

Special Report

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THE LEGACY OF URIBE'S POLICIES: CHALLENGES FOR THE SANTOS ADMINISTRATION

SPECIAL REPORT – AUGUST 2010

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EXECUTIVE SUMMARY

President Uribe's eight years in office are over and assessments of them divide between those who think that this was the best government in the history of Colombia and those who regard it as a disaster. The time has come for deeper and more analytical evaluations of his administration that can clearly identify the achievements but at the same time the limitations and the problems that became established in those years. This is the aim of this Special Report. Now that the government of Juan Manuel Santos has begun, admittedly with a clear difference in style from his predecessor, we want to assess Uribe's policies in relation to the new government, and see how the legacy of Álvaro Uribe's policies translate into challenges for the government of Juan Manuel Santos.

The policies of President Uribe Vélez (2002-2006, 2006-2010) were based on three pillars that he regarded as the basis of the Communitarian State: democratic security, investor confidence and social cohesion. The aim of democratic security was to strengthen and guarantee the rule of law throughout the country, through the strengthening of democratic authority understood as the free exercise of authority of institutions, the rule of law and the active participation of citizens in matters of common interest. While this pillar was the best known, all the components of the government's policy need to be examined.

The **democratic security** policy was focused on the military effort directed at defeating the Revolutionary Armed Forces of Colombia (FARC) and advancing a process of negotiation with the paramilitaries. Nevertheless, after this policy has been in operation for eight years, the guerrillas have still not been defeated and still retain a defensive capacity and some attack capacity, and the paramilitary structures remain in place, as evidenced by the rearmament and reactivation that is producing constant violations of human rights and breaches of International Humanitarian Law. Although the Justice and Peace Law (Law 975 of 2005) exposed something of the situation of the victims of the armed conflict, there has not been truth, justice or reparation after five years of the law's operation, with the result that actions of this sort still enjoy impunity and the victims' rights continue to be violated.

Uribe's government regarded democratic security as the essential condition for recovering **investor confidence**, which was expected to guarantee investment and open markets, so producing economic expansion that would generate employment and income. However, the result was a reinforcement of a model of extractive development, a worsening of the agrarian problem, poverty and inequality, showing that the poverty trap cannot be eliminated without radical changes in the distribution of income and wealth. Unless the issue of distribution is tackled, any reduction in poverty will be very small.

Through the policy of **social cohesion** the Uribe government sought to defeat poverty and construct equality of opportunities by the use of seven instruments: the educational revolution, the promotion and expansion of social security, stimulating cooperatives, social management of public services, social management of rural issues, quality of urban life and a country of property-owners. In the two Uribe governments, in defiance of the Constitution, social security, health, education, housing, electricity, water, basic sanitation and the environment underwent a steady process of privatization. The rights perspective was replaced by an emphasis on commodities and risk, and the provision of social services evaporated into a so-called system of 'assurance'. The increase in social protest indicates the absence of any solution to the problems of the sectors of society that demand the recognition of economic, social, political, cultural and environmental rights.

The result of the implementation of these three pillars has left a model of development that runs counter to an approach that is more equitable and sustainable, and maintains conditions that encourage the continuance of the armed conflict, poverty, destitution and the gulf between urban and rural areas.

Exclusion and inequity are the principal obstacles to the creation of a culture of human rights, democracy, justice and development. The state, as the principal guarantor of rights, has not provided effective solutions; rather, it has violated its constitutional duty by fragmenting the basic structures of the social and democratic state of law.

We believe that the legacy of Uribe's policies leaves the following challenges for the government of Juan Manuel Santos:

(a) In the area of security:

1. The reinforcement of military action must be complemented by the prospect of a political solution.
2. Action must be taken against paramilitary structures and the rise of new criminal groups.
3. Urban security policies must be designed and implemented, and supported by the protection and promotion of human rights through action to end impunity.
4. There must be a strategy to combat the drugs trade that includes the development of alternatives for small rural producers to enable them to replace illegal crops, and the international community must be involved in the search for social solutions to this problem.

(b) In economic policy:

1. Conditions must be created to encourage wealth creation by strengthening internal demand and fostering the internal market.
2. There must be a review of some aspects of land use planning to re-examine land uses.
3. A development policy for small rural producers must be put in place.

(c) In social policy:

The anti-poverty policy based on a welfare approach must be replaced by one based on justice and rights, which will search for structural solutions that provide genuine guarantees for rights, notably to health, education and employment.

RECOMMENDATIONS

To the Colombian government

1. Design an integrated security policy that combines military reinforcement of the state with complementary strategies that:
 - a. Explore the possibility of a negotiated political solution to the conflict with the guerrillas, incorporating the lessons of past attempts
 - b. Implement a strategy that brings about a real dismantling of the paramilitary structures and effective control of the drugs trade
 - c. Design an urban security policy as a central component of urban development.

2. Recognise the State's responsibility and take effective actions on truth, justice and reparation that meet international standards of human rights and International Humanitarian Law to ensure non-repetition of crimes, respect and protection of the right of the victims to truth, justice and reparation.
3. Take account of the various recommendations by national and international bodies to improve the human rights situation.
4. Design and put into practice a policy centred on the perspective of the victims under which institutions ensure as a priority that victims' rights are completely secured. This implies identifying and allocating in the national budget the resources necessary to make these policies effective.
5. Ensure the active participation of the victims and their organisations as valid dialogue partners in the design, implementation and monitoring of the policies designed to benefit them. This participation will contribute to restoring the dignity of the victims and enabling them to exercise their civil rights fully within a social, law-based state.
6. Review security policy at national, departmental and municipal level and widen the focus to include the well-being of people and human rights so that citizens become the primary object of state protection.
7. Insist that the security forces operate a policy of zero tolerance towards human rights abuses as promised by the new commander-in-chief of the armed forces.
8. In economic policy, move beyond extractives and try to create conditions for wealth creation. These processes will be easier if internal demand is strengthened and the domestic market stimulated. Improvements in road and communications infrastructure are an essential condition for strengthening the domestic market.
9. Stimulate the potential of urban authorities. Economic analyses do not generally take into account the competitive advantages that businesses gain from their geographical proximity to productive resources. In this context special attention should be paid to the relation between cities and regions.
10. Replace the welfare vision in social policy with one based on justice and rights. This vision will take into account a global approach that implies changes in the understanding of development and structural changes in society, and will seek to produce a structural solution that genuinely guarantees economic, social, political and cultural rights.

To the International Community

1. Continue support for policies and practices that promote the observance of human rights and International Humanitarian Law in Colombia.
2. Contribute to the strengthening of a social, democratic and law-based state through actions directed to promote proposals for development and peace.

To Civil Society

1. Continue to demand solutions to the problems identified in relation to economic, social and cultural rights

2. Insist on the application of the Justice and Peace Law in accordance with minimum standards of justice for the many crimes committed and the processes of reparation for the victims of the paramilitaries
3. Keep up your efforts to accompany communities and social organisations committed to the defence of the fundamental rights of the most vulnerable individuals and groups.
4. Among NGOs, promote a range of clear and coordinated strategies by which social actors can give wide publicity to their demands, place them on public agendas and have greater impact and influence on the mass media, on the political parties and, ultimately on society as a whole.
5. Develop and implement a broad strategy for advocacy on public policy, both domestically and internationally, on the strategic issues that affect social organisations.

