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CONFLICT, DECENTRALISATION AND LOCAL GOVERNANCE IN COLOMBIA, 1974-2004*

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Abstract

The objective of this paper is to determine the variables that explain the geographical expansion and armed activity of Colombian irregular groups since the mid seventies, taking into account the role of the political, fiscal and budgetary decentralization and its effects over local governance. This period of Colombian history (1974-2004) has been graced by strong economic, social and institutional changes that have deepened particularly since the decentralization process of the mid eighties. In fact, this paper states that decentralization process transformed the conflict into a dispute over the local power, intensifying the use of violence in order to appropriate part of the public goods and resources, interfere the political process and consolidate the group's territorial control. The analysis of the illegal group's early activity (1974-1982) shows that the use of violence is explained by grievances such as poverty or inequality. However, subsequent years reveal deep changes in the illegal group's strategic procedures in which the decentralization process have given them incentives to control the local governments by using violence (greed). The results demonstrate a strong and significant relationship between the intensification of the armed conflict and the greater political, budgetary and fiscal autonomy of local governments. In fact, the presence of local resources such as royalties and taxes triggers violence against politicians being more intense in the municipalities where the actions of the illegal groups are higher.

Key words: Armed conflict, Violence, Decentralization, Local governance, Spatial Econometrics.

JEL Classification: C23, C24, D74, R12.

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CONFLICTO, DESCENTRALIZACIÓN Y GOBERNABILIDAD LOCAL EN COLOMBIA, 1974-2004

Resumen

Este trabajo tiene como propósito determinar las variables que explican la expansión geográfica y el aumento de la actividad armada de los grupos ilegales desde mediados de los años sesenta, teniendo en cuenta el papel de la descentralización política, fiscal y administrativa de los años ochenta y sus efectos sobre los líderes y gobiernos locales. El periodo de estudio (1974-2004) está enmarcado por fuertes cambios a nivel institucional, económico y social que se profundizan con el proceso de descentralización de los años ochenta. En particular, el trabajo sostiene que ésta ha trasladado el conflicto a la arena de lo local a través de un mayor uso de la violencia destinada a la apropiación de bienes y recursos públicos, control del proceso electoral y/o consolidación del dominio territorial en lo local. El análisis sobre los determinantes de la actividad armada en los primeros años (1974-1982) demuestra que el mayor uso de la violencia coincide con condiciones objetivas como la pobreza o la desigualdad. Sin embargo, los años posteriores a 1982 revelan un cambio estratégico en la acción de los grupos ilegales –depredatoria-, donde la descentralización juega un papel central para la concentración de la violencia a nivel local. En general, los resultados del estudio revelan la existencia de una relación fuerte y significativa entre el escalonamiento del conflicto armado y la mayor autonomía presupuestal, política y administrativa de los gobiernos locales. La presencia de mayores recursos públicos como impuestos o regalías intensifica la violencia contra los líderes locales, en particular, en aquellos municipios donde hay fuerte presencia de grupos armados ilegales.

Palabras clave: Conflicto armado, violencia, descentralización, gobiernos locales, econometría espacial.

Clasificación JEL: C23, C24, D74, R12.

1. Introduction

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

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

The decentralisation of local politics and public spending changed the State’s role, as much in terms of power as spending, and gave more political power to elected regional and local leaders, who now had greater budgetary autonomy. The new municipal and regional resources were spent largely in social areas (especially: education, health and clean drinking water). We state that the institutional changes of decentralisation had a substantial impact on the dynamics of the internal armed conflict. As political power and budgetary resources became more local, the irregular groups had more of an incentive to exercise greater local control, especially due to the State’s weakness in the monopoly of

force and the administration of justice. Thus, as the groups increased their local control – by intimidating, plundering and forming strategic alliances with local and regional leaders – they had access to a greater proportion of power.

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

To reach an understanding of the long-term evolution of the armed conflict, we used new historical data, and new municipal economic, fiscal, social and political information. New IEPRI¹ municipal information on the activities and actions of the different guerrilla groups (FARC, ELN, M-19) from 1974 to 1982 was used, as were municipal databases (belonging to the Social Foundation, the National Planning Department and the Vice-President's Office) related to the actions and attacks of guerrilla, "self-defence" and criminal groups between 1985 and 2004. During the quantitative exercises we combined this information with census data from 1973, 1985 and 1993, municipal fiscal accounts held by the National Audit Office and the National Planning Department, electoral information from the National Electoral Database, land ownership data from the Agustín Codazzi Geographical Institute, educational statistics from the Ministry of Education and the DANE, and criminal statistics from the National Police Force.

2. The Geography and Evolution of the Conflict

The activities of irregular groups increased significantly during the second half of the 1980s (Graph 1), both in terms of armed activity (more attacks) and geographical expansion. Map 1 shows the municipalities in which an armed group was active between 1974 and 1978². The total, 91 municipalities, is only a little more than 8% of the total

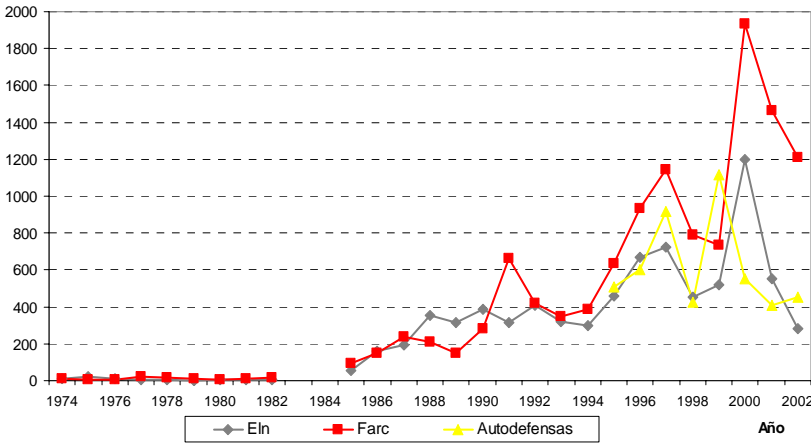
¹ The information was collected from the following newspapers: El Tiempo (Bogotá), El Colombiano (Medellín), El País (Cali), La Patria (Manizales) and Vanguardia Liberal (Bucaramanga). IEPRI is the Institute of Political Studies and International Relations of the National University of Colombia.

