

## **The Illegal Narcotics Trade in Colombia: Power Contender to the State and National Security?**

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### **INTRODUCTION**

In the 1980s, the illegal narcotics trade (INT) was transformed from an essentially regional phenomenon in Latin America to a transnational phenomenon. As such it became a significant actor in international relations and began to generate national security concerns for consumer nations like the United States and producer nations like Colombia.<sup>1</sup> Literature on the INT has primarily focused on macro approaches to understanding it. Thus, it is only within the past few years that scholars have begun to understand, according to Samuel I. Del Villar, that there is no single illicit drug market.<sup>2</sup> The INT breaks down not only according to product differentiation, but also along the roles different countries play in the structure of the INT.

Colombia, as a major center for the processing and transshipment of the criminal cocaine trade, represents a key link in the illegal drug production chain. The several coalitions of crime “families,” such as the Medellín and Cali cartels, have become significant power contenders within the Colombian state. As such, the rise of these crime families and the growth of the INT has serious implications for Colombia’s national security. How the INT evolved into such a power and its consequences for Colombia’s national security is the focus of this article.

Theorizing about the INT is only in its most embryonic stages. Literature over the past decade has focused on accumulating facts and analyzing specific policies. Among the few scholars engaged in the theorizing enterprise are Colombian political scientists, Francisco Leal Buitrago and Francisco Thoumi. Leal Buitrago describes the Colombian state as a quasi-state, which had fallen before the avalanche of social demands in the modernization process. The state regrouped under the National Front from 1958 to 1974 and has attempted to fulfil a dangerously ambivalent role: stabilization of the dominant social and economic forces which survived the National Front, and to put a brake on the demands of a plurality of social forces.<sup>3</sup> This role of the state, Leal Buitrago refers to as the “political” avenue of capitalism in Colombia.

Francisco Thoumi expands the theorizing of Colombian institutions by noting that many retain “precapitalistic characteristics that are at the root of many of the country’s social problems.”<sup>4</sup> These characteristics include an authoritarianism and paternalism that has produced an “ethics of inequality,” which has shaped the institutions and values of the society.<sup>5</sup>

This article draws not only on the work of these two Colombian social scientists, but also upon the work of Antonio Gramsci. Gramsci sought to correct

what critics had alleged was a critical weakness in marxist theory: the problem of consent. Coercion is a common thread running through various versions of classical marxist theory, reductive marxism, and catastrophic marxism. These forms of marxism, according to marxist scholar Ray Miliband, imply coercion and repression which themselves cannot explain why many capitalist regimes have persisted.<sup>6</sup> Nor is it a satisfactory explanation for the development of the INT, which at its core is a capitalist enterprise.

Gramsci attempts to explain the persistence of capitalist regimes around two central aspects: the institutional and the ideological aspects of power.<sup>7</sup> The institutional state plays an educative role providing for the development of each individual's potential. Capture of state power, directly or indirectly in the case of an oligarchic leadership, provides the dominant class with hegemonic power. It is through the concept of hegemony and the power it possesses that Gramsci poses the question of consent.

Gramsci recognized that hegemonic rule in most industrial societies constituted the normal rule of government and, as such, was infinite in its variety. Gramsci's hegemony is not a static, but a dynamic process of continuous creation which will be uneven in the degree of legitimacy it commands. This uneven development of legitimacy leaves room for the development of antagonistic cultural forces.<sup>8</sup> It is the means employed by the Colombian state to deal with such forces that will help explain the ways in which the INT threatens Colombia's national security.

The development of an alternative conception of society, or counter-hegemony, suggests a change in the way the masses conceive of the limits of the possible in their lives.<sup>9</sup> As such a counter-hegemony implies alliances with other progressive factors that have the capacity to come together, suggesting a congruence between prevailing ideas and conceptions of society.

Broadening the concept of hegemony to include one class or class factions relative to another, allows the incorporation of the INT as a class faction. For the purposes of this essay the work of these three theorists permits the integration of a structural and cultural framework through the examination of the relationship between the Colombian state and the INT during the years of the National Front, and the post-Front period.

## **THE CONCEPT OF NATIONAL SECURITY**

Cole Blasier notes that Latin American countries have been principally concerned with "internal" security as part of their national security policies.<sup>10</sup> Sergio Bitar recognizes that while there is a concern with extracontinental security, economic factors have increasingly become important for regional security in Latin America. Moreover, Bitar argues there are two significant differences in the ways Latin American countries have structured the relationship between economics and security. The first is the relative priority granted economic issues versus maintaining internal stability. The second concerns which economic models are the models

of choice for achieving the particular country's national security goals of development and autonomy.<sup>11</sup>

Donald J. Mabry and Raphael Perl note that the concept of national security encompasses more than the military and armaments, "...it also includes the political, social and economic health of a society."<sup>12</sup> They go on to note that respect for the rule of law is the hallmark of civil society and that corrupt polities are insecure polities. Widespread disregard for the law means that those disobeying the law are "assuming some of the powers reserved for the state."<sup>13</sup> Colombian political scientist, Juan Gabriel Tokatlián states that Colombia recognizes that the INT has jeopardized certain of its fundamental security interests but that the "issues of national and international security cannot be defined and visualized in the same terms as the United States."<sup>14</sup> The following section examines the period of the National Front, which served as a political mechanism that allowed the Colombian state to stabilize, and its relationship to the evolution of the INT.

### THE NATIONAL FRONT YEARS

In 1958, in the midst of the period of *la violencia* in Colombia (1947-1965), during which an estimated 200,000 people were killed, a coalition government — the National Front (*Frente Nacional*) — was formed between the traditional Liberal and Conservative parties. An understanding of *la violencia* and its cultural impact upon the formation of the National Front is essential to any analysis of the Colombian state. Prior to *la violencia*, the elite-dominated democracy of Colombia engaged in episodic and cyclical civil wars rather than the reform of political institutions to further its aims. Efforts to end extensive violence consisted of bipartisan consensus and political demobilization. Historically, as a means to channel violence and allocate resources, the political parties became more what Colombian scholar Gonzalo G. Sánchez refers to as "deeply rooted subcultures than as distinct programs for the conduct of the state or of economic development."<sup>15</sup>

The period of *la violencia* was an exacerbation of elite rule grounded in the ascriptive and virulent nature of partisan politics. Rooted in *caudillismo*<sup>16</sup> and strong regionalism, party identification became an ascriptive trait, multi-class and heterogenous in nature and focused on the rule of the *patrón* as the source of all benefices.<sup>17</sup> Ideological development during this period consisted of a rural protest ideology around the issue of public lands, out of which the first peasant leagues were formed. The substance of this ideology revolved around realistic expectations of what could and could not be realized through institutional channels of political participation. This would have profound effects upon Colombian society's perception of the state and emergence of the *narcotraficante*. Thus, the National Front was created within a society where violence had become institutionalized as a means to resolve conflict, elite consensus prevailed about political demobilization, and there existed a vacuum through which, according to Colombian sociologist Orlando Fals Borda, "groups affected by the violence are producing and conforming to a new scale of social values to replace the ones destroyed."<sup>18</sup>

The Pact of Sitges, ratified as constitutional amendments by the Colombian people in 1957, provided for the alternation of the presidency between the Liberal and Conservative parties, the application of party parity to the legislative body, as well as high administrative appointments in the president's and governor's cabinets, governors and mayors. No new political parties were permitted for the sixteen year duration of the National Front. The general purposes of the National front were to

- 1) pacify the country; 2) restore the economy; 3) implement serious development plans for the future of the country; 4) restore external credit and use wasted human resources; 5) give all Colombians basic human rights, such as education, property, and personal material and spiritual development.<sup>19</sup>

The INT during this period was but one aspect of an already well-established underground economy that turned on smuggling enterprises and the under/over-invoicing of exports and imports. A confluence of events, including increased consumer demand in the United States, the availability of advanced transportation methods achieved through the linkages of old *Caribe Antioqueños* with the United Fruit Company, and the suitability of land in the Atlantic Coast and Amazonia regions for marijuana cultivation, coincided with the "moderate" reform agenda of the National Front.<sup>20</sup>

Relatively speaking, the National Front was successful in meeting its goals and objectives. The incidence and scope of partisan violence diminished. Homicide rates, which had peaked at 51.5 per 100,000 in 1958, fell to a low of 16.8 in 1973 and 1975.<sup>21</sup> While not retaining a monopoly on the apparatus of violence, much of it remained in the hands of the national government and large landowners, who frequently acted in concert to suppress dissent. Many of the large landowners during this period were located in the marijuana growing regions and retained a large amount of autonomy through the clientelist and brokerage politics encouraged by the structure of the National Front.

The formal economy grew at a respectable rate. This fact, however, obscures the international support given the National Front when periodic "economic crises" arose during the first half of its rule. Aid from international lending agencies increased from \$18.9 million in 1959 to \$128.5 million in 1974.<sup>22</sup> This "formal fact" also obscures the reality that the National Front made use of the economic bonanza fuelled by the INT. The opening of the "side window" at the Central Bank was a tacit admission that these activities could serve the economic goals of the National Front. According to Roberto Junguito and Carlos Caballero, the volume and value of the illegal exports increased from US\$42.5 million in 1966 to US\$90.1 million in 1973. By 1977, the total volume and value reached US\$254 million.<sup>23</sup> Junguito and Caballero claim that domestic financial reserves generated in the underground economy through illegal traditional exports, including marijuana and cocaine exports, grew from US\$1.8 million in 1970 to US\$119 million in 1973 to US\$674.2 million in 1974.<sup>24</sup> Colombia's international reserves increased from a low of US\$35

million in 1968 to US\$5,630 billion in 1981.<sup>25</sup> The combination of these factors resulted in an economic boom over which the government had little control.

Governmental efforts to gain control over these events and the international economic crisis of the early seventies resulted in increased taxes on exports and higher interest rates. Particularly affected were the emerging manufacturing and industrial sectors which provided a large portion of the "minor traditional" exports. It is significant that the bulk of these sectors were located in the department of Antioquía and its capital seat, Medellín, an area that was home to soon-to-be drug lords, Pablo Escobar and Jorge Luis Ochoa. Manufacturing and industrial exports in Antioquía represented 40 and 90 percent, respectively, of all manufacturing and industrial exports nationally. As governmental restrictions tightened available capital through increased interest rates and as world prices declined, industrial and manufacturing leadership turned to non-official sources for credit and capital. Although the existence of a parallel capital market of sufficient force to affect a national economy has been questioned, Junguito and Caballero claim that it is possible to determine the existence and strength of a parallel or black market capital market. In their study of the underground economy in Colombia, the authors reveal that the amount of non-banking credit use tripled from \$8,768,900 in 1971 to \$30,894,700 in 1976.<sup>26</sup> Pressured by the growing abundance of foreign exchange, the government became involved in the laundering of illegal income when it approved the opening of the "side window" at the Central Bank.

Moreover, these forms of "economic rescue," international aid and profits from the INT, allowed the National Front to downplay increasing distributional inequities among the populace, avoiding the need for a more radical restructuring of the economy and justifying increased measures to suppress dissent. Efforts by the National Front to forge new links between the elites and the masses through government-sponsored popular organizations often resulted in a radicalization of the membership of these organizations. As a result, the National Front pursued two courses through which they attempted to maintain control over popular participation: first, cooptation through bureaucratization, reinforcing in another direction the clientelist and brokerage politics characteristic of traditional partisanship; and second, increased use of the military to suppress dissent through strikes.

The National Front represented a consensual agreement between elites of the traditional political parties, thus fulfilling one of the principal criteria of the Gramscian conceptual hegemony. The agreement was aimed at healing the rift between the parties through the strengthening of the state. This agreement represented a continuation of bipartisanship and political demobilization. That this agreement was ratified as a constitutional amendment by plebiscite suggests a consensus of ideology between the masses and the elite had coalesced.

Liberal ideology with its emphasis on the efficiency of market forces dominated. There occurred, however, a contradiction within the state. The Constitutional Reform of 1968 made explicit the inalienable social use of property.

Property, first and foremost, was conceived for social use. This constitutional reform stood in direct contradiction to liberal economic ideology which maintains property as an individual and alienable right, meaning that property could be transferred without regard to any use beyond generating profit. It was from this principle of the social use of property that the state derived its legitimacy to control, directly or indirectly, economic development and hence maintain national economic security. This principle, however, represented a challenge to the elites in its proscription of the management and disposal of their property. The continued elite dominated brokerage-clientelist social relations consistently blocked efforts by the state to develop an independent source of material capabilities.<sup>27</sup> Thus agrarian, educational, housing, and health reforms were only partial or were completely absent as the state failed to fully implement them.

A historically rooted cultural characteristic, the underground economy was deeply embedded in Colombian culture. The intertwining of the underground economy and brokerage-clientelist relationships reinforced one another as the practices and behaviors of the various National Front governments failed to develop alternative avenues of political participation or meet its economic goals through a more centralized state. As the promise of economic reform failed in its objectives, fewer reasons existed for those not previously participants in the underground economy to continue to refrain from participating. In this sense, one can see a perpetuation of ideological beliefs, cultural practices, and institutional formations on the part of the elite hegemon, even among the emergent counter-hegemony.

The National Front did not see the INT as a threat, but incorporated it within what Tokatlián calls a "socio-economic rationale."<sup>28</sup> The emerging INT may even be said to have helped sustain the National Front in the following ways: first, as an escape valve for unemployment; second, as a generator of much needed capital; and finally, as an ally in suppressing dissent. Control of the INT never became a driving force of the Front governments nor was the INT perceived as a threat to the nation's national security. Rather it was, when necessary to respond to pressure by the United States, considered only one of several issues with which the government attempted to deal.

The Colombian state has been and continues to be described by scholars as a weak state. Yet, it is clear that for the first half of the National Front the state did not have to rely on the threat or use of force to gain domination. The Colombian military and national police were very constitutional in nature and were not central actors within the state. This suggests that, at least in the first eight or nine years of the National Front, the state ruled on a "consensual basis of an existing political system within civil society."<sup>29</sup> Likewise, its efforts to overcome the "economic-corporative at a particular historical stage within the political moment" were more successful in the first half of the National Front than in the second half.<sup>30</sup> As noted earlier, the massive infusion of international aid helped delay any real effort to radically restructure the economy. Thus state behavior and practices continued to rely on cultural practices such as brokerage-clientelistic relations in the social

relations of production to maintain hegemony. Put another way, the state structure 'naturally' possessed two sets of social forces, ideas and institutions. Its behavior relied on brokerage-clientelistic relations combined with tried strategies of cooptation and demobilization, but with little reform of institutions, to accommodate those forces. That is to say, social relations remained unchanged in the face of accomplishing the depoliticization of the populace. It is ironic that such bipartisan delinking was the goal of the National Front, yet the political and institutional structures within the National Front remained unchanged. Moreover, there continued within the state a failure to strengthen its own material capabilities. Material capabilities initially derived from international aid were later derived from the capital accumulation of the INT, which had yet to achieve a dominant position in the economy.

Simultaneously, during this period there had not yet emerged a coherent leadership in the INT. These years were characterized by violent struggles over "turfs" and a change from the old-time smugglers, who considered illegal drugs as just one more item in their inventory, to younger leaders who saw drugs as the center of their underground inventory. Few anticipated the enormous amounts of capital that could be generated by the INT beginning in the mid-1970s. Even at the end of the 1970s, there was little in the literature on Colombia or the INT to suggest this was anything more than a criminal enterprise. Failure to appreciate the growing political and economic strength of the INT resulted in Colombia being described alternatively as the Athens of South America or the Switzerland of South America. It is to a changing reality that this study turns in the post-Front period.

## **THE POST-FRONT PERIOD**

Despite many changes in Colombian society during the National Front, such as increased secularization, desegmentation of political parties, and increased constitutionality of the military, the hegemony of an elitist democracy remained unchanged in its fundamentals. Moreover, the traditional parties failed to "develop new organizations or methods to appeal to the country's growing urban population."<sup>31</sup> The developing urban electorate, albeit largely abstentionist, gained the highest potential for mobilization. However, without the traditional political parties to act as intermediaries, the economic frustration of this urban group sought other avenues for expressing demands and satisfying needs, including political violence. The elite ideology of the hegemon began to increasingly lose salience, not only for the masses, but also for the military.

The first indication of this rupture in elite ideology occurred in 1977. For the first time a national civic *paro* or strike was called. The inability of the military to contain a strike composed of a relatively small number of workers and union organizers resulted in the military demanding for the first time in Colombian history, that President Alfonso López enact emergency measures through the granting of greater powers to the armed forces.<sup>32</sup> Although López was able to side-step the military's demands for the duration of his presidency, the military found a

more sympathetic president in Julio Cesar Turbay (1978-82). Following the passage in 1978 of Decree 1923, the Statute on Security, the executive acquired power to declare a state of siege and expand the powers of the military. The liberal application of these powers by President Turbay resulted in widespread reports of arbitrary detention and torture. Amnesty International found "systematic use of psychological and physical torture against political prisoners to be widespread in Colombia."<sup>33</sup> According to the report, incidents of military harassment were not restricted to armed opposition groups, but included doctors, trade unionists, *campesino* leaders, and journalists. The cracks in the hegemon's ideology widened and new cracks began to appear in its institutions.

Simultaneously, as the military increased its coercive power, it sought and obtained the support of business elites and major producer organizations (particularly the Cattleman's Association in the Magdalena Valley where the guerrillas and *narcotraficantes* had established a stronghold).<sup>34</sup> The military's entrenchment as an independent political voice became especially significant with the election of Belisario Betancur as president (1982-86). Betancur, a Conservative, had managed the unthinkable. He had campaigned and won his election on a multi-party National Movement platform. As extensive violence grew in Colombia, Betancur's multi-party National Movement, representing itself as the best guarantee of peace, obtained widespread electoral support. Backed by a more unified Conservative party and Liberals disaffected with the previous administrations, Betancur managed to mobilize the support of the growing urban independents. This latter mobilization was reflected in the major electoral shifts in three areas traditionally subservient to machine politics: the Atlantic Coast, Bogotá, and Betancur's birthplace of Antioquia.<sup>35</sup> Interestingly, these areas also constituted strongholds of the INT.

Betancur's repoliticization of the masses brought to the fore a latent fear retained by older elites active in the formation of the National Front. Moreover, Betancur's National Movement strategy reinforced fears, generated during the López and Turbay administrations, that it was not possible for parties or factions to survive only as the loyal opposition. According to a survey, two-thirds of businessmen and high officials sampled unequivocally stated that "a political party needed to participate in government in order to maintain and strengthen itself; representation in Congress was deemed insufficient."<sup>36</sup>

Subsequently, Betancur's efforts at institutional reform, by-passing traditional elites of both parties, encountered one stumbling block after another. Plagued by the escalating violence of guerrillas and the INT, the Betancur administration was unable to put its full weight behind its political reforms and none of its socio-economic reforms were passed.<sup>37</sup>

The election of Liberal candidate, Virgilio Barco, resulted in the formation of a single party government with a loyal opposition. Barco entered office with a substantial mandate from his party, disaffected Conservatives, and the increasingly important swing vote of the urban independents. His capacity to heal the rifts within



the hegemon and to regain a consensual basis for hegemony, however, was and remained severely limited by dramatic structural changes.

A major structural change within the INT is considered to have occurred in 1981 when Marta Nieves Ochoa, sister of *narcotraficante* Jorge Luis Ochoa, was kidnapped and held for ransom by the M-19 guerrillas. Rather than negotiating quietly and paying the ransom, the Ochoas decided to fight back and called a meeting in Medellín of 223 prominent drug traffickers. The result was the formation of the paramilitary death squad, *Muerte a las Secuestradores* (MAS) and a public manifesto that promised “the immediate execution of all those involved in the kidnapping.”<sup>38</sup> Until Marta Nieves Ochoa was released in February 1982, several guerrillas were captured and other people killed as MAS fulfilled its promise.

This event is significant in three respects. First, the *narcotraficantes* had acted publicly for the first time. Second, they had acted in a coordinated fashion for the first time, seizing the opportunity to “develop cooperative relationships that lasted for years.”<sup>39</sup> Finally, Marta’s release reveals another facet of the restructuring of the INT. According to police reports, the Ochoas did pay a ransom of approximately \$535,000. The negotiations took place in Panama over the period of several weeks and was negotiated by Panama’s chief of military intelligence and CIA “asset” Colonel Manuel Antonio Noriega. Court papers filed later in Miami describe a deal negotiated between Noriega and Pablo Escobar to transship cocaine loads through Panama at \$100,000 per load. It is not difficult to see how the *narcotraficantes* might not take the war on drugs seriously from either the perspective of the United States or the Colombian government, given that Noriega’s CIA connection was well known long before his indictment in Miami. Nor is it difficult to understand how confused the Colombian government must have felt about the seriousness of the United States when they realized this structural change had occurred.

The explosion of paramilitary groups following this episode resulted in an escalation of violence that is thought to have caused as many as 800 extrajudicial executions between 1982 and 1985.<sup>40</sup> During 1988 and for the first nine months of 1989, political and “presumably political” assassinations attributed to paramilitary death squads averaged 228 and 169 per month respectively.<sup>41</sup>

Bribery and corruption of public officials are not unique to any particular political system. Many, however, consider it endemic in Latin America, where it has reached new heights with the ascendance of the INT. Today conservative estimates note that more than ten percent of Colombian legislative representatives are linked indirectly by business agreements with the INT or are directly involved in it.<sup>42</sup>

The formation of *Movimiento Restauración Nacional* (MORENA) has heightened general concern among governmental officials and officers in the government’s security force, *Departamento de Administración de la Seguridad* (DAS). MORENA’s strongest area of influence is the Middle Magdalena Valley

and the town of Puerto Boyacá, which is the stronghold of paramilitary squads organized by the drug lords.<sup>43</sup> Rensselaer Lee suggests, however, that it would be a mistake to think that MORENA is only a front for the drug lords, as it is “backed also by legitimate landowners and businessmen.”<sup>44</sup> The *Asociación Campesina de Ganaderas del Magdalena Medio* (ACADEGAM), an association of peasants and cattle ranchers, is a key supporter of MORENA and wields considerable power in the Middle Magdalena Valley, despite charges by the Colombian newspaper *El Espectador* that it is, in reality, a front for the narco-paramilitary organizations. With a broad base of support and the financial capacity to support or suborn its departmental and national representatives, the likelihood of MORENA being recognized as a legal political party and becoming a national party is substantial. This stands in stark contrast to the systematic assassinations of leaders of the *Unión Patriótica*, the political arm of the guerrilla movement which was supposed to facilitate the guerrilla’s re-incorporation into Colombian society.<sup>45</sup>

The government’s loss of control over the physical instruments of coercion is evidenced by another structural change. By 1983, the privatization of justice that had occurred during the long years of violence in Colombia resulted in the presence of more than 200,000 private security guards in Colombia, four times the number of national police.<sup>46</sup> Many of the private security firms, authorized by the Minister of Defense under the 1968 statute which permitted the formation of “*juntas de autodefensa*,” are actually owned and operated by drug cartel leaders. These self-defense committees were, in theory, formed to provide local security in regions where the state could not guarantee citizen safety. The committees, theoretically under the control of the regional military commander, were actually the private armed forces of large landowners and ultimately *narcotraficantes*. By the end of 1988, the government was able to identify some 140 private paramilitary groups in operation.<sup>47</sup>

Social structural changes correlated with the growth of the INT may be observed in the improved incomes and standards of living for “100,000 poor peasants and urban slum dwellers directly and some 400,000 family members and relatives indirectly.”<sup>48</sup> Cartel leaders have built schools, low-income houses, clinics, churches, and soccer fields in efforts to ensure a loyal following.

Structural changes in the economy have occurred nationally and internationally with the growth of the INT. In an effort to capture and channel some of the foreign exchange produced by the illegal narcotics trade, the government has become an implicit partner to the INT, exacerbating what Thoumi calls an “illegality and dishonesty trap.”<sup>49</sup> Two ways in which the government acts as an implicit partner to the INT are, first, the declaration of tax holidays “during which taxpayers can include any capital assets that were hidden in the balance required in the income tax returns,”<sup>50</sup> and second, the continued practice of the free circulation of foreign exchange through the Central Bank. Although the “side window” at the Central Bank was closed following the assassination of Justice Minister Rodrigo Lara Bonilla in 1984, the practice continues informally and openly.<sup>51</sup>

While it is not possible to identify causation between the economic growth of the INT and changes in the Colombian financial structure, it is possible to identify correlations. Following the striking down of Betancur's tax reform package by the Supreme Court in 1983 and the flight of the drug lords in the wake of a major crack-down on their activities, Colombia's foreign exchange reserves dropped from US\$5.6 billion in 1981 to US\$1.8 billion in 1984.<sup>52</sup> Betancur took the unprecedented step of instituting austerity measures under the surveillance of the International Monetary Fund. Public expenditures were cut reducing the deficit to 4 percent of the GDP, tariffs and taxes were increased, restrictions on foreign investments and trade were eased, and the devaluation of the peso was accelerated. The peso declined in value against the dollar by 52 percent between 1983 and 1986.<sup>53</sup> International reserves rose by US\$1.7 billion between 1985 and 1988 and the GDP grew from 3.1 percent to 5.1 percent at the same time respectively. Notwithstanding these fiscal measures, inflation jumped from 10 percent in 1984 to 40 percent in the last quarter of 1986.<sup>54</sup> Coincidentally, by the end of 1984, the drug lords and their money had returned to Colombia.

When Virgilio Barco assumed the presidency, foreign trade surpluses increased by US\$1.9 billion in 1986 and US\$1.4 billion in 1987. The GDP grew modestly from 5 percent to 5.4 percent between 1986-88. International reserves exceeded \$4 billion after a decline that began in 1987 when the reserves dropped by \$2.8 billion. By 1988, the non-financial public sector deficit declined from 6.7 percent of the GDP in 1984 to 1.8 percent of the GDP.

There is, however, a downside to this improvement in economic expansion. Inflation has remained around 22 percent. Disguised under-employment and unemployment remain around 30-35 percent.<sup>55</sup> The fiscal deficit began rising in 1988 beyond the 28 percent predicted. Colombia's debt service continues to consume 55 percent of its legal export revenues.<sup>56</sup>

Beyond the legal vertical interplay of domestic and international finance, the development of horizontal interplay of international finance between and among the North American and European international banks further removes control of the economy from the Colombian government. As the capital accumulated from the INT becomes increasingly transnational, the "war on drugs" becomes curiously muted.

The Bank of Commerce and Credit International (BCCI), the world's seventh largest banking institution, received only a moderate fine in return for cooperation with US officials investigating money laundering activities of the INT. In 1984 BCCI bought one of several debt burdened Colombian banks, *Banco Mercantil*. Renamed the *Banco de Crédito y Comercio de Colombia* (BCCC), it became the focus of influence peddling when President Betancur exempted BCCI from legislation prohibiting foreign interests owning more than 49 percent of any Colombian bank.<sup>57</sup> BCCC apparently operated a parallel bank, or bank within its bank, on the second floor of its building where 'back to back' dollar transactions between the *Banco Mercantil Nassau* (a BCCI subsidiary) and BCCC continued

until the banking superintendent suspended operations in 1987. The bank and its managers were fined for allegedly facilitating dollar transactions from accounts in Luxembourg held by *narcotraficante* Gonzalo Rodriguez Gacha, by means of complicated banking networks.<sup>58</sup>

The International Financial Action Group estimates that of the approximately US\$100 billion moved by organized crime within US territory, some \$85 billion of money tied to drug trafficking is banked.<sup>59</sup> While it is difficult to assess how much drug monies are laundered and repatriated to Colombia, inferential indicators can provide some indication of their impact on the economy. By September 1991, the over-supply of US dollars had so widened the gap between free and official exchange rates, that banks had virtually ceased purchasing dollar notes and was taking only checks or exchange certificates.<sup>60</sup> At the end of the third week of August in 1991 banks were offering a free market exchange rate 13 percent lower than the official rate.

To suggest that nothing is being done, however, would be erroneous. The Colombian government in the past couple of years has begun economic liberalization programs designed to slow capital flight in an effort to regain greater government control over economic policy making. For this to occur, however, political stability is required with a concomitant decrease in criminal activity.<sup>61</sup>

This transnationalization of the cocaine industry also suggests that, in some initial negotiations between the *narcotraficantes* and the Colombian government, the capacity of the drug lords to dismantle their operations in return for amnesty is more problematic than it seems. Just as the accumulation of capital reduced the sovereignty of the Colombian government, the transnationalization of capital has reduced the sovereignty of the INT. Not only have second and third tier managers of the INT acquired enormous wealth and power, but the comingling of illegitimate capital with legitimate capital poses an obstacle to unilateral decisions by cartel leaders. Though some of the legitimate businesses have become self-sustaining, some continue to require the infusion of additional capital from the INT. Internationally, the accelerated interpenetration of illegal monies with legal monies suggests an increasing dependence of international capital on drug and drug-related monies.<sup>62</sup> Though it is by no means clear the degree of this dependence, its existence suggests that unilateral decisions of withdrawal are complicated and, on some level, must include the international financial community.

## CONCLUSION

The dominant approach in the literature on the INT until the mid-1980s considered it to be strictly a criminal enterprise with no relation to the state other than bribery and corruption. Scholarship on Colombia concentrated on the state as a unitary actor having a weak capacity to resolve elite conflict except through bipartisan agreements with mutual guarantees of parity and alternation of power. The INT, when it was considered at all, was viewed as a continuing criminal enterprise that diverted state resources.

The liberal economic argument does not conceive of the INT as merely a criminal enterprise, but one which is fundamentally economic in nature. Cartel leaders function as businessmen with a commitment to the rationale of market forces, driven by motivations of profit. Indeed, the cartel leaders portray themselves as businessmen engaged in '*la profesión*' with a commitment to liberal ideals. Although liberalism acknowledges the political impact of the INT, the impact is one of a business interest group which has come to dominate the economy. While correct in its perceptions, the liberal economic explanation is limited in its vision.

Liberal economic explanations assume a certain social order in Colombia, one which revolves around liberal democratic ideals. Such a perception focuses on the formal trappings of democracy present in Colombia, but not on the formal and informal blockages to mass participation initiated by the state through an elite attempting to maintain power. Liberal economic theory's lack of concern with inequalities allows it to view violent conflict as an irrational response to the state's "safeguard" role in relationship to market forces. Narcotics policy recommendations have centered around liberal institutional reforms aimed at strengthening the state's "safeguard" role, and devising policies that can incorporate the INT into the formal economy (crop substitution, amnesty agreements, decriminalization of drugs). There is little new nor innovative about these approaches. They represent variations on a theme of the Colombian state's coping strategies that have worked in the past when a counter-hegemonic group evolved to possess sufficient strength to launch a credible challenge to the state.

But it is to the failure of these strategies of conducting "business as usual" that one must look and ask why? I have suggested that by drawing on the work of Leal Buitrago, Thoumi, and Gramsci one can obtain a fuller explanation of the threat the INT poses to Colombia's national security through an understanding of the structural and behavioral forces founded in the role of culture and ideology as a basis of consensus.

For the first half of the National Front governments, the INT did not pose a threat to the Colombian state. The position of the INT in a culturally accepted underground economy was not perceived as unusual nor unnatural. That the National Front was able to exist without undue resort to coercion suggests an ideological consensus. Brokerage-clientelistic practices continued as elites strove to maintain their dominance. Leal Buitrago argues that a structural social change occurred, as clientelistic practices occurring within and dominated by the political parties prior to the National Front changed to brokerage practices. Designed as a means of political demobilization, the result was partisan desegmentation among the masses. Although bipartisan politics continued to dominate at the elite level, brokerage politics turning more on gain and profit with little loyalty became the order of the day.<sup>63</sup>

Reliance on international aid allowed the state to avoid restructuring the economy, which would have allowed it to develop its own material capabilities. As

international aid became increasingly conditional, a latent nationalism surfaced simultaneously with the accelerated growth of the INT. Searching for an alternative base for acquiring and maintaining its material capabilities, the state incorporated the growing capital from the INT into the formal economy by opening the “side window” at the Central Bank. Again, historical and cultural precedents suggested this was a strategy known to be successful. Nor did the state initially perceive the increased employment, generation of capital, the building of schools, clinics, and low-income housing by the INT as a threat to its national security. Previous experience with the “privatization” of certain state responsibilities by the producer associations did not suggest that the state would lose its hegemonic status.

As external forces in the form of pressure from the United States to contain the INT grew, the emergence of the INT as a counter-hegemonic force became clearer. The Colombian state’s efforts to eliminate the INT reflected a severely weakened hegemon. The incorporation of significant segments of Colombian society into the INT resulted in the formation of a counter-hegemonic constituency capable of articulating demands and exerting pressure upon the government. These segments do not necessarily have to be directly involved with the INT. Lee notes that the influx of cocaine dollars into Medellín has helped compensate for that city’s deteriorating textile trade, by lowering unemployment from 17 percent in 1983 to 13 percent in 1987. One gets a clearer picture of the impact of the INT when one compares indicators before and after crackdowns by the government. When President Barco initiated a crackdown in 1989, following the assassination of presidential candidate Luis Carlos Galán, many hotel and discotheques shut down, hotel occupancies dropped to 10 percent and licensed construction decreased approximately 37 percent in Medellín as compared to the national decrease of 10 percent.<sup>64</sup>

From a rural perspective the acquisition of arable lands (some 4.3 percent of the total productive lands available) has enlarged that constituency. Moreover, this constituency has been developed at the expense of rural guerrilla groups such as the FARC and ELN.<sup>65</sup> It is ironic that the technological benefits provided by the INT in terms of bringing electricity to the countryside, modernizing cattle breeding, and introducing modern crop techniques should have such violent social consequences.

While one might justifiably doubt the cohesion of such a constituency, one cannot doubt its reach and power. Financial inducements to cooperate with drug lords has resulted in the *narcotraficantes* being provided with strategic intelligence that allows them to walk freely in the streets and to conduct their businesses almost with impunity. It is only when they leave their base of operations (and their constituency), as Rodríguez Gacha did, that they increase their exposure to capture.<sup>66</sup>

The Gramscian explanation is less robust, however, in accounting for the fracturing of consensus that existed within the Colombian INT from about 1981 until January 1988 when the settling of accounts between the Medellín and Cali cartels began. Moreover the recent violence of *Los Pepes*, a section of the Medellín

cartel that does not support Pablo Escobar<sup>67</sup> (who remains a fugitive), suggests that the Medellín cartel is fragmenting rapidly. Though difficult to assess with any accuracy, the relative quiescence on the part of the Ochoa Family while the hunt for Escobar continues, and the violence perpetrated against Escobar by *Los Pepes* suggests that the saga is far from over.

Leal Buitrago and Thoumi's assessment of the political structures in Colombia are useful in understanding the impact of the INT as a group who achieved enough social, political, and economic power to present itself as a significant threat to the Colombian state in ways it has not previously been threatened. Traditional methods of cooptation and demobilization have met with only limited success. Moreover, the military solution to the war on drugs has had the unfortunate side effect of strengthening the Colombian military and providing it with the ingredients to move from a constitutional base to an increasingly autonomous political base. Thus the Colombian state finds itself under siege not only from the INT, but from various groups that became politically mobilized in a state that has historically attempted to circumscribe such mobilization. Colombia's dilemma is how to open the Colombian state politically and economically to accommodate and incorporate these new social forces, without undermining a viable state in the process.

### Endnotes

1. For an extended discussion of US national security see, Bruce M. Bagley, "The New Hundred Years War? National Security and the War on Drugs in Latin America," *Journal of Interamerican Studies and World Affairs*, 30, no. 1 (Spring 1988), p. 161.
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3. Francisco Leal Buitrago, "Modernización del estado y crisis política," paper presented at the research conference, Violence and Democracy in Colombia and Peru, held at Columbia University, 30 November 1990, p. 3.
4. Francisco Thoumi, "An Institutional Interpretation of Colombia's Paradoxical Economic Growth," Mimeo, p. 4.
5. *Ibid.*, p. 5.
6. John Hoffman, *The Gramscian Challenge: Coercion and Consent in Marxist Political Theory* (Oxford: Basil Blackwell, 1984), pp. 2-3.
7. Stephen Gill and David Law, *The Global Economy: Perspectives, Problems, and Policies* (Baltimore, MD: The Johns Hopkins University Press, 1988), p. 89.
8. Walter L. Adamson, *Hegemony and Revolution: A Study of Antonio Gramsci's Political and Cultural Theory* (Berkeley: University of California Press, 1980), pp. 14, 174.
9. Gill and Law, *Global Economy*, p. 64.
10. Cole Blasier, "Security: The Extracontinental Dimension," in Kevin J. Middlebrook and Carlos Rico, eds., *The United States and Latin America in the 1980s: Contending perspectives on a Decade of Crisis* (Pittsburgh, PA: University of Pittsburgh Press, 1986), p. 538.
11. Sergio Bitar, "Economics and Security" in Middlebrook and Rico, eds., *The United States and Latin America*, pp. 594-95.
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13. Ibid.
14. Juan Gabriel Tokatlián, "National Security and Drugs: Their Impact on Colombian-US Relations," *Journal of Interamerican Studies and World Affairs*, 30, no. 1 (Spring 1988), p. 140.
15. Quoted in Jonathan Hartlyn, *The Politics of Coalition Rule in Colombia* (Cambridge: Cambridge University Press, 1988), p. 27.
16. *Caudillismo* refers to rule by a military strongman. Military in this context, however, does not necessarily mean national military since much of the coercive power of the state had been delegated to strong regional leaders who commanded their own forces.
17. Hartlyn, *Politics of Coalition Rule*, esp. pp. 16-18.
18. Orlando Fals Borda, *Once ensayos sobre La Violencia*, G. Gonzalo Sánchez, ed. (Bogotá: Centro Gaitán, Fondo Editorial CEREC, 1985) p. 42.
19. R. Albert Berry, Ronald G. Helman and Mauricio Solaún, *Politics of Compromise: Coalition Government in Colombia* (New Brunswick, NJ: Transaction, 1980) p. 73.
20. Patricia B. McRae, "The Illegal Narcotics Trade and the National Front, 1958-1974," *SECOLAS ANNALS*, XXII (March 1991), pp. 23-35.
21. Jonathan Hartlyn, "Drug Trafficking and Democracy in Colombia," paper presented at the Conference on Drug Trafficking, Human Rights, and Democracy in Colombia, Washington, DC, March 1989, p. 23.
22. Hartlyn, *The Politics of Coalition Rule*, p. 130.
23. Roberto Junguito and Carlos Caballero, "Illegal Trade Transactions and the Underground Economy of Colombia," in Vito Tanzi, ed., *The Underground Economy in the United States and Abroad* (Lexington, MA: Lexington, 1982) p. 286.
24. Ibid., p. 301.
25. Time periods are rarely as neat and consistent as one would like. Although the National Front officially ended for the executive branch in 1974, the phasing in of competitive elections was not completed until 1988. Hence, one could argue that, regionally, the parameters of the National Front were present in the early 1980s.
26. Ibid., p. 306.
27. One example of blockage of state initiatives by the elites was the vehement opposition to tax reforms mounted by producer associations such as the coffee producers, manufacturing/industrial producers, mining producers, and cattle-raising producers. In the mid-1970s this meant that none of the revenue bonanzas reaped by the coffee producers (FEDCAFE) as a result of a catastrophic freeze that ruined Brazil's coffee crop, entered the national treasury.
28. Tokatlián, "National Security and Drugs," p. 139.
29. Adamson, *Hegemony and Resolution*, p. 170.
30. Ibid.
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32. Francisco Leal Buitrago, *Estado y política en Colombia, 2da edición aumentada* (Bogotá: Siglo Veintiuno de Colombia, 1989) p. 278.
33. "Amnesty Finds Torture Evidence," *America Regional Reports Andean Group*, RA-80-04, 16 May 1980, p. 4.
34. Leal Buitrago, *Estado y política*, p. 297.
35. Hartlyn, *The Politics of Coalition Rule*, pp. 214-15.
36. Ibid., p. 212.
37. Ibid., p. 230.
38. Guy Guggliotta and Jeff Leen, *Kings of Cocaine* (New York: Simon and Schuster, 1989) p. 17.
39. Ibid., p. 18.



40. *Americas Watch Report*, (January 1986), p. 114.
41. "Colombia: Human Rights Tribunal Decides Government Should be Tried for Impunity," *Latinamerica Press*, 7 December 1989, p. 5.
42. Lee has done extensive research trying to document the organizational structure of the INT in the Andean nations. He notes that the growth of the INT has required increasing professionalization as well as more sophisticated levels of bribery. He notes that "at least four former members of the Supreme Court are on the Ochoa family's payroll." See, "Colombia's Cocaine Syndicates" in *Crime, Law, and Social Change* 16, no. 6 (1991). The ten percent figure of legislative involvement comes from Colombian journalist Fabio Castillo in *Los jinetes de la cocaína* (Bogotá: Editorial Documentos Periodistas, 1987), p. 225.
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44. Rensselaer W. Lee, III, "Coping with Cocaine: America's Supply Side Dilemma," Paper presented at the International Symposium on Money Laundering, Coral Gables, Florida, October 1989, pp. 13-14.
45. See Peter H. Smith and Guy Gugliotta's discussion of the vendetta against leftist groups, especially the *Unión Patriótica* in "The Political Economy of Drugs," and "The Colombian Cartels and How to Stop Them," in Peter H. Smith ed., *Drug Policy in the Americas* (Boulder, CO: Westview, 1992), pp. 13, 113 respectively.
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47. Adriana Espriella, "*Panorama de los derechos humanos en Colombia*," *Documentos Ocasionales No.4*, (*Centro de Estudios Internacionales de la Universidad de los Andes*, July-August 1988), p. 15.
48. Bruce M. Bagley, "Colombia Under Siege," Paper presented at the International Symposium on Money Laundering, Coral Gables, Florida, October 1989, p. 15.
49. Francisco E. Thoumi, "Colombian Laws and Institutions, Money Dirtying, Money Laundering and Narco-Businessmen's Behavior," Paper presented at the International Symposium on Money Laundering, Coral Gables, Florida, October 1989, p. 15.
50. *Ibid.*, p. 16.
51. *Ibid.*
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64. Lee, "Colombia's Cocaine," p. 14.
65. *Ibid.*, pp. 15-16.
66. *Ibid.*
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