THE LEGACY OF URIBE'S POLICIES: CHALLENGES FOR THE SANTOS ADMINISTRATION

Álvaro Uribe structured his government proposal (2002-2006, 2006-2010) around three central axes, which he considers to be the basis for the so-called Community State: democratic security, investment confidence, and social cohesion. Although the first one is the best-known, it is necessary to put all of the pillars of his administrative policy on the table when making an assessment of Uribe's policies. The achievements and limitations of said policies acquire special relevance at this moment, when the administration of Juan Manuel Santos is just commencing, since they now become challenges for the new administration; the way in which the new government designs policies will mark the degree of continuity or rupture between the previous administration and the new one.

Violence and the constant violation of human rights are linked to the existence of an extractive model of development that intensifies the agrarian problem, poverty, and inequality. As main guarantor of Rights, the State has not provided concrete solutions; on the contrary, it has gone against the constitutional mandate, thus undermining the basic structures of the Social State based on the Rule of Law.

DEMOCRATIC SECURITY, VIOLENCE, AND HUMAN RIGHTS

After the eight years of the Uribe administration, it is necessary to carry out an assessment of the different phases of his central policy of defense and democratic security, as well as of the policies aimed at the consolidation of the latter. The purpose of said policy was to strengthen and guarantee the State based on the Rule of Law in the entire national territory through the reinforcement of democratic authority, that is, through the free exercise of authority by democratic institutions, the rule of law, and the active participation of citizens in matters of common interest.¹

Some of the indicators of the conflict, of human rights, and of violence show important results, especially if the current situation is compared to that prevailing in 2002. There is consensus regarding the decrease in the intensity of the conflict and the drop in both homicides in general and in those indicators more directly associated with the armed conflict.² Human Rights and International Humanitarian Law (IHL) violations decreased by 48%, and military actions, by 81% (see Graph1), while homicides dropped from 28,897 in 2002 to 16,296 in 2009 (a decrease of 43%). Furthermore, political assassinations decreased by 69%, and combat casualties by 75%.³ Thus, it is possible to affirm that an important strategic change that favored the State was achieved in terms of the military correlation with the guerrillas.

The development of the democratic security policy brought about a series of significant changes in the security sector, given the growing public expenditure in that sector. Military expenditure during Uribe's two presidential terms reached an average of 3.64% of the GDP. Although the rising trend with respect to military expenditure had become evident since 1990, it consolidates itself between 2002 and 2009. The latter year registered the highest level of public expenditure as a percentage of the GDP, that is, 4.0%.⁴ This made it possible to increase the troops significantly, from 313,361 men in 2002 (203,238 in the Military Forces and 110,123 in the National Police) to 437,548 men in 2009 (285,189 in the Military Forces and 152,359 in the National Police).⁵

¹ Colombia, Ministry of the Interior, Presidency of the Republic (2003, June), "La política de defensa y seguridad democrática. p.12.

² Both government and non-government agencies that carry out statistical follow-up of the armed conflict in Colombia coincide in this appreciation: Vice-presidency, Ministry of Defense, Security and Democracy Foundation, CERAC and CINEP/PPP.

³ Vásquez, T. (2010, Agosto), "La política de seguridad democrática 2002-2010". in *Revista Cien Días Vistos por Cinep N° 70*, [on line], available at: www.cinep.org.co

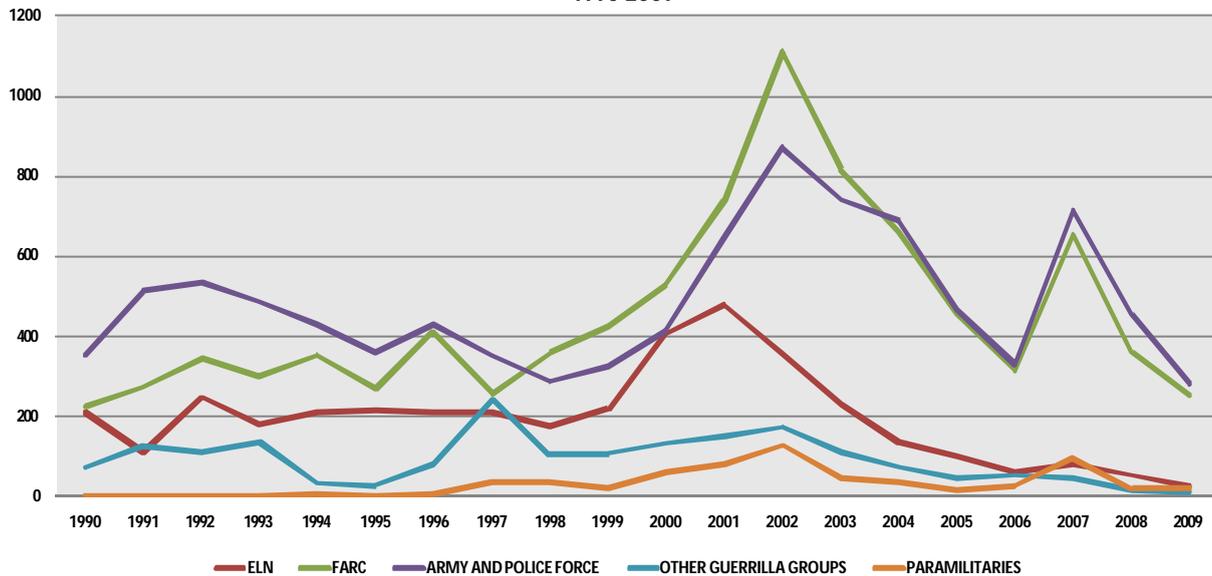
⁴ "Military Expenditure" [on line], available at: <http://milexdata.sipri.org/result.php4> and Colombia, Ministry of Defense (2010 May), "Cálculo del Gasto en Defensa y Seguridad - GSD", [on line] available at: <http://www.mindefensa.gov.co/lrj/go/km/docs/Mindefensa/Documentos/descargas/estudios%20sectoriales/Notas%20de%20Investigacion/Calculo%20Gasto%20Defensa%20Seguridad%20Actualizado.pdf>

⁵ Colombia, Ministry of Defense (2010, May), "Logros de la política de Consolidación de la seguridad Democrática - PCSD"

However, despite the results obtained, the question remains as to whether the significant increases in troops and military expenditure actually managed to resolve the security problems affecting the country. Several facts point to the contrary, to the sad reality of the persistence of the armed conflict that is tearing Colombia apart: a guerrilla that has suffered blows but is not defeated; the continuation of the paramilitary phenomenon, with preoccupying manifestations at the urban level; the persistence of drug trafficking; and the violations of human rights by law enforcement. Let us examine these security situations that remain as a challenge for the new government.⁶

In the first place, it is necessary to take into account the situation of the guerrilla organizations, which were undeniably affected by the democratic security policy, particularly the FARC. They were responsible for 4,632 military actions between 2002 and 2009, that is, 41.6% of the total military actions. The pressure of official politics forced them to return to a typical guerrilla scheme (smaller units, surprise attacks, and immediate withdrawal, etc.). In spite of the official perception regarding the beginning of the end for the FARC, this guerrilla group is far from defeated and still has a significant capacity for resistance and a relative capacity for attack. The level of confrontation with the Army and the Police Force remains at the same level registered in the country at the beginning of the 1990s (see Graph1).

Graph 1: Dynamics of the Armed Conflict in Colombia
Military Actions Carried Out by Armed Actors
1990-2009

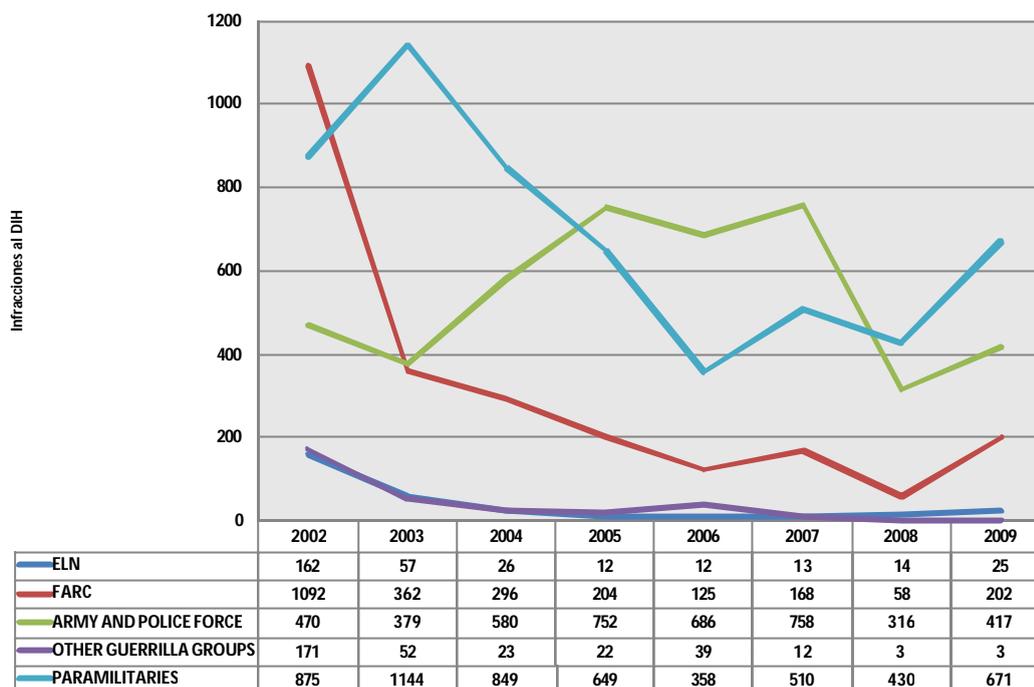


Source: Political Violence and Human Rights Database- Georeferenced Information System. CINEP

The FARC rank third in IHL violations. During an initial phase comprised between 2002 and 2006, the behavior of the guerrilla group in this respect is marked by a striking decrease (from 1,092 violations in 2002 to 362 in 2003), given that in the year 2002 it was the armed organization with the largest number of IHL violations (see Graph 2). In the second phase, 2006-2010, the trend varied, but shows increases in 2007 and 2009, thus reflecting its efforts to maintain a certain territorial control in some regions. However, the overall trend is toward a decrease in IHL violations by the FARC, particularly with respect to kidnappings, which is a clear expression of the strategic change in the military correlation with the Army and the Police. It is necessary to point out that the government of Álvaro Uribe did not sufficiently take advantage of the political defeat that this issue meant for the FARC (due to the numerous social mobilizations against kidnappings).

⁶ The considerations that follow are based on the information provided by CINEP's Political Violence and Human Rights Database, consolidated in the Armed Actors and Dynamics of the Conflict in Colombia Database.

**Graph 2: IHL Violations by Armed Actors
Years 2002-2009**



Source: Political Violence and Human Rights Database- Georeferenced Information System. CINEP

As far as the National Liberation Army (ELN) and the other guerrilla groups are concerned, they played a marginal role during the Uribe administrations. The CINEP Database shows 1,044 ELN actions during those years (9.4 % of the total), and 528 actions by other guerrilla groups (4.7 % of the total). Compared to those perpetrated by other actors, IHL violations are few, as a result of the military weakness and strategic decline suffered by these groups since the early part of the decade, and also as a partial result of the process of rapprochement with the government (2005-2007).

The inability to defeat the FARC despite the significant military strengthening of the State reveals the need for an integrated solution to the guerrilla problem. Military strength is not enough; it is necessary to supplement those efforts with proposals for the development and integration of the conflict zones, and with a negotiated political solution plan in order to get to the roots of the armed conflict and resolve it.

Secondly, the democratic security policy failed in its attempt to put an end to the paramilitary phenomenon. The principal measure adopted by the Uribe administration in order to counteract the paramilitary phenomenon was the negotiation that materialized in a process favorable to bringing to justice (Justice and Peace Law 975 of 2005) and demobilizing more than 32,000 paramilitaries. Nevertheless, this did not entail the actual dismantling of the paramilitary power structures present in many regions of the country, where the interests of the politicians often coincide with those of the paramilitaries. Thus, what we have witnessed is rather a reconfiguration of the paramilitary phenomenon, still linked to drug trafficking, but mainly as a force structure that seeks to guarantee the conquests achieved over the past 15 years, at the level of political and social control, as well as at the level of the goods and lands appropriated.

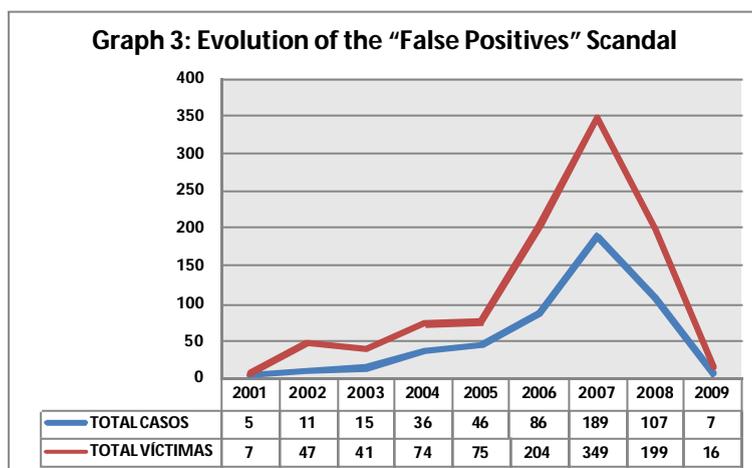
It is thus not surprising that they are the main perpetrators of Human Rights and IHL violations, with an accumulated total of 5,486 violations between 2002 and 2009, that is, 42.2% of the total violations during this period (see Graph 2). The increase shown since 2007, after a temporary decrease between 2004 and 2006, is a cause for concern, since it once again makes the paramilitaries the greatest IHL violators, surpassing the Army and the Police Force. The significant effect that said increase is having at the urban level is also a cause for concern. Today these groups have over three thousand eight hundred men and

continue to act in at least 159 of the country's municipalities;⁷ their field of action already includes 27 departments and 22 capital cities,⁸ with repercussions on social leaders and human rights advocates.

The situation regarding the application of the Justice and Peace Law is alarming: after 5 years, only two paramilitary leaders, 'Diego Vecino' and 'Juancho Dique', have been sentenced for crimes against the community of Mampuján, a town in San Onofre,⁹ a fact that illustrates the severe institutional crisis that Colombian justice is going through, while violence and the continuing humanitarian crisis are the reflection of impunity.

The reconfiguration of the paramilitary phenomenon shows that it is necessary for the Santos administration to advance toward an integrated security policy that ensures the actual dismantling of paramilitary structures, implements transitional justice proposals responding to the demand for truth, justice, and reparation, and launches an effective urban security policy to counteract growing problems such as homicides and organized crime in the cities.

Thirdly, one of the critical points of the democratic security policy was the significant increase in Human Rights violations by the Army and the Police Force. Unfortunately, the institutional strengthening of the former during those years, through both domestic funding and foreign military aid, contributed to said increase. The Human Rights and Political Violence Database registers 4,358 human rights violations between 2002 and 2009, with the greatest number of violations occurring between 2003 and 2007 (see Graph 2). One of the expressions of those violations was the "False Positives" scandal.¹⁰ Between 2001 and 2009 there were 501 cases and 1,013 victims, the majority of which were presented as the result of actions in combat. The high point of this crisis took place between 2006 and 2008 (see Graph 3).



Source: Political Violence and Human Rights Database – Cinep.

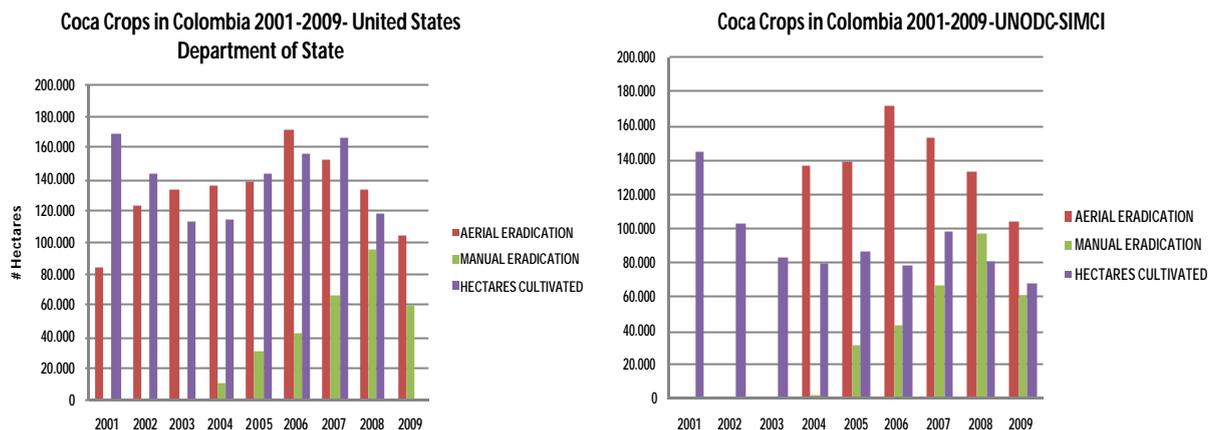
⁷ VerdadAbierta.com, El rearme. [on line], available at: <http://www.verdadabierta.com/conflicto-hoy/rearmados/2590-el-rearme>

⁸ Ideas for Peace Foundation. "Siguiendo el conflicto: hechos y análisis Number 58 / January 2010 ¿Para dónde va el paramilitarismo en Colombia?", [on line], available at: <http://www.ideaspaz.org/portal/index.php> p.5

⁹ VerdadAbierta.com, Especial: Primera Condena de Justicia y Paz. [on line], available at: <http://www.semana.com/noticias-nacion/especial-primer-condena-justicia-paz/141088.aspx>

¹⁰ The "false positives" are cases reported by Army or Police Units as positive results in actions against illegal armed groups. However, as a result of pressure from social organizations and Human Rights advocates, as well as from the victims' families, it was revealed that they were actions against the non-combatant civilian population, which means they were violations of Human Rights and of International Humanitarian Law.

It is true that the measures adopted by the government led to a significant decrease in cases and victims. Today, concern is focused on the risk of impunity in the face of those violations. The challenge the new government must face is to advance in the process of making the truth known, as well as in revealing who is politically and materially responsible for the facts, which have been coming to light, thanks mainly to the courage of the victims' families who have denounced them. Such advances depend on the role played by the judicial system, insofar as many members of the military who were being prosecuted for their alleged responsibility in those cases have been set free on time-limit technicalities. Finally, they also depend on the implementation of a policy of zero-tolerance for Human Rights violations by the Army and the Police, as the new Commander of the Military Forces aptly stated.¹¹



Source: State Department and UNODC-SIMCI Reports from 2002 to 2010. Prepared by Cinep.

Fourthly, in the context of the democratic security policy and with respect to drug trafficking, the Government proposed the dismantling of the production, manufacturing, and commercialization processes, as well as of drug consumption. In spite of the efforts made, drug trafficking continues to be a problem. On the basis of reports prepared by the United States Department of State and the United Nations Integrated Monitoring System for Illicit Crops (SIMCI), the crop figures either remain stable or decrease slightly over those eight years. Colombia continues to feature the highest number of cultivated hectares in the world, and until recently, it was the largest producer of coca leaf.

By way of conclusion, President Uribe's Democratic Security Policy focused on the following aspects: military efforts aimed at defeating the FARC;¹² a process of demobilization and disarmament (negotiation) of the paramilitary groups that has not succeeded in dismantling their structures, which, on the contrary, seem to be in the process of reactivating themselves; a struggle against drug trafficking that has not produced truly definitive results; a preoccupying level of Human Rights and IHL violations committed by the Army and the Police; and the absence of legal and political alternatives that actually take the victims of the conflict into account.

Consequently, the challenges that the administration of President Juan Manuel Santos has to face are: the need to combine military strengthening with a possible political solution, counteracting paramilitary structures and the appearance of new criminal bands, designing and implementing urban security policies, grounding its actions in the protection and enforcement of Human Rights by fighting against impunity, and outlining a strategy against drug trafficking by including development alternatives for the rural economy leading to the replacement of illicit crops, and involving the international community in the search for social solutions to this problem.