² The map shows FARC, ELN, EPL, M-19 and Nacional Liberation Front (FLN) activity. It also includes movements such as the United Revolutionary Forces of Colombia, the Red Guard, MAS, the ORP and the

number of municipalities at the time, a sharp contrast with the current percentage of municipalities affected by illegal armed activity while 41% of them experienced armed actions during 2002-2003³.

Additionally, the characteristics of these municipalities have changed over time. Initially the illegal groups concentrated their activities on regions undergoing colonization – far from the country’s economic centres and in which there was a clear relationship between poverty, State absence and a guerrilla presence (Pizarro, 2004). From the 1980s, however, the location of guerrilla concentrations changed. They relocated to strategic zones with an abundance of natural resources and huge economic potential.⁴ As Pizarro (2004, p. 185) points out “...the expansion of guerrilla groups over the past decade is directly related to controlling the production of diverse riches: areas dedicated to the production and processing of illicit drugs, zones rich in gold, coal, oil, bananas, cattle and coffee.”

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



Source: IEPRI Database, Social Foundation, National Planning Department

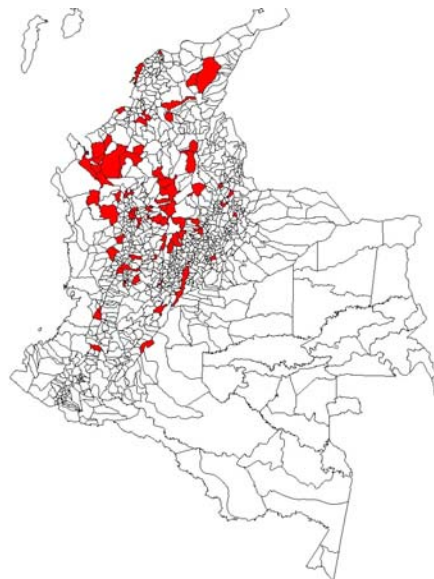
MAO. The activities referred to are: attacks on population centres, threats, extortion, kidnapping, attacks on military installations and oil pipelines, ambushes and terrorist attacks.

³ According to DNP data for 2002, 33.6% of Colombian municipalities experienced FARC activity, 11% ELN activity, 17% AUC activity, and 41% actions by all three groups.

⁴ According to Habaug and Gates (2002), if an armed conflict is about winning power, then armed activity should move into the centres of economic power (the capital). The length of this process depends on the size of the country and its geography (climate, topography).

We analysed the variables associated with illegal armed activity using the hypothesis that the expansion of the armed conflict was linked to the specific strategic objectives of each illegal armed group. Achieving these objectives depended on the groups' finances and the institutional framework and State actions designed to stop them. The political decentralization and spending was an institutional change that allowed the irregular groups to win new territorial influence by intimidating or forming alliances with political and local power groups, and to take control of the growing municipal resources (both local and from transfers).⁵

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



Source: IEPRI Database

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

⁵ See Rubio (2002).

2.1 The FARC's Evolution and Expansion

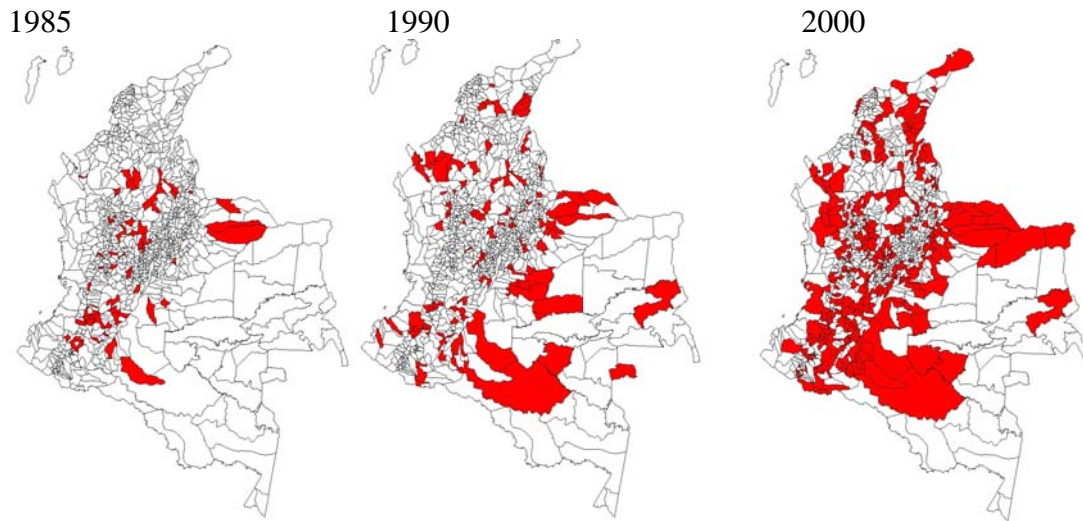
The origins of the Revolutionary Armed Forces of Colombia (FARC) are rooted in the 1950s. A number of peasant self-defence groups, under the influence of the Communist Party, appeared in areas such as southern Tolima, Sumapaz and the Llanos Orientales (Mejía, 2002). These groups were a direct response to political violence perpetrated by the Conservative Government during the era of partisan conflict known as *la Violencia*. Following the bombing of Marquetalia⁶ by the army in 1963 and 1964, the peasant self-defence forces transformed into the guerrilla movement (Vélez, 2000), first represented by the Bloque Sur following the 1964 *Primera Conferencia Guerrillera* (First Guerrilla Conference). The Second Conference was held in 1966, and giving origin to the FARC and decided to expand their armed activities to other areas of the country in a guerrilla war. Six new guerrilla nuclei were formed and the reactive defence strategy was replaced by a long-term direct offensive conflict strategy with the final objective of winning power.

Four years later the FARC, now an organisation with 1000 men divided into ten fronts, redefined their long-term objectives to include the accelerated recruitment of militants, the formation of new fronts, the urbanisation of the conflict, and a military attack strategy. These objectives were ratified at the Seventh Conference in 1982. This meeting, according to many authors, marked a historic point in FARC history: Here began the accelerated increase in the number of fronts and the unprecedented expansion of their armed activities (see Maps 1, 2 and 3 for details of the municipalities where the FARC were active in 1985, 1990 and 2000)⁷. "The organisation went from ten Fronts at the end of the 1970s, to 26 during the first three years of the 1980s." (Escobedo, 1992).

⁶ In 1964, under President Guillermo León Valencia, the army entered Marquetalia, El Pato, Guayabero and other regions, with the objective of wiping-out the guerrilla groups active there. "The guerrilla resistance in Marquetalia lasted until the end of 1965. During *Operación Marquetalia*, commanded by General Hernando Correa and co-ordinated by Colonel José Joaquín Matallana, 16 thousand soldiers entered the region with the idea of exterminating thousands of guerrilla fighters living there. The FARC appeared on May 27th that year as a result of the military actions in the independent republics. On June 20 an assembly was held to decide on the first tactical and strategic lines of the mobile guerrilla forces, and give impulse to concrete plans of attack. They were 48 men. They approved the Agrarian Programme of the Revolutionary Movement and the Revolutionary Guerrilla Forces." (Mejía, 2002).

⁷ For a rigorous analysis of the FARC's geographical expansion see Echandía (1999).

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



Fuente: Fundación Social, Departamento Nacional de Planeación

The Seventh Conference was a strategic turning point for the organization, and led to new patterns of armed activity and attacks – the urbanization of the conflict, the increase to 48 Fronts, the identification of the *Cordillera Central* (Central Mountain Range) as the base for expansion, the creation of means of financing to support the expansion process, and the massive use of politics to win more popular support.⁸

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

The FARC achieved the goals of the Seventh Conference and created fronts throughout Colombia; their strategic deployment axis being the *Cordillera Oriental* (Eastern Mountain

⁸ According to Lair (2004) the FARC, and other groups, experienced an unprecedented qualitative and quantitative jump, or “strategic rupture”, at the start of the 1980s – huge increases in the number of fronts, geographical dissemination via a “centrifugal logic” and the control of municipal life. The second “strategic rupture” occurred following the army’s attack on the Casa Verde (Green House) in 1990.

Range) (Echandía, 1999). This allowed them to expand their influence to highly strategic zones with huge potential economic reserves. The FARC achieved important military victories in Las Delicias (Caquetá) and el Billar (Caquetá), where they displayed a sophisticated capacity for attack (Pardo, 2004). However, there were also political and military failures during the FARC's territorial expansion. The strategic, highly mobile units of war capable of attacking and annihilating military bases and defending strategic territories⁹, suffered following the modernization of the armed forces during the Pastrana Administration (1998-2002). This modernization – basically the strengthening of infantry brigades and military aviation, and the evolution of communications – allowed the army to retake the military initiative and obliged the FARC to go back to their strategy of guerrilla warfare (Rangel, 2001; Pardo 2004).

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

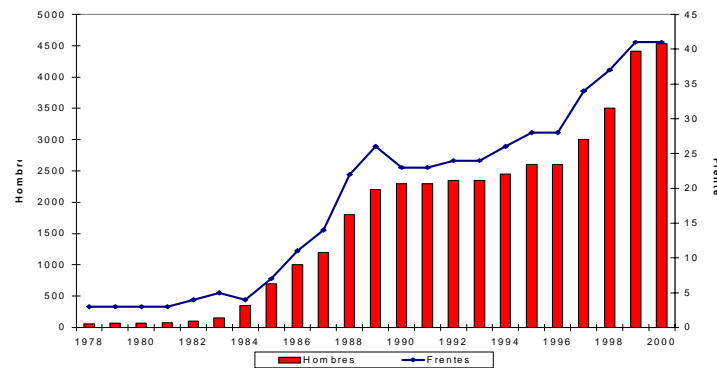
2.2 The ELN's Evolution and Expansion

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

⁹ A war of movements consists of carrying out semi-regular operations against State forces over long periods of time, or attacking strategic military installations. This strategy comes before the war of positions, when cities are attacked and power is won.

During these years the group's finances were weak, coming principally from peasant contributions, the theft of public sector payrolls and raids on the *Caja Agraria* (Agrarian Bank), and they constantly had to pull-back to new areas of the country (Medina, 1996). The ELN's stable growth was interrupted in 1973 when they suffered serious defeats at the hands of the military¹⁰. These defeats almost led to the group's extinction (Medina, 1996). In 1983 the ELN held the National Meeting at which they designed new strategies aimed at reviving the group abandoning the *foquista* theory. Some of the strategies had already been used successfully by the FARC (increasing and expanding war Fronts and looking for new sources of financing) and they included the fact that the support of the population is fundamental to the success of expansionist policies.

Graph 2. ELN Troops and Fronts



Source: Ministry of Defence

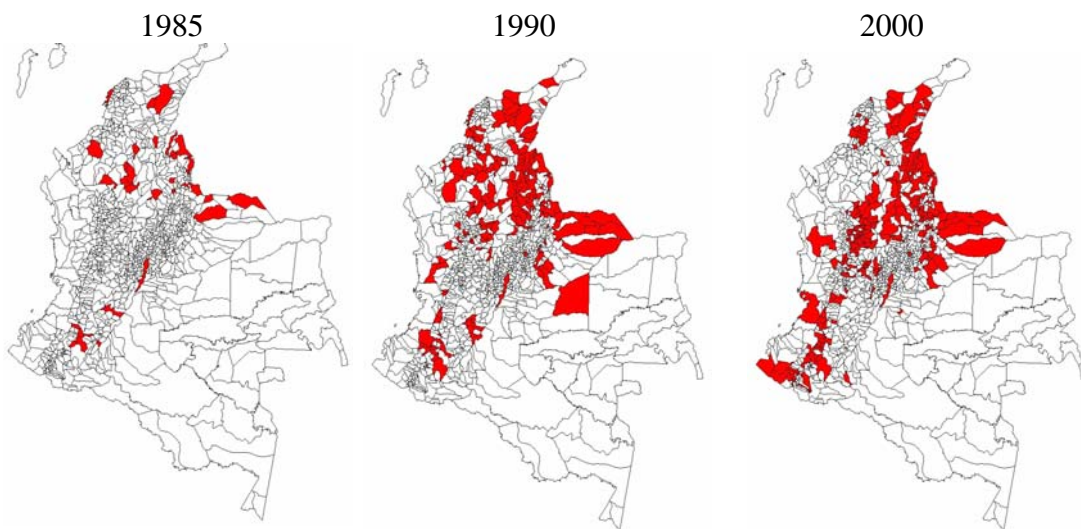
Similar to the FARC, the ELN developed an organisational structure capable of collecting and investing the enormous economic resources that would allow the movement to recover and expand (Graph 2). The Domingo Laín front was the first to kidnap cattle ranchers and hold the big oil companies to ransom.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

This strategy led to rapid growth in the 1980s both in men and attacks. The movement went from having 350 men in four fronts in 1984, to 4500 men in 41 fronts in 2000,

¹⁰ One of the most important happened in Anorí, Antioquia, in 1973, when the army killed 90 guerrilla fighters, including a number of the organisation's leaders.

allowing them to extend their armed activities to new regions of Colombia (Maps 5, 6 and 7). However, over recent years the ELN's military capacity has been damaged and its areas of influence have shrunk under pressure from paramilitary groups and the FARC. In cities like Barrancabermeja and Cúcuta the ELN has lost its influence in the face of AUC activity. The ELN also gave the FARC control of their territories of influence on the Venezuelan border and the strategic corridor linking north-east Colombia with the Atlantic coast¹¹.

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



Source: Fundación Social - Departamento Nacional de Planeación

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

Today's paramilitary (self-defence) groups were formed at the start of the 1980s, when the Betancourt Administration (1982-1986) passed amnesty and pardon laws and decided to commence peace talks with the armed groups.¹² Medina (1990) explains how the

¹¹ This is why some authors have stated that the ELN is facing imminent military defeat, and are thus exploring the political arena with their proposal (*la Convención Nacional*) for an eventual peace process with the Government (Pizarro, 2004).

¹² Law 35/1982 offered amnesty to the authors of political crimes (rebellion, sedition and political violence) and authorised financing for rehabilitation and reinsertion programmes for fighters, including land rights and

concessions granted by the Government as part of its peace policy were not well received in some regions. Landowners and cattle ranchers who had been besieged by the guerrilla groups decided to form self-defence groups who would fight subversion alongside the army. Various self defence groups sprang up around the country as a response to the guerrilla groups' extortion and kidnapping.¹³ All these groups had a common component at the start – they were financed by regional elites and some of their members were also members of the armed forces. Between 1994 and 1997, the groups underwent a process of unification which led to the creation of the United Self-Defence Forces of Colombia (AUC), a movement unified under one command group made up of regional leaders.

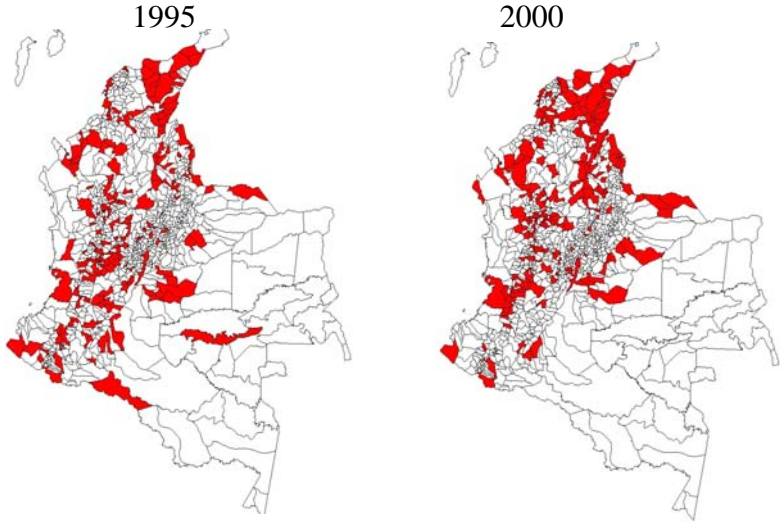
By the end of the 1990s, paramilitary and self-defence groups were active all over Colombia, having achieved great mobility and offensive power¹⁴. According to the UNDP, by 2002 there were 22 paramilitary groups in Colombia operating in 28 departments. The number of AUC fighters also grew fast, from 3,800 in 1997 to 13,000 in 2003, reflecting the organisation's strategy to extend its influence into all areas where guerrilla forces were in control (Maps 8 and 9). The AUC began a fight for strategic zones of economic importance to the guerrilla forces, such as coca growing areas in Urabá, Putumayo and south Bolívar and cities like Barrancabermeja (oil) and Cúcuta (Venezuelan border). To gain control of these zones the AUC carried out selective assassinations and massacres (Graph 3) with a view to eliminating the guerrilla groups' social support base in the regions (Romero, 2003). The AUC are the group most connected to massacres and collective assassinations.

education. Law 49/1985 authorised the President to pardon people condemned of these crimes, with the possibility of extending the pardon to related crimes.

¹³ Including the Castaño brothers' Autodefensas de Córdoba y Urabá; the Autodefensas de Ramón Isaza in Magdalena Medio; the San Martín, Meta, Rice Growers' Armed Groups; the Santander Cattle Ranchers and Traders' Self-Defence Forces; the armed forces of engineers in the Valle del Cauca; the Autodefensas de Cundinamarca commanded by el Águila; and the armed groups of drug-traffickers in Arauca, Putumayo and Caquetá.

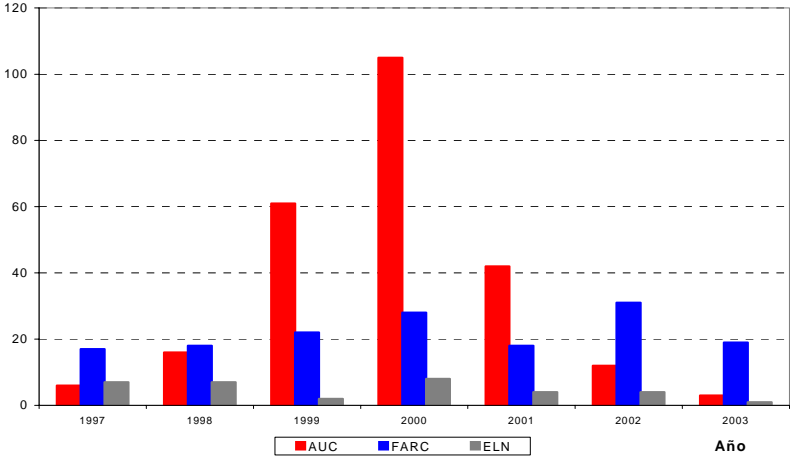
¹⁴ There is a brief history of self-defence and paramilitary forces in Richani (2002)

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



Fuente: Departamento Nacional de Planeación

Graph 3. Massacres Perpetrated by Illegal Armed Groups, 1997-2003¹⁵



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

The AUC has achieved a high level of regional and local influence, both in terms of politics and the use of public sector resources. It has also won an important level of control of coca crops and drug trafficking in Putumayo, Nariño and the Caribbean coast, which has

¹⁵ A massacre is considered to be the killing of more than four people in the same place at the same time.

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

3. The Decentralisation Process of Colombia

In this paper we state that decentralisation reforms aimed at reducing poverty, increasing political participation and enlarging social services offered a great chance to guerrilla and paramilitary groups to expand their actions and gain territorial control. The reason is twofold: on the one hand, local governments have less repressive capacity than the central government so local leaders are more susceptible to intimidation, and on the other, as more resources are transferred to local governments the "pot" available for plundering increases. Decentralization has been, therefore, an opportunity for the illegal groups to widen their political influences and enhance their sources of financing.

The next section details the most relevant aspects of decentralisation in Colombia since the mid-1980s in order to give a background to better understand the relationship between such process and the conflict. We show how decentralization reduced the role of the so-called "objective conditions" (poverty, inequality, lack of public and social services) of the conflict by generating unprecedented advances in social indicators, but that it also gave irregular groups new territorial control and finance opportunities.

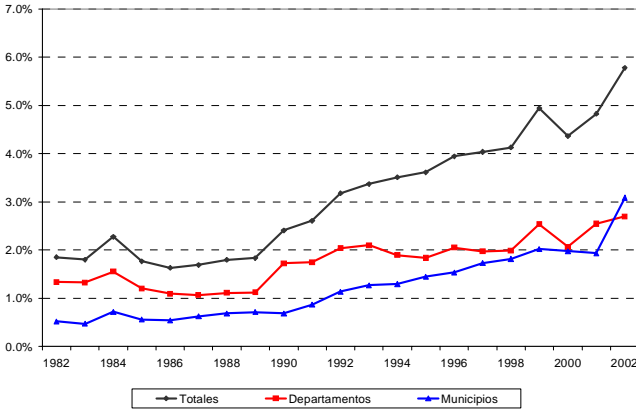
3.1 Decentralisation in Colombia

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

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

The fiscal decentralisation initiative included reforms aimed at guaranteeing a minimum level of resources for local agencies, to enable them to carry out with their new roles. Automatic and semi-automatic transfers from central government were increased, resources were reassigned and new sectors were created for local development (DNP, 2002)¹⁶. The Government’s decision to give administrative responsibility to the municipalities led to sharp rises in local resources, especially from transfers. Graph 4 illustrates the evolution of transfers as a percentage of GDP. Between 1982 and 2002, total transfers went from 1.9% of GDP to almost 6%. This increase was due principally to the increase in municipal transfers, which went from 0.5% of GDP to 3.1%, thus superseding departmental transfers. Local governments began to manage substantial resources, which made them an attractive source of financing for the irregular groups.

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



Source: DNP, authors’ calculations.

¹⁶ Importance was given to the provision of drinking water, basic sanitation, culture, recreation, sport and subsidised housing, amongst others.

The decentralisation can be divided in two stages: the 1980s stage that includes a set of fiscal measures aimed at reorganizing and strengthening local finances and the popular elections of mayors. The second, following the 1991 Constitution, gave new impulse to the process of decentralization and made Colombia one of the most decentralized States in Latin America. The second stage was completed in the late 1990s with a set of fiscal reforms that further developed the Constitution and revised some of its articles.

3.2 The First Stage: the popular election of mayors

Decentralisation during the 1980s was characterised by a weak social and economic democracy that, in turn, made it difficult to strengthen politics. In addition, the army had lost its monopoly of force, and drug trafficking had severely weakened the justice system (Sánchez and Núñez, 1999, Echeverry and Partow, 1998). Local governments had a low capacity to act due to their weak fiscal base, low margin of political manoeuvrability, and slow progress regards social indicators. One must also add the presence of illegal armed groups, who constituted a sort of “embryonic State” in regions with minimal or no State presence (See Hoyos and Ceballos, 2004).

The popular election of mayors from 1988 was one of the first, and most important, advances in political decentralisation. The first stage of decentralization followed an integral strategy that combined fiscal, political and administrative changes, with a view to generating a significant impact on the fundamental problem of legitimacy. Amongst the fiscal changes outstands the fiscal reform of 1986 that established that 50% of the VAT tax should be shared with local governments in an amount depending upon the population of each municipality.

3.3 The Second Stage: The 1991 Constitution and the Deepening of Decentralisation

The 1991 Constitution formalized transfers to local governments and the popular election of mayors and governors, and laid the foundations of increased decentralisation, especially in terms of higher resource allocation for local governments. This stage had four principal facets (Alesina et. al. 2002; DNP, 2002): a) The Government had to transfer to local governments half of all resources collected; b) the bulk of the resources had to be

spent on health and education; c) elected governors and mayors had to administer their own resources and improve their fiscal situation; d) democracy had to be strengthened via the creation of participative mechanisms. The period in office of governors and mayors was increased from two to three years to improve local government continuity. Another component was administrative decentralization that gave local authorities the right to draw up and execute budgets, plan activities, authorise spending and sign contracts.

In spite of the budgetary limits the process imposed, in many municipalities with a high presence of illegal groups the initiative became a lucrative alternative under the new system of “armed clientelism” (Pizarro, 2004). The decentralisation turned local governments into a centre of dispute upon its resources distorting the political and electoral process. According to Rangel (1997) “...the decentralisation that has helped to widen local democracy and to bring near the citizen and the State has been used both by paramilitary and guerrillas to seize local governments and reinforce their territorial control. The lack of justice effectiveness and scarce repressive capacity of local governments have contributed to such situation.”

4. Decentralisation and the Expansion of the Conflict

4.1. Methodology

As the present study intends to determine the variables associated with the activity of illegal groups both in time and space (geography), the methodology used should be take into account those features of the data. Given the geographical nature of the dependant variables used in this investigation, there may be some correlation, be it with the dependant variable in neighbouring municipalities or the explicative variables related to municipal or departmental locations and neighbours. The activity of irregular groups in one municipality should be correlated with the activity of irregular groups of neighbouring municipality, with the social conditions of neighbouring municipalities or violence generating factors of neighbouring municipalities, and econometric techniques should be able to capture these relationships. Thus, the activity of irregular groups depends not only on the characteristics of each municipality, but also on the activity and values of other variables in neighbouring municipalities¹⁷.

¹⁷ The spatial auto-correlation of the dependant variable is not contemplated by Standard econometrics (MCO, transversal cut); this violates the principle of independent observations. This incorrect specification generates

The model used is the following:

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

Where $Y_{i,t}$ represents armed activity in municipality i in year t , $Y_{s,t}$ represents armed activity in the neighbouring municipality s in year t , the vector $X_{i,t}$ contains the explicative variables in municipality i in year t , and vector $X_{s,t}$ contains the independent variables in neighbouring municipality s . The spatial correlation, expressed by parameter ρ ¹⁸ measured the multi-directional spatial dependence - all the regions can affect each other, which motivate the implementation of a contiguous spatial matrix¹⁹ WI (or spatial lag).

The use of this type of methodology and the integration of a contiguous matrix in the econometric models allowed us to capture the spatial diffusion and the contagious effects of illegal armed activity, which means we can analyse the contagious effects of illegal armed activity in one municipality on another, as well as the influence of the independent variables of neighbouring spatial units on local dependant variables. We used spatial tobit models for the period from 1974 to 1982 to explain the rate by inhabitants (the number of illegal armed actions). For 1985 – 2002 we used probit spatial models to explain the presence or absence of each of the illegal armed groups (FARC, ELN and AUC) in a given municipality.

correlated residues, and thus invalidates the results of statistical inferences based on the t-student test and, at the same time, increases the R2 value.

¹⁸ The spatial correlation is similar to the temporal auto-correlation observed in the time series. However, in time series this econometric problem is unidirectional; the past explains the present and can be easily resolved by the lag operator. In the spatial model correlation is multidirectional.

¹⁹ A contiguity matrix for N geographical units of size $(N \times N)$ with zero diagonal values (one cannot talk of the vicinity of a geographical unit to itself) and the other elements of the matrix include vicinity criteria between the other spatial variables N_i and N_j (for $i \neq j$). These values are different according to the vicinity criteria used. If the matrix used is $1/\text{Distance}$, the elements i and j of the matrix, for i different to j , fill up with the inverse of the distance between the two municipalities i and j , so that the furthest geographical units have lower values. If the matrix used is binary 1km, only those elements of the matrix where the distance between census sectors is less than 1km fill up, and the rest of the matrix is full of zeros. The diagonal is filled with zeros and then all the matrixes are standardised horizontally, so that each horizontal sum of the elements in the matrix adds up to 1 (Moreno and Vayas, 2001).

4.2. The Data

The different econometric exercises all have a dependant variable, whether it be the rate of illegal armed activity from 1974 to 1982, or the presence of activity (as a 1 or 0 variable) between 1985 and 2002. As mentioned above, we used tobit spatial methodology for the first period and probit for the second. This variable was constructed using IEPRI information on the activities of armed groups for the period prior to 1982. The data of activities or action of illegal groups were extracted from compilation made by Fundacion Social for the period 1985-1994 and since 1995 from the Observatory of Human Rights of the Vice-presidency and the National Department of Planning.

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

The explicative variables for the presence or absence of the three most important armed groups from 1985 to 2002 have been divided into socio-economic variables (UBN, Gini land ownership coefficient, primary and secondary educational coverage), wealth and economic activity variables (oil, cattle, coca crops, municipal transfers), State presence variables (electoral participation, political representation, judicial efficiency), geographical variables, and temporal and spatial lag variables. As of Municipal Transfer it should be clarified that the Central Government **do not** transfer resources to the municipalities in a discretionary way. If that were the case fiscal transfers may be endogenous to conflict. The transfers received by municipalities depend mainly on a set of fixed poverty indicators and population and therefore they can not be manipulated neither by the Central Government, the local government or the illegal groups. The data for the explicative and dependant variables was taken from different sources (the President's Office, the National Planning Department, the Agustín Codazzi Geography Institute, the Statistics Institute and the National Electoral Office).

4.3. The Results

The Early Actions of Illegal Armed Groups: 1974 – 1978

The results of the econometric exercises designed to explain the activities of irregular armed groups from 1974 to 1978 are presented in Table 1. The level of armed activity from 1974 – 1978 is positively associated with poverty, measured by the Index of Unmet Basic Needs (UBN), and inequality, measured as variance in municipal educational coverage. Primary educational coverage has a negative effect. State presence, measured by judicial efficiency, has the expected negative effect. The wealth variables, measured by per capital municipal tax collections and the presence of gold, have the expected positive value, although only the presence of gold is statistically significant.

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

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

Table 1. Rate of Illegal Actions (Tobit 1974-1978)

Socioeconomic Conditions	
UBN	1.10 ***
Primary education Enrollment	-2.59 ***
Variance of Education	0.70 ***
Sewage Coverage Rate	1.72 ***
State Presence	
Justice Efficiency	-0.88 ***
Economic Activity	
Gold Mines	0.38 *
Spatial Variable	
Spatial Lag	0.22 ***
Violence	
Late Violence (1958-1965)	0.32 *
Constant	-1.74 ***
Number of observations	942
Methodology	Spatial Tobit
Year dummies	Yes ***
*** significant at 99%, ** significant at 95%, *significant at 90%	

The Actions of Armed Groups: 1985 – 2002

The probability determinants for the presence of illegal armed actions (FARC, ELN and AUC) between 1985 and 2002 are presented in Table 2²⁰. The economic variables are all positive and statistically significant. A guerrilla presence, oil extraction and cattle farming all influence the probability of FARC armed activity. A similar thing happens with coca growing – it increases the probability of FARC activity in the municipality. Government transfers to the municipality have a positive, significant effect on FARC activity. Wealth and economic activity follow the line of thinking developed by Collier (2000), related to civil wars in various countries, and Bottia (2003) related directly to Colombia.

We also corroborated the hypothesis that increased municipal resources and political power following decentralisation led to the conflict becoming a dispute for local power, and

²⁰ According to Reyes (1999) areas of small landholdings in the Andean region have not suffered agrarian conflict since the mid-1980s. They have, however, been the object of guerrilla and paramilitary activity and there have been confrontations between these groups and the army.

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

In terms of the temporal dynamic (Table 2) there is a high level of temporal persistence in FARC municipal activity; a municipality that has experienced FARC activity in the past is likely to experience FARC activity in the present. The contagious effect is high and significant – the probability of FARC activity in a given municipality rises by close to 40% if the group is active in neighbouring municipalities.

As of ELN, table 2 shows that socio-economic variables have no statistically significant effect on ELN's activities, with the exception of the Gini property coefficient, which has a sign opposite to that expected based on the "objective cause" hypothesis. The explanation for this is similar to that of the FARC. Wealth and income (cattle ranching and municipal transfers) have a positive, statistically significant effect on ELN activity. Once again, the positive, significant effect of municipal transfers is a clear result of decentralisation. In terms of State presence and political development, both judicial efficiency and electoral participation have the expected negative effect on ELN activity, as they did with the FARC. ELN activity also has a very significant persistent (temporal dynamic) and contagious (spatial dynamic) effect, although less so than for the FARC.

The models for AUC activity were generated for 1995 – 2002, due to the fact that systematic municipal information is only available for this period. Table 2 shows that socio-economic variables have no statistically significant effect. Only poverty (UBN) has a negative effect. All of the wealth and resource indicators have the expected positive sign; the existence of oil, cattle ranching and coca crops all incentive AUC activity. Once again, the size of municipal transfers has a significant and positive effect on the activity of this group. State presence and local electoral participation negatively affect the probability of AUC activity, and were, in fact, of a higher (negative) magnitude than in the case of the FARC and the ELN.

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

Table 2. Actions of FARC, ELN and AUC, 1985-2002

Illegal Armed Groups Actions (Actions= 1, No Actions = 0)			
FARC & ELN : Period 1985-2002; Autodefensas: 1995-2002			
Illegal Armed Group	FARC	ELN	Autodefensas
Socioeconomic Conditions			
UBN	0.0003	0.0003	0.0008 **
Gini of Property Value	-0.1196 ***	-0.0430 **	0.0112
Primary Enrollment rate	0.0252 ***	-0.0048	-0.005
Secondary Enrollment rate	-0.0391 **	0.0019	0,0144
Economic Activity			
Presence of Oil	0.0322 ***	-0.0009	0.0294 *
Presence of Cattle	0.0454 ***	0.0199 ***	0.0382 ***
Coca Crops	0.0025 *	-0.0015	0.0041 **
Transfers from Central Govt	0.0501 ***	0.0421 ***	0.0509 ***
State Presence			
Justice Efficiency	-0.0872 ***	-0.0687 ***	-0.2242 ***
Electoral Participation	-0.1907 ***	-0.0577 ***	-0.1404 ***
Political Representation	-0.0894 ***	0.0261	0,0338
Geographical Variables			
Altitude	0.0064 **	0.0056 ***	-0.0039
Distance to Department's Capital	0.000	0.000	-0.0001
Spatial and Time Dynamics			
Time lag 1	0.1850 ***	0.1331 ***	0.1679 ***
Time lag 2	0.0692 ***	0.0713 ***	0.0590 ***
Time lag 3	0.0759 ***	0.0722 ***	0.0349 **
Illegal Group's Space Lag	0.3893 ***	0.3102 ***	0.0135 ***
R ²	0.2504	0.3493	0.1561
Number of observations	13029	14070	5203
Methodology	Spatial Probit	Spatial Probit	Spatial Probit
Year Dummies	Yes ***	Yes ***	Yes ***
*** significant at 99%, ** significant at 95%, *significant at 90%			

4.4. An Explanation of the Conflict's Geographical Expansion

Changes in the Probability of Illegal Armed Actions

Once we had completed the econometric exercises for the determinants of the illegal armed groups' activities, it became necessary to analyse the relative contribution of each of the geographic expansion variables of the conflict in recent years (the increased probability of armed activity). We employed a simple decomposition exercise using the following equation:

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

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

The FARC, for example, were active in 10% of municipalities between 1988 and 1990, a figure that rose to 29% for 1998/2000. Graph 5 displays the effect of each of the explicative variables on the increased probability of FARC activity. It can be seen that the variable with the greatest effect on the expansion of FARC armed activity was municipal transfers, an indicator of decentralization having provided higher resources to municipalities. The next most important aspect is the contagious effect, which shows that FARC activity tends to spill-over into neighbouring municipalities. The temporal persistence of FARC activity also explains, in part, the expansion of this group. Municipalities that experienced FARC activity in the past are more susceptible to experience activity in the present. The other activities that explain to some degree the increased probability of FARC activity are the presence of illicit crops in the department and weak municipal electoral participation²¹. Municipalities in which political participation

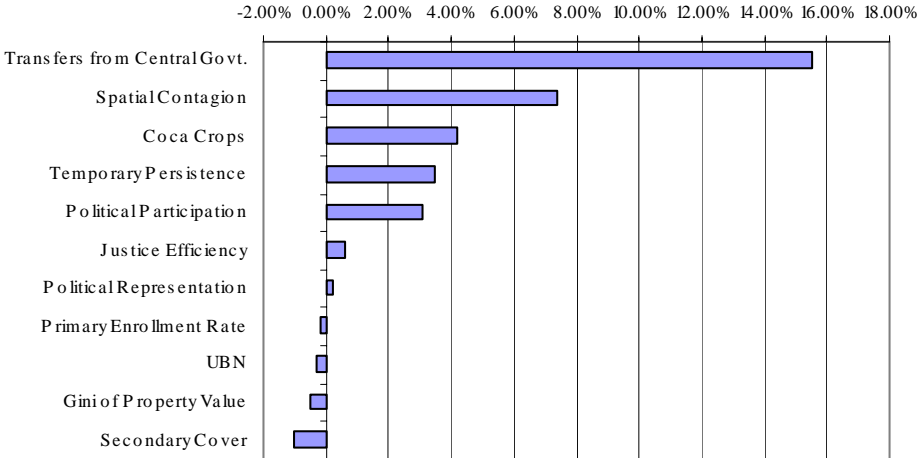
²¹ The future weakening of electoral participation is due to the activities of armed groups (Sanchez and Díaz, 2005). The way in which weak participation in previous elections facilitates the actions of irregular groups is examined.

fell experienced higher increases in the probability of FARC expansion. However, the negative, statistically insignificant socio-economic variables had little effect on the increased probability of FARC activity.

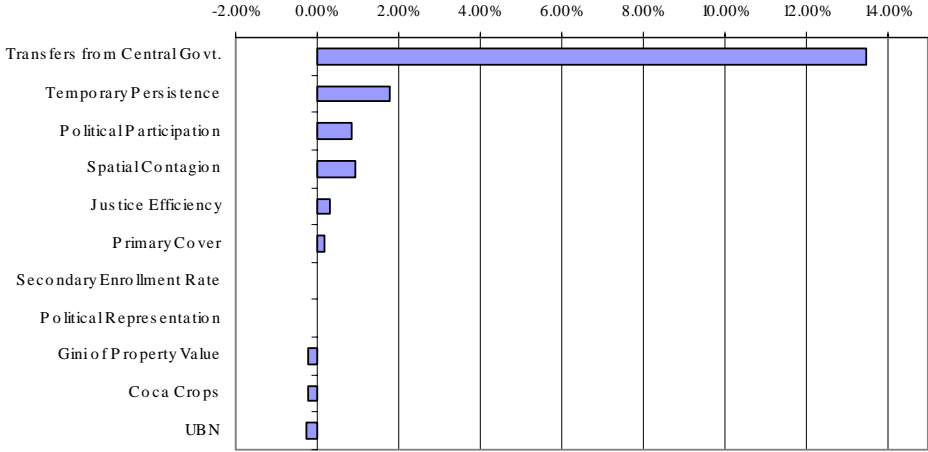
Regards the probability of ELN activity from 1988/1990 to 1998/2000, it can be largely explained by municipal transfers, as seen in Graph 6, followed by coca growing and contagiousness. The socio-economic variables did not have an important effect on the increased probability of ELN activity in the period in question.

Finally, the variables associated with the increased probability of AUC activity from 95/96 to 99/2000 were municipal resources or transfers, the presence of coca growing and temporal persistence (Graph 7). The other variables had a lower impact.

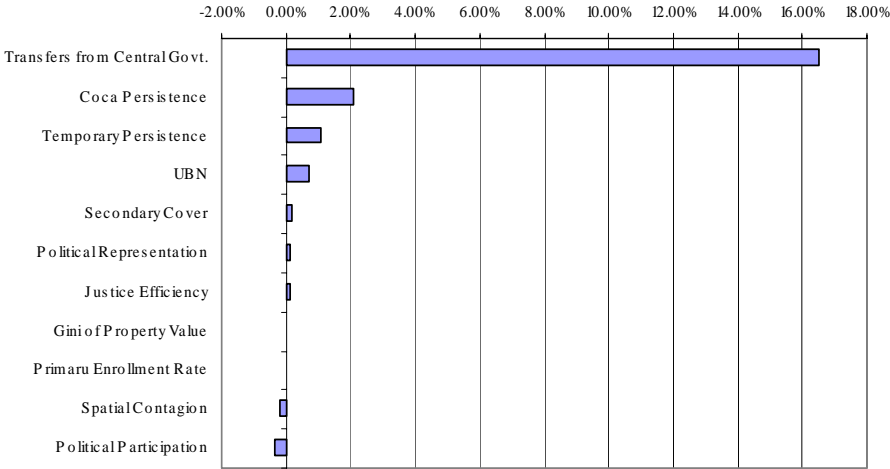
Graph 5. Change in Probability of FARC Actions: 1988/90 – 1998/00



Graph 6. Change in Probability of ELN Actions: 1988/90 – 1998/00



Graph 7. Change in Probability of AUC Actions: 1995/96 – 1999/00



5. Conflict and Local Governments

5.1 The Effects of Conflict on Local Governments

The increase and expansion in armed activity of illegal groups has come together with a dispute between paramilitary and guerrilla over the control of local territories and governments. By controlling them a group gains access to resources both to strengthen its military power and to increase its political influence either by intimidation or partnership that reinforces its economic possibilities. The geographical expansion of the paramilitary groups has coincided with the escalation of the guerrilla actions. In fact, the paramilitary

growth was the response of diverse groups (cattle ranchers, drug traffickers, urban business, etc.) to the predatory behaviour of guerrilla utilizing nevertheless the same depredatory tools than it foes (Ramirez, 2005).

Nonetheless, the way in which both groups approach local governments and local economies is quite similar. To exploit rents from local economies both groups establish financial goals for their fronts in the rich region reached either through coercion or partnership (Ramirez, 2005; Romero, 2003; Rangel, 1997) to gain political power both groups threaten, intimidate, exