from a marginal coca producer in 1975 to the third largest world producer in the 1980s. By the turn of the century, Colombia had become, and has remained, the largest coca grower in the world.

The need of the illegal industry to have strong social support to protect their profits and their underground activities-induced traffickers to develop links with the political establishment. These started in the early 1970s. By April 1978 president Turbay was accused of having links to the illegal industry (Craig 1981: 252; Tokatlian 1990: 294). This led him to sign an extradition treaty with the United States in 1978. Traffickers responded building strong links with the political establishment. Pablo Escobar built a support base in Antioquia to be elected to Congress and Carlos Lehder founded a nationalistic political movement with some Nazi overtones (Thoumi 1995: 141). Most other traffickers including the Cali cartel did it indirectly. They were confident that "buying" politicians was a more

[3] Other version for the increase in coca cultivation in Colombia argues that this was just a "balloon effect" of the decline in Peru that resulted from the successful "air bridge denial" policy implemented by the Fujimori administration with US support. This version is however inconsistent with data on coca prices in Peru's coca growing areas and on neutralized airplanes and with the involvement of Vladimiro Montesinos, Fujimori's right hand, in the drug business (Thoumi 2009b).

[4] I use 'guaranteed' in inverted commas, because the Constitution did not establish a credible funding mechanism to pay for the rights it granted the citizenry.

effective way to protect their assets and networks than being active in politics (Chepesiuk 2005). The links between the drug industry and the political establishment became clear when the financing by the Cali cartel of President's Samper campaign in 1994 was uncovered (Lee and Thoumi 1999; Dugas 2001; Chepesiuk 2005: Chap. 12). His administration had to devote almost all its energy to deal with these accusations while guerrillas and paramilitaries gained power and control over large areas of the country.

The social support networks of the drug industry were based on the historically weak central state's control of the territory. As noted above, illegal economic activities were common and accepted. Drug trafficking was just another one and the "illegal drugs problem" was defined as one of the United States and Western Europe, the main consumers. It only became a Colombian issue when drug related violence spiked in response to the extradition treaty.

The next president, Andrés Pastrana (1998–2002) was elected on a peace platform and he proceeded to grant a 42,000 km^2 safe haven to FARC where peace discussions could take place. This included large coca growing areas, it was out of bounds to the Colombian police and armed forces and allowed to control that region and impose its own laws and a primitive justice system. FARC used this area to deepen its participation in the illegal drug industry controlling coca and cocaine production and building landing strips from where the illegal trade could be conducted.

FARC's main presence is in the south and the paramilitary groups gained control mainly in the Atlantic coastal departments in the North. The paramilitary began in part as a movement by landlords who were victims of guerrilla extortions and kidnapings those who wanted to protect their investments. In the past, they have fought guerrillas for control of coca-producing areas and trafficking corridors but in some regions, guerrilla and paramilitary fronts colluded to profit from the illegal drugs industry dividing coca and poppy growing areas, manufacturing cocaine and heroin and selling them to the same trafficking networks. In other locations, FARC oversaw coca production and sold it to the paramilitary, which refined and sold the cocaine to traffickers or exported it itself. Ironically, cocaine strengthened the warring power of guerrillas and paramilitary groups but weakened the ideological and political zeal and frequently have partnered in the illegal business (Garzón 2008: 69). They gained military power but lost public support as they became increasingly akin to OC.

President Pastrana realized that it was imperative for the State to have a strong military force, to establish its presence in and control, the country's territory. From the Colombian government perspective the main goal was to deal with the guerrilla threat. In late 1998, with the collaboration of the U.S. the government formulated "Plan Colombia" with substantial U.S. financial and military support. The US goal was the elimination of the illegal drug industry and earmarked its assistant to that purpose. After September 11, 2001, FARC and paramilitary groups were declared terrorists by the U.S. and freed Plan Colombia funds to go after those groups. Plan Colombia has been instrumental in expanding government control over parts of the national territory formerly controlled by guerrillas. It has achieved better results weakening FARC than eliminating the illegal drugs industry.