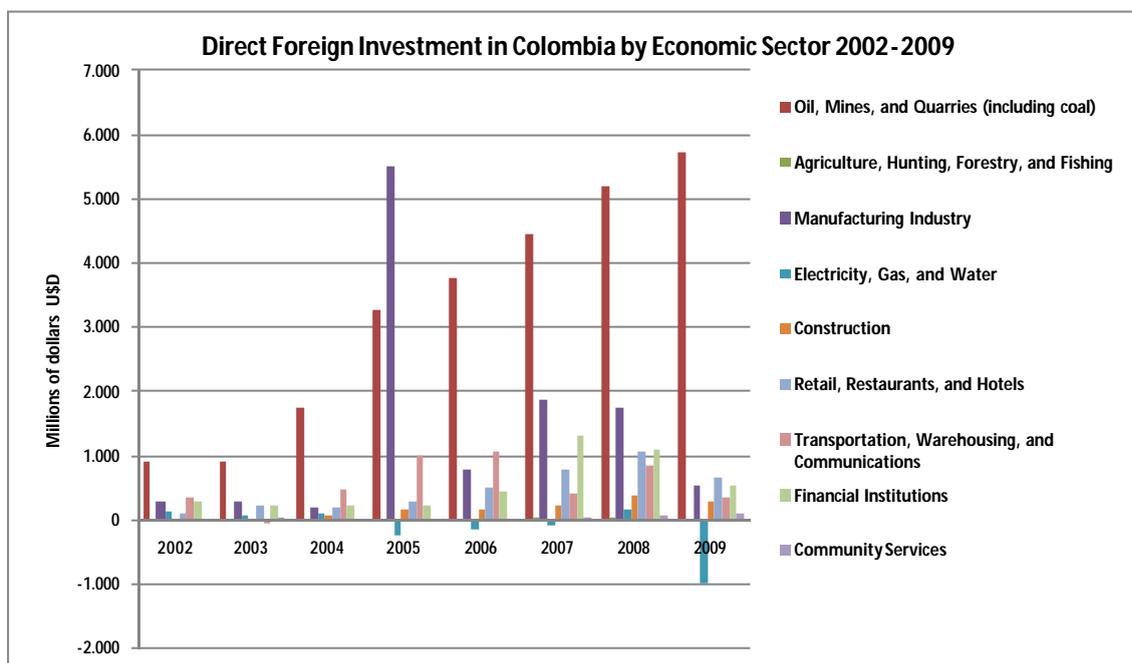
¹¹ *El Espectador*, (2010, 27 July), "Habr a cero tolerancia a violaci n de Derechos Humanos: Almirante Cely" [on line], available at: <http://elespectador.com.co/noticias/judicial/articulo-215595-habra-cero-tolerancia-violacion-de-derechos-humanos-almirante-cely>

¹² See also Crisis Group Bulletin N  23 of June 29, 2010 "Mejorar la pol tica de seguridad en Colombia".

INVESTMENT CONFIDENCE: IN THE SERVICE OF AN EXTRACTIVE DEVELOPMENT MODEL THAT INTENSIFIES THE AGRARIAN PROBLEM AND INCREASES INEQUALITIES

One of the central commitments of Uribe's government was to promote foreign investment by opening up the markets in order to achieve the expansion of production: "Democratic Security is the essential condition for the recovery of confidence. Security brings about investment and this generates employment".¹³

The Álvaro Uribe administration always highlighted this component of its policies. After Peru and Argentina, Colombia registers the highest level of average growth in Latin America during the period between 2002 and 2009, with 4.3%, which exceeds the regional average of 4.0%.¹⁴ Foreign investment has quintupled and ceased to be occasional in order to become permanent; the total investment rate has increased from 15 % to over 25 % of the GDP.¹⁵ In total, foreign investment has reached US\$ 17,623,017,298.25, although it does not exceed the US\$19,121,013,033.00 registered between 1994 and 2001.¹⁶



Source: Banco de La República (Central Bank), Office of the Deputy Director for Economic Studies. Prepared by Cinep.

Nevertheless, the Colombian economy has undergone significant changes over the last 8 years, changes that reveal the dark side of "investment confidence". Industry did not consolidate itself, employment became even more informal, investment led to a re-primarization of economic activity, the poverty trap remains, the agrarian problem has intensified, and inequality has increased. The final assessment could be summarized as follows: Uribe's administrations strengthened an extractive economy and widened the urban-rural gap. During that period there was no structural transformation of the Colombian economy that would make it more competitive in international markets and less dependent on the primary sector.¹⁷ On the contrary, an extractive mining model was reinforced, clearly associated with the strengthening of a basically landowning model for the agrarian sector.

¹³ Colombia, Presidency of the Republic (2003, 20 July), "Report to Congress, 2003". Álvaro Uribe Vélez". p. 6.

¹⁴ Piedrahita, E. (S.F) "Crecimiento económico en 2009 y perspectivas 2010- National Planning Department, DNP.[on line], available at: <http://www.irc.gov.co/porta/page/porta/MinHacienda/elministerio/prensa/Presentaciones/Presentacion%20Crecimiento%20PIB%202009%20R.P.pdf>

¹⁵ Speech by President Álvaro Uribe during the Initiation of Sessions of the Honorable Congress of the Republic, (2010, 20 July) , [online], available at: <http://web.presidencia.gov.co/sp/2010julio/20/13202010.html>

¹⁶ Source: Records of Foreign Investment in Colombia, 1992-2009, Banco de la República (Central Bank).

¹⁷ González, J. I. (2010, August) "Más inversión, más pobreza y más desigualdad" in *Revista Cien Días Vistos por CINEP* N° 70, [on line], available at: www.cinep.org.co

The Colombian model of development entails a greater intensity in the exploitation of natural resources. Mining concessions are granted in the most fragile ecosystemic zones: *páramos* (Andean highland ecosystems), natural parks, aquifers, and environmental reserves. The largest portion of the growing direct foreign investment is concentrated in the mining and hydrocarbons sectors. Growth expectations are centered on the exploration and exploitation of oil, coal, gold, nickel, and coltan deposits. The first three represent 47% of exports. Approximately eight hundred multinational companies are currently operating in the country, of which 100 were established as of 2007. The goal for 2019 is to double coal exports and quintuplicate those of gold.¹⁸

The Government's objective is, on the one hand, to assure the investor that the rules of the game that are essential for its investment decision will not be modified to its detriment. Many laws ratified starting in the 1990s grant considerable benefits to mining companies, whether foreign or domestic, with respect to tax exemptions and preferential treatment regarding customs and duties,¹⁹ in order to foster the establishment of new companies or the reestablishment or reactivation of pre-existing ones. Tax exemptions have been a constant since the decade of the 90s, not only in Colombia but also in Latin America as a whole. Resolution 969 of 20 October 2005, issued by the General Secretariat of the Andean Community, extended an authorization to the Colombian Government to grant franchises for mining and oil extractive activities that had been affected by the public order situation and were being carried out by government agencies or directly by companies engaged in exploration, exploitation, development, transformation, transportation, or refining of products derived from the coal and hydrocarbons industry.²⁰

During those years (2002-2007), the participation of industry in the GDP was 16.7% on the average. No significant changes have been observed in that share during the current period. Industrialization has not taken place in Colombia. And when growth is not based on industry, it is not sustainable.²¹ The first conclusion that can be drawn from this assessment is that it is necessary to give priority to investment in industrial activities. In order for growth to generate more employment, it is necessary to stimulate the generation of added value. Therefore, it is essential to go beyond the extractive logic and attempt to create conditions that are favorable for the generation of value. These processes are facilitated by the consolidation of domestic demand and the stimulation of the domestic market. In order to strengthen the domestic market, it is necessary to improve the road and communications infrastructure. Now that a new mining and energy boom is being announced, it is necessary to design mechanisms aimed at preventing the squandering of wealth. The unfortunate history of the bonanza of the 1990s cannot be repeated.²²

Although security did generate investment, said investment has not contributed to reducing unemployment rates. The changes in investment/occupation have not gone hand in hand with employment. Certain forms of investment do not contribute to making other industries and productive processes more dynamic, since they do not generate linkages or stimulate endogenous processes. Crude oil exports do not generate virtuous economic circles. The situation is quite different in the housing construction sector, which generates many linkages.

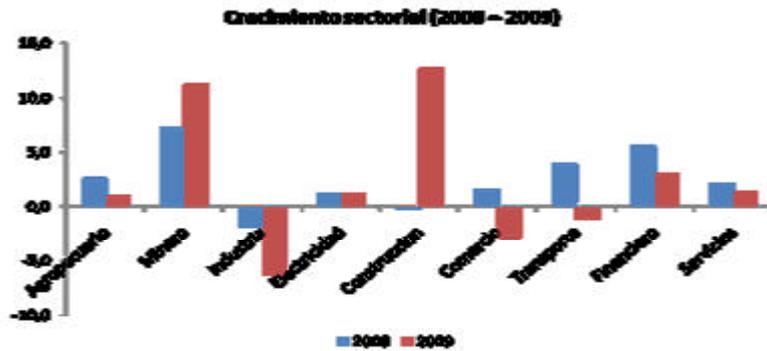
¹⁸ *El Espectador*, (2009, 22 November) "Minería o ambiente el dilema del rey midas" pp. 20-21 and (2010, 13 July) "Boom minero una nueva versión del dorado" pp. 2-3; Touin, J. (2010, June-July), "Colombia ratifica colonización económica" en *Desde Abajo*, Bogotá, N° 158, pp.2-3

¹⁹ Colombia, Dirección de Impuestos y Aduanas Nacionales - DIAN (2007, 12 July) "Leasing exención de gravámenes arancelarios"; and Cifuentes, P. (2008, January) "Impuestos tributarios en la gran minería del carbón" [Graduation Project], Bogotá, Escuela Superior de Administración Pública – ESAP, Political and Administrative Sciences Program.

²⁰ Sarmiento, L. (2010, July) "Colombia: Reprimarización de la economía" in *Le Monde Diplomatique*, Bogotá, N° 91, pp. 4-5.

²¹ González, J. I. (2010, August). "Más inversión, más pobreza y más desigualdad" in *Revista Cien Días vistos por CINEP*, N° 70, [on line], available at: www.cinep.org.co

²² González, J. I. (2010, Agosto). "Más inversión, más pobreza y más desigualdad" in *Revista Cien Días vistos por CINEP*, N° 70, [on line], available at: www.cinep.org.co



Growth by Sectors (2008-2009)
 Agriculture and Livestock/ Mining/ Industry/ Electricity/ Construction/ Retail/ Transportation/ Finances/ Services
 Source: DANE. Prepared by Cecilia López.²³

Housing construction stimulates other industries (cement, wood, adobe, transportation, furniture, masonry, etc.). In contrast with what happens with the oil industry, these linkages make investment in housing generate significant employment.²⁴ The relationship between investment and growth is clearer than that between investment and employment. Investment fosters growth, but it does not necessarily promote employment. Investment confidence has contributed to the growth of the product, but has not had a favorable impact on occupation. The greatest increase in the GDP occurred in 2007. This behavior is largely explained by the increase in the price of goods such as oil and coal, which means that it is a growth based on extractive processes that do not generate employment.²⁵

On the other hand, analysts expect the agricultural frontier to expand by 45% in the next 10 years, accompanied by the expulsion of another million and a half peasants. Thus, territorial reordering is based on the expulsion of peasants, indigenous peoples, and Afro-Colombians; cattle ranching; large-scale cultivation of crops for biofuels; extensive and intensive mining; mega-projects based on militarization; and enclaves dedicated to agro-industry for export. It is estimated that peasants have been deprived of 5.5 million hectares of land. According to data provided by the Agustín Codazzi Institute, during the past quarter of a century: 1) large properties (over 500 hectares) have increased from 47 to 68 % of the registered land, while small properties have decreased from 15% to 9%; 2) farms with less than 3 hectares of land are owned by 57.3% of the owners, while farms with more than 500 hectares belong to 0.4% of the owners; 3) in Colombia, 13,000 natural persons are the owners of 22 million hectares.²⁶

The general objective of the Government's Agro Ingreso Seguro policy, established in 2007, was to improve the competitiveness of the agricultural and livestock sectors and to protect the interests of the producers that had been affected by the distortions deriving from external markets, while giving priority access to small and medium producers by granting them differential support and special quotas. According to the analysts, said policy has had a negative impact on income distribution and has contributed to promoting capital intensive production schemes in rural areas where unskilled workers abound and jobs are scarce. On the other hand, the principle of equality was not complied with, since a large part of the subsidies ended up in the hands of landowners, bureaucrats, drug traffickers, beauty pageant queens, and even persons accused of paramilitary activities, and several irrigation subsidies were granted to a single family.²⁷ Thus, the program ended up excluding small producers and peasants, given that very few of them could meet the requirements to qualify for the program.

There is no policy for rural development. In rural areas, the peasant, indigenous and Afro-Colombian populations suffer the worst effects of the war. The expropriation of lands and displacement associated

²³ López Montaño, C. (April, 22, 2010) "Economía, el gran reto" available at: www.cecilia_lopez.com

²⁴ González, J. I. (2010, June). "La Inversión no es Intrínsecamente buena", *Revista Javeriana*, vol. 146, no. 765, pp. 8-13.

²⁵ González, J.I. (2010, June) op. cit. 8-13.

²⁶ Ibid. pp. 4-5.

²⁷ Robledo, J. E. (2009, 13 November) "Agro Ingreso seguro, cínico y descarado". Debate in the Senate of the Republic, [on line], available at: <http://www.moir.org.co/Agro-ingreso-seguro-cinicoy,3813.html>

with the conflict have led to the strengthening of regional paramilitary powers, and fostered the presence of transnational companies and the execution of mega-projects, as well as the gradual loss of income by poor people in the countryside.²⁸ As of December 2009, the official Government figures indicate that the total number of households registered in the Displaced Population Information System rose to more than 700,000, which means that the total number of displaced persons amounts to more than 3,6 million, or 7.9% of the country's population at the time. However, those official figures do not represent the total number of displaced persons, which might actually reach 4.5 million, that is, 10% of the total population.²⁹

During the years of the Uribe administration (2002-2009) the incidence of poverty decreased from 53.7% to 45.5%. Although the percentage of poor people diminished, the fact that the absolute level continues to be very high is a cause for concern. In 2009, the number of poor people rose to approximately 20 million. This figure shows that Colombia still has not been able to overcome the poverty trap. As long as that trap persists, the country can continue to grow without any significant changes in the level of poverty; and as long as there are no structural policies to generate employment, it is not feasible to win the battle against poverty. Furthermore, it is necessary to bear in mind that the pace at which the incidence of poverty has decreased has been slower than in the rest of the Latin American countries. Whereas in Colombia –as evidenced in the cited study carried out by the Planning Department- 46 out of every one hundred people live in a condition of poverty, the figure for Latin America as a whole is only 35 percent. On the other hand, indigence is rising: in Colombia it has reached almost 18 percent, while in the rest of the continent it is only 13 percent.

According to the measurement of the concentration of income carried out by the United Nations Development Program, the Gini coefficient for Colombia is 59.2% (a measure of the inequality of a distribution, from 0 to 100, where a value of 0 expresses total equality- all the inhabitants of a country have similar wealth- and a value of 100, maximal inequality). This means that Colombia is the Latin American country with the most inequality, considerably above the United States (40.8), Mexico (46.1), Venezuela (48.2), Costa Rica (49.8) and Guatemala (55.1). Between 2002 and 2008 the Gini coefficient did not change and remained stable at 0.59. On the other hand, the adjusted Gini coefficient for land ownership is equivalent to 0.85, by far the highest indicator in the region and one of the highest in the world. Such a level of concentration of income clearly shows that our model of growth has been based on an unjust model. Tax policies have favored the wealthy, and social policies have not managed to compensate for the inequalities generated by the economic dynamics and regressive taxes.³⁰

It is important to observe that the gap between the country and the city has intensified, revealing a profound rupture between rural and urban processes. A comparison of poverty in the 13 metropolitan areas with the poverty in the rest of the country yields alarming results. In the rest of the country, the percentage of poor people fell from 69.3% to 64.3%, while in the cities it decreased from 40.3% to 30.6%. Thus, the comparison of poverty in the 13 metropolitan areas with that in the rest of the country shows a progressive deepening of the gap. The difference in 2002 amounted to 29 points (69.3-40.3=29), while in 2009 it was 33.7 points (64.3-30.6=33.7).³¹ One of the most damaging consequences of the Uribe administration has been the lack of convergence between town and country. Both the drop in agricultural production and the deterioration of the countryside led to an intensification of the agrarian problem. One of the most negative expressions of the decline of rural areas is the fact that some of the most fertile regions in the country converted to cattle-raising, as illustrated by the case of the department of Córdoba.

In summary, the Uribe administrations increased inequality, measured according to income and assets. The gap between rich and poor became wider. The most alarming situation is observed in rural areas, where the concentration of land ownership increased significantly. A Gini coefficient of more than 0.8 for land ownership is scandalous. It is impossible to make a positive assessment of a government that allows inequality to increase to that extent. The struggle against poverty is effective only if growth favors the poor,

²⁸ Sarmiento, L. (2010, Julio) op.cit. pp.5-6

²⁹ Garay, L. J., (2010, Mayo) "La tragedia humanitaria del desplazamiento interno forzado en Colombia" in *Revista Foro* N° 70, p. 30

³⁰ *Ibid.*

³¹ *Ibid.*

or, in other words, if growth goes hand in hand with distributive policies. Without radical transformations in the distribution of income and wealth, it is impossible to break up the poverty trap. Unless the issue of distribution is tackled directly, the reduction of poverty will be slight. The new administration should stimulate the potential of urban governments. In general, economic analyses have ignored the spatial dimension and the dynamic force of agglomeration. In this context, aspects related to the city-region relationship are essential.³²

From all of the above it is possible to conclude that the challenges faced by the administration of Juan Manuel Santos are the following: creating conditions that make it possible to generate value by consolidating domestic demand and stimulating the domestic market; improving the roads and communications infrastructure, as a basic condition for the strengthening of the domestic market and stimulating the potential of urban conglomerates; and addressing the spatial dimension and the dynamic force of agglomeration, as well as those aspects related to the formulation of territorial ordering plans aimed at analyzing the types of territorial occupation. With respect to rural areas, the challenge is to go beyond a law for the restitution of lands by reformulating a development policy for the peasant economy.

SOCIAL COHESION: AN UNEQUAL AND UNFAIR SOCIAL POLICY BASED ON RELIEF AID

Through its social cohesion policy, the Government expected to defeat poverty and provide equality of opportunities, on the basis of seven tools: the educational revolution, the promotion and expansion of social security, the promotion of an economy based on solidarity, the social management of public services, the social management of rural areas, urban quality of life, and the idea of a country of owners.³³

Familias en Acción (Families in Action), the Programa Juntos "Together" Program), and Seguridad Alimentaria (ReSA)(Food Safety) are some of the tools designed to defeat poverty. The first one paid subsidies to 2,600,000 persons over 8 years; the second reached out to 1,123,000 poor families; and the third benefited 824,000 families.³⁴ As far as Health Services are concerned, 89 percent of the population was covered (between the contributive and the subsidized regimes). Elementary and high school coverage rose from 80 percent to 100 percent and from 57 percent to 80 percent, respectively, while university coverage has gone from less than one million students to close to 1,700,000, a figure that includes degrees granted at the technical and technological levels.³⁵

The Government's social policies have been based on relief aid measures that have co-opted the population and made it dependent on the patron-client exercise of politics, thus avoiding structural transformation measures. The Government has been more interested in handing out subsidies- through programs such as Familias en Acción- than in finding mechanisms that make possible education, health, and employment generation policies. Uribe ignored the perspective based on rights and, going against the basic justice of social policy, chose to benefit the wealthy (for example, Agro Ingreso Seguro). Therefore, the development model has gone in the wrong direction, the poverty trap persists, the incidence of indigence continues to increase, and the gap between town and country keeps widening. Exclusion and unfairness have become the main obstacles to building a culture of human rights, democracy, justice, and development.

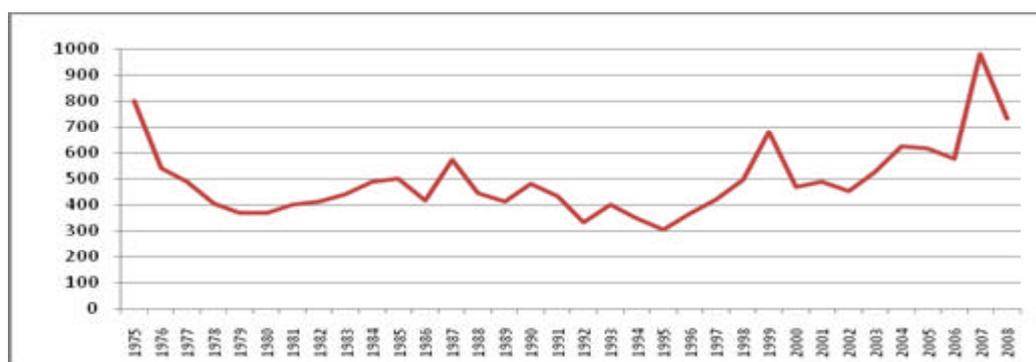
³² Ibid.

³³ National Planning Department – DNP. National Development Plan 2002-2006: Toward a Community State.

³⁴ Acción Social Balance de Gobierno 2002-2010: Trabajo, Hechos y Corazón, [on line], available at: www.accionsocial.gov.co

³⁵ Speech by President Álvaro Uribe during the Initiation of Sessions of the Honorable Congress of the Republic, (2010, 20 July),[on line], available at: <http://web.presidencia.gov.co/sp/2010julio/20/13202010.html>

Evolution of the Social Protest (1975-2008)



Source: CINEP Social Struggles Database.

Social mobilizations in Colombia have been the result of the lack of response to the problems that the Government meant to solve. Proof of this is the serious financial crisis of public higher education institutions, the state of emergency in the health care system, and the intensification of problems in the labor system, whether due to the increase in unemployment, or the precariousness and instability of jobs. As we had previously mentioned in another Special report, during the 8 years of President Uribe's administrations, social mobilizations increased until they reached their peak in 2007, when the greatest increase since 1975 was observed. Thus, it is possible to say that this period shows the highest level of social protests in fifty years, which means that there were two social struggles per day throughout the country.

Let us consider the results obtained in some of the fields of social policy, particularly in education, health, and employment.

With respect to **education**, net basic coverage reached 100 percent, given that 11 million students are enrolled in elementary school and high school. However, this information needs to be broken down: while in the 13 to 17 age group, the proportion of teenagers enrolled in educational institutions is 80 percent, in the 18 to 22 age group, that proportion falls to 55 percent, and in the 23 to 26 age group, the proportion is only 50 percent.

Although the coverage in higher education increased from 20.6% in 2002 to 33.3%, including technical, technological, and professional study programs, in 2008 desertion toward the end of the programs reached 50%. In other words, only one out of three Colombians goes on to other studies after finishing high school and only 16% manage to finish these studies. There are several reasons for this desertion, the first of which is the low academic level of elementary and high school education. The other causes have to do with financial issues: households with insufficient income to pay the cost of higher education or of financing programs (scholarships and loans). The quality and pertinence problems in education are structural in nature. In 2007, Colombia ranked 53 among 57 countries in the international evaluation carried out by the OECD in the context of the Programme for International Student Assessment (PISA), which measures the capacity to analyze, reason, communicate, examine, interpret, and solve problems.³⁶

The Government is convinced that the quantitative expansion of education opportunities is the key factor in education. We agree with analysts in this field who believe that responses are more complex and conflictive, insofar as educational systems reflect the socioeconomic and political structures of the society in which they operate and tend to perpetuate, reinforce, and reproduce social structures and organizational patterns.³⁷ Thus, in a society like ours, marked by inequalities, poverty, and violence, the transformation of the educational system and guaranteeing the right to education entails an integrated

³⁶ Sarmiento, L. (2010, April-May) "Uribe 2002 – 2010 hecatombe social" in *Desde Abajo*, N° 156, pp. 2-3.

³⁷ Sarmiento, L. (2009, October) "Educación, entre la ilusión y la incertidumbre" in *Le Monde Diplomatique* N° 83, Bogotá, pp. 4-5.

vision that involves changes in the perception of development as well as structural changes of a societal nature.

As of 1993, **health care** went from public to private, when it was entrusted to health management organizations, known as "Health Promotion Companies" (EPS, according to the acronym in Spanish). Law 100 of 1993 established a health care system with two regimes: the contributive regime and the subsidized regime. The health care system has collapsed financially due to the high profit rates of the EPSs (health services intermediaries, whose total assets increased by \$43,524 million), the low participation of those belonging to the contributive regime, and the Government's failure to pay the 6 billion pesos (6 trillion in American terms) it owes the system, thus excluding 15% of the population. Of the 40 million individuals covered, 22.8% belong to the subsidized regime and 17 million persons (of which only 8 million contribute, since the rest are family members) belong to the contributive regime. This is a reflection of unemployment, of the precariousness of employment, and the low incomes of the majority of workers. The increase in health coverage was achieved at the expense of the quality of service. Users have had to resort to "tutela" actions (actions for the protection of fundamental rights) in order to obtain the medications and treatments that the Mandatory Health Plan is denying them; 142,957 "tutela" actions were filed in 2008.³⁸

According to the Mission to Link Employment, Poverty and Inequality Surveys, MESEP, 27 million poor persons belonging to levels 1 and 2 of SISBEN³⁹, of which 7 million are indigent, that is two out of every three Colombians, are the victims of this critical situation.⁴⁰ These 27 million persons are not guaranteed their rights to decent work, housing, education, food, recreation, and social security.

In the face of the government measures that led to the privatization of the service and of the provision of health insurance through EPSs, we are obliged to demand a structural solution that truly guarantees the right to health. It is necessary to consider health a right and move toward a new "single national public health system". In this respect, social movements are demanding that Law 100 of 1993 be repealed, and that the package of measures promoted by the Uribe administration, which have only led to the increase of injustice and unfairness, be revoked.⁴¹

With respect to **employment**, nothing has been more negative than the labor reform.⁴² Law 789 of 2002 was allegedly conceived to create 640,000 new jobs in the four years following its issuance, but this has not been the case. The unemployment rate at the beginning of Uribe's government was 14.2% in 2002, and in May 2010 it was 12.1%. In 2007, the national leadership of the Central Unitaria de los Trabajadores (CUT)(Central Union of Workers) stated that "businessmen's profits have increased by seven billion pesos (seven trillion, in American terms) merely due to the effects of Law 789".⁴³ This law has worked in two directions. First of all, it tends to benefit businessmen not just because of the increase in their profits, but also because it has contributed to their changing their hiring modalities so as not to pay parafiscal contributions, severance pay, bonuses, or social security. Secondly, as far as employees are concerned, they have been negatively affected by Law 789 and by the determination of both the government and businessmen to uphold it. Said law has clearly worsened employees' quality of life as a result of the alarming increase in informal employment and independent work, and of the losses incurred due to the reduction in the cost of overtime, in pay for working night shifts, and in pay for working Sundays and holidays.

³⁸ Sarmiento, L. (2010, April-May) op. cit.; Torres M (2010, February) "Salvavidas para el negocio de la salud", in *Le Monde Diplomatique*, N° 86, pp. 4-5.

³⁹ The System for the Identification of Potential Beneficiaries of Social Programs (SISBEN) is an identification tool that organizes individuals according to their standard of living and makes possible the technical, objective, uniform, and fair selection of beneficiaries of the social programs handled by the State, according to their specific socioeconomic conditions.

⁴⁰ Colombia, Misión para el Empalme de las Series de Empleo, Pobreza y Desigualdad - MESEP (2010, April) "Resultados cifras de pobreza, indigencia y desigualdad 2009" and Sarmiento L. (2010, April-May) op. cit. pp. 2-3.

⁴¹ Gutiérrez, C. (2010, March) "Desmercantilizar el derecho a la salud" in *Le Monde Diplomatique*, N° 87, p.3.

⁴² Delgado, A. (2009, April) "La protesta social y la guerra no se quieren" in: *Revista Foro* N°67 pp.87-97

⁴³ *El País*, 24 July, 2007, p.10.

Going against the grain of the Constitution, during the two Uribe administrations the social sector was subject to a growing process of privatization, as was the case of social security, health, education, housing, energy, water, basic sanitation services, and the environment. The perspective of rights was replaced by that of commodities and risk, and the provision of social services disappeared into the illusory system of "insurance". The increase in social mobilizations during the period is a reaction to the lack of solutions to the problems faced by social sectors that not only demand acknowledgment of their economic, social, political, cultural, and environmental rights, but also demand respect for civil and political rights and International Humanitarian Law. Instead of advancing toward the acknowledgment of human rights during the past eight years, the situation has deteriorated, which makes it possible to predict that social struggles may increase during the next period if there is no response to people's demands on the part of the government.

Thus, the main challenge that the government of Juan Manuel Santos must face in the field of social policy is the reformulation of the policy aimed at overcoming poverty on the basis of relief aid measures, in order to move toward an approach based on justice and rights, seeking structural solutions that actually guarantee the right to health, education, and employment.