The "Peace Process" with FARC floundered. FARC figured that it could gain military strength while confronting a weak State and sought to delay negotiations indefinitely or at least until it had a stronger bargaining position. After more than three frustrating years, Pastrana canceled the safe haven zone in early 2002. This failure disillusioned many Colombians and facilitated the election of Álvaro Uribe in 2002 on a platform of heavy-handedness against FARC. Uribe's agenda emphasized state control over the territory and the establishment of "democratic security", in practice this meant the ability of citizens to reclaim their rights to move freely around the country without fear of loss of life, kidnaping or extortion. Uribe's hard hand forced FARC into a more passive position. It was also been applied to drug traffickers. Indeed Uribe extradited more than 1,200 traffickers, about four times the number extradited between 1984 and 2002.[5] Extraditions have continued in the Santos government (2010–2016).

In 2004 Uribe started negotiations with paramilitary groups and introduced a bill in Congress to enact a law on "Peace, Justice and Reparation". He agreed to give a safe haven to paramilitary leaders in Ralito, a small town in the north coast region where negotiations took place. These resulted in a massive demobilization of approximately 37,000 paramilitary fighters—a far greater number than the 14,000 that had been expected.[6] The negotiations, however, resulted in a law of "Peace and Justice" with no reparation, in which paramilitary personnel who accepted the terms of the law received significant concessions including short sentences for ranking paramilitary and membership in a social reinsertion program for low ranking ones that included education programs and financial support from the government. To participate in the negotiations and obtain benefits paramilitary membership was required. Some traffickers without links to the paramilitary "purchased" paramilitary fronts to appear as paramilitary leaders and participate in the demobilization offered by the Uribe administration (Garzón 2008: 54).

Drug traffickers have accumulated very large amounts of land. Some of it was purchased from owners of large plots but a significant proportion was obtained by threatening peasants who owned small plots. Worse yet, in many cases paramilitary and guerrilla groups have accused peasants of supporting their opponents forcing them to flee their lands. Colombia is today the country with the second largest number of displaced citizens in the world after Sudan.[7] This has resulted in a dramatic increase in land tenancy concentration (Reyes 2009).

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[5] It is remarkable that while in the late 1970s and through the 1980s extradition was the main issue behind narco-terrorism, today even massive extraditions barely make the evening news.

[6] According to the government, the large figure is the result of non-combat personnel turning themselves in. This might be true for many but it is also true that many others have taken the opportunity to qualify for the benefits granted by the government.

[7] The Internal Displacement Monitoring Centre estimates the number of displaced Colombians as of June 2010 at 3.3–4.9 million out of a population of 45.7 million. See http://www.internal-displacement.org/8025708F004CE90B/(httpCountries)/F3D3CAA7CBEBE276802570A7004B87E4?opendocument&count=10000.

The elimination of the large cartels led to smaller trafficking organizations. Among them, the North Valle was the only one that became large enough to try to replicate the old ones. The new structure was very fluid and alliances shifted continuously making it impossible for an outside researcher to paint an accurate picture. It, however, was more prone to intra industry violence. The old cartels leaders avoided conflict among the structure's parts and solved conflicts when they arose. The new small trafficking groups had to protect their turf and required armed protection from their competitors and law enforcement agencies. Attempts of some North Valle cartel members to negotiate their surrender to the U.S. led to an internal war that killed several cartel leaders and broke down the illegal industry further (Garzón 2008: 51–53; López-López 2008).

The new groups' need for armed protection led to the establishment of "collection offices". These started as groups of paid assassins used when drug deals went wrong, but they soon discovered that their skills could be profitable in other criminal activities: selling "protection" to many business (extortion), assaults, kidnapings, prostitution, gambling, retail drug sales in local markets, etc. The "offices" also hire freelance criminals for specific criminal tasks which provide cover from prosecution as the individual that commits the crime has contact only with one person linked to the "office" that remains unidentified (Duncan 2006). They have increasingly involved underage kids to commit crimes including killings because by law they are subject to lenient sentences.

The above-mentioned paramilitary demobilization left thousands of warriors and supporters that provided logistic support unemployed. The government made a strong effort to reincorporate them into civil life and the legal economy. Medellin, for example, developed a complex reinsertion program. This effort did not prevent a number of demobilized to form new "emerging bands". These also include paramilitary members that did not demobilize, former guerrillas and new criminals. Most of them are active in coca growing regions and engage in cocaine refining and trafficking and also participate in other illegal activities. In urban areas they control low income neighborhoods with a tradition of conflict and violence. The line separating paramilitary groups and OC was always a blurred one and today the two have become deeply intertwined (Garzón 2008: 68).

There are other criminal groups that specialize in the drug export business. There is little information about them but high ranking police reports suggest that there are an increasing number of small groups (baby cartels) of low profile, educated individuals, with good international connections who have developed drug trafficking networks. These groups have sought markets outside the United States. The growing relevance of the Mexican traffickers in the American cocaine markets supports this assertion.

Presently there is no clear picture of the current structure of the illegal drug industry in Colombia. There are signs, however, that it is rapidly changing and that new actors are appearing. Colombians lost market share in the U.S. to the Mexican groups but they have sought other markets in Europe and South America. Their presence has been documented in East Africa and other countries although they do not control the most distribution networks in them.

Today's drug groups include groups that are involved in diverse criminal activities. What is more worrisome, the lines separating paramilitary activities, is that drug trafficking, gambling agencies (similar to the numbers game in the U.S.) and local politics in a significant number of regions are becoming increasingly harder to identify.

The links between paramilitary and politicians have become clearer and the evidence of their strength is overwhelming: about 90 congressmen and women have been indicted with various charges of participating in paramilitary activities, receiving funding or working with those groups. Similar links between the armed forces and the paramilitary are also evident (Rangel 2005; Duncan 2006; Corporación Arco Iris 2007; Garzón 2008; López 2010). In rural areas the links are stronger; "the essential characteristic of the Llanos (Eastern Prairies) is not that a large part of its political and economic class was transformed by illegal organizations but rather that it surged from them" (Ávila-Martínez 2010: 103).

A combination of factors allowed these developments. Colombia has experienced high levels of violence for at least three generations and has a very large number of displaced people. These had no roots in the places they reside and most have experienced violence. They do not consider themselves part of the State and they distrust the central government. While most of these Colombians are not criminal, these factors make them vulnerable and increase the risk of their involvement in OC.

The government calls the new armed bands "bacrims" for "criminal bands". This name however, implies that they are simple criminal but the territorial control that they have achieved allows them to capture the budget of many municipalities and to supplant the government. This is why the name "parastatal bands" is more appropriate. Ironically, since a main source of local government funds are transfers from the central government, taxpayers have been funding these parastatal organizations!

Summarizing, the evolution of the illegal drug industry in Colombia has been dramatic. It started with the development of marihuana plantings with much of the product exported. It evolved into a large cocaine refining and trafficking industry. It diversified products and the heroin branch was also developed although this has not been a large industry branch. The pioneer trafficker organizations were small but as cocaine grew two large cartels concentrated the industry. When the government managed to break down the cartels but the industry became fragment and many "cartelitos" appeared. These needed protection and hired armed groups for that purpose. Having the monopoly of violence allowed the armed groups to control significant parts of the industry and warlords became main industry actors. The government's fight against guerrillas and the negotiation with paramilitary groups weakened those groups and the industry evolved into one that includes a variety of organizations: the parastatal bands that control the illicit crop, refining and exporting activities and a number of local governments and budgets, and a large but unknown number of small trafficking groups that specialize in the export side of the business. Since criminal organizations cannot act in a vacuum, they need social support groups and have deeply penetrated government agencies, the political establishment and local business elite.

A Short Colombia-Mexico Comparison[8]

The recent sharp increase in drug-related violence in Mexico has led to frequent journalist references about the "colombianization" of Mexico. Indeed, there are strong similarities between the illegal drug industries in Mexico and Colombia and their social consequences, but there are also many strong differences that call for different policy treatment.

To start, there is no correlation between illegal drugs and violence in the world: "Even without the protection of the state and courts, illegal drug markets are generally peaceable. However occasionally specific markets exhibit high levels of violence" (Reuter 2009: 275). Mexico, for example, has had drug trafficking for over a century as a producer and supplier of marijuana and heroin for the U.S. market (Astorga 2003). Until the late 1990s there were individual cases of murder associated to drugs but the illegal drug industry was relatively peaceful. Indeed, the high level of illegal drug and OC associated violence in Colombia and the current one in Mexico are anomalies which cannot be considered "natural" or intrinsic to those activities.

Since the beginning, drug leaders have been tied to power structures.[9] Some started their illicit careers with the experience they gathered as former police officers, like the pioneer Arturo Vaca (Astorga 2005) in the 1930s, and more recently, Miguel Angel Felix-Gallardo, the kingpin of Mexico's top smuggling syndicate in the 1980s (Lupsha 1992; Astorga 2005). Other complex drug organizations emerged from the ranks of deserters from the Mexican Army Special forces, like the Zetas, a gang which split from the Gulf Cartel. But many others have conformed to the control pattern established by the Institutional Revolutionary Party (PRI), which "regulated" the drug smuggling industry while in power from 1929 to 2000. "Dating back at least as far as 1960s, according to most sources, drug producers and traffickers have been the most rewarding, if not the primary, targets of police and politician's extortions" (Paoli et al. 2009: 291). For decades during PRI rule, governors, senators and other high authorities maintained close ties to drug groups often ensuring authorities targeted rivals. The well-oiled machinery built by the PRI began to crack in the late 1980s, when the party lost governor's races in some northern states. A lack of institutional PRI control created fierce territorial rivalries that fueled drug violence that increased when U.S. anti-narcotics efforts focused its actions on Mexico.

Mexico's proximity to the United States contributes to the country's involvement in illegal drugs but it does not explain its evolution. PRI developed a strong bureaucracy and the proliferation of local and state police forces with overlapping functions weakened law enforcement accountability. Under the PRI, there have even been reports of police commanders who allegedly paid government officials

[8] This section was inserted at the suggestion of Professors Siegel and Van de Bunt.

[9] The first documented case of this close relationship between the power structures and drug organizations is Cornel Esteban Cantu, Governor of Baja California controlled the drug trade in the region according to U.S. officials, (Astorga 2003: Chap. 1).

to be assigned to profitable posts along the border and other strategic drug regions (Andreas 1998: 163).

A weak central state, coupled with powerful local caudillos including state governors, used corruption as an instrument to exert control over the country's territory. Civil society was also very weak and anomy was common among the population. PRI exerted such tight control over civic organizations that the few that were allowed to exist were co-opted by party machinery.

This combination of factors remained strong until the mid-1980s. The Colombian success against the large Medellin and Cali cartels opened opportunities for Mexican organizations and the beginning of the PRI's loss of political power in the 1980s culminated with Mexico's passage from a single-party political regime to a multi-party system in 2000. The Mexican trafficking organizations reacted to these changes, introduced new trafficking technologies and displaced the Colombian organizations in many American markets.

The similarities of Mexico with Colombia are clear: a central state that cannot control large areas of the country and local political establishments intertwined with OC. The differences are also clear: Mexican geography offers much greater possibilities for central government control: there are no deep tropical jungles and high mountain ranges comparable to Colombia's and the transportation and communication infrastructures are much better than in Colombia. Besides, the modern economy and the country's links with the United States are much greater with means that within society there is a stronger anti-drug constituency. Not surprisingly, despite the high current level of violence in Mexico, it is much lower than in Colombia, where people are enjoying a relatively low homicide rate compared to those of the past. However, it is twice that of Mexico.[10]

The "Colombianization" of Mexico is simply an attempt to do a short cut to the study of each society and its vulnerabilities in a modernizing world. The only way social problems and conflicts are solved is to their in depth study. Violence and drugs are the result of a complex set of forces including economic ones but also each country's productive structure, culture and institutions. Because of this, transferring social policy recipes from one country to another is always dangerous.

The Generalization of Criminal Activities and Corruption in Colombia

The reasons why Colombia concentrated on the illegal drug industry are a subject of academic debate. For a long time I have argued that the concentration of the illegal cocaine industry in Colombia cannot be explained without a social structure

[10] The 2009 homicide rate in Mexico was 17 per 100,000 people (http://www.mexicomaxico.org/Voto/Homicidios100M.htm) compared to 35.2 and 34 in 2009 and 2010 in Colombia (http://www.opeal.net/en/item/5107-reduccion-tasa-de-homicidios-en-colombia.html).

and culture that made the country very vulnerable (Thoumi 1995, 2009a). Gaviria (2008: 95) has argued that mi position based in "a sociological determinism and our permanent deep-rooted scorn for the law and rules of social coexistence" is not valid. He argues that the development of the illegal drug industry in Colombia is "a product of history, of a set of fortuitous and irreproducible events" (Gaviria 2008: Chap. 4). Gaviria's position attributes the development of the illegal drug industry to bad luck but it implicitly argues that the inability of the Colombian state to impose the rule of law, the constant regional challenges it has experienced and the persistent social violence are neutral factors. In other words, culture (attitudes, values and beliefs) is irrelevant. Besides, he cannot answer a simple question: why Colombia has much greater competition in the international coffee, bananas and flower markets than in cocaine? I agree with Gaviria in one important point: the illegal drug industry has been a catalyst that has encouraged the development of other criminal activities and today criminal behavior is widespread and considered by many as a normal way to achieve material goals. The following recent cases illustrate the situation.

In 2008 the "false positives" scandal was uncovered: young men were either been kidnaped or enticed with offers of jobs away from their residing regions. They were then killed and passed off by the armed forces as guerrillas killed in battle. As of January 2009 American Ambassador William Brownfield reported that there were 1,099 possible such cases (SEMANA 2010).

The National Drug Directorate (DNE) is in charge of managing drug traffickers seized properties. Management has been very weak and highly questionable. In 2007, its Director Mr. Vives-Menotti was investigated in Panama for possible money laundering in a case related to his brother Patricio convicted on drug trafficking charges in the U.S.A. in 2001. In December 2010 the office of the National Attorney General (*Procuraduría*) indicted him along with two former Secretary Generals of DNE accused of having proceeded in a questionable manner regarding a contract to establish the registry of all assets managed by DNE. In November 2010 the *Procuraduría* opened disciplinary investigations on Carlos Albornoz, Mr. Vives-Menotti's successor, for presumed irregularities in the contract to manage a Hotel under DNE guardianship. The *Procuraduría* also opened an investigation of Mr. Albornoz's successor who had faced other scandals when it was revealed that his father was negotiating contracts on the DNE managed assets.

The new Santos administration (2010–2014) appointed a new Director, Juan Carlos Restrepo-Piedrahita who has started a campaign to clean up DNE's operations. The new Director, appalled by what he found, referred to DNE as "the amusement park for the mafia and corruption".[11] On November 2, 2010 the Procuraduría opened a preliminary investigation against DNE aiming to identify the administrative irregularities, asset mismanagment and internal corruption. This took place after the press reported the presumed existence of three criminal

[11] SEMANA, November 6, 2010.

organizations that bribed DNE staff to grant the management of seized assets to members of the drug trafficking organizations and their front men.

Colombian transportation infrastructure is among the worst in Latin America and a main bottleneck to development. The Uribe government devoted a large amount of resources to develop highways to integrate the country and to link the inland cities to the ports. Bogotá also faces a mobility crisis and funded a large program to improve its street, build a new airport and expand its successful "Transmilenio" articulated bus system. These programs were captured by the "merry-go-round" of the highway and cityworks construction that has been in all media in the last few months. Builders without financial backing have received huge contracts with very large cash advances that they confess were used to pay "commissions" and personal expenses. Meanwhile the projects are started, advance at a very low pace and are not finished. The "merry-go-round" of infrastructure construction dominated by the Nule group took a huge but undetermined amount of money from the government. It is likely to have been in the high hundreds of USD millions. They moved to Miami and argued that they were bankrupt victims of corrupt officials and are willing to return to Colombia appealing to "the principle of opportunity", that is, expecting to be set free if they testified against corrupt officials.[12] This could be the largest illegal capital outflow case from Colombia on record.

Similar "merry-go-round" systems are controlled by criminal organizations that dominate other activities like the numbers' game mentioned above, controlled by Enilse López "La Gata" who has dominated politics in a substantial part of the Caribbean Coast of the country and whose son is now in congress. Ms. López was indicted on paramilitary charges and sentenced to nine years in jail but medical certificates allowed her to have home detention from where she runs her empire.

These are just a few examples of current criminal behaviors in Colombia. The problem is that among broad parts of the population many illegal activities are legitimate, in other words, they are socially acceptable and frequently encouraged. This has allowed the flourishing of practices like "express kidnaping": people are assaulted and forced to withdraw large amounts of cash from ATM machines; identity theft rings that steal real property: false identities are used to transfer properties and obtain deeds. Several transactions are then made before the property is sold to an unsuspected buyer that then has to confront the original owner.

Not surprisingly, despite official data declines in the homicide rate, common crime in various forms, old and new, has increased substantially in the country and coexistence has become increasingly difficult. Personal security is an important issue and private security firms have boomed. In Colombia, the best a wealthy person can achieve is to live within a golden cage.

[12] The interested reader is referred to the web page of SEMANA (http://www.semana.com/Home.aspx) where evidence about this case is continuously appearing. As of March 29, 2011 there were 268 references to "Nule".

A Few Reflections and Conclusions

Ever since its independence from Spain the Colombian state has waged a losing war trying to establish the rule of law. Today criminal organizations have supplanted the state in significant parts of the country, including some poor urban neighborhoods of large cities. These parastatal groups have penetrated the local governments' administrations and politics.

Parastatal bands seek profits but more important, they also seek power and de-facto, fill a power vacuum left by the central government's inability to impose the rule of law. The central government is not passive and attempts to challenge their hold, but the parastatal bands are flexible and they can use their own resources effectively to prevent the state's actions. At the same time, the plurality of parastatal bands tends to increase the possibility of conflicts among them.

The current situation raises big questions. First, whether the government should negotiate with those bands and if so, what to negotiate and how to make sure that the terms of the negotiation are implemented and respected. The history of failed negotiations with FARC and with the paramilitary groups suggests that the possibility of success in negotiations with parastatal bands is quite low.

Second, can the parastatal bands that control and/or have strong influence in many places be used to start building a modern state? These bands' values, attitudes and beliefs are premodern and their behavior indicates that their concept of power conflicts with that of a modern democracy. Their incorporation and assimilation into any modern state is very unlikely.

Colombia is a fragmented society in which one may live in the first world or in a pre-modern society. The modern society is sophisticated and globalized but most of the rest is not. This pre-modern society is not unified either as regional isolation for several centuries led to cultural diversity (Yunis 2003). In order to build a modern state it would be necessary to incorporate these people into it. Parastatal bands present a big obstacle and a challenge to be overcome in order to do so. This is why the future does not look optimistic.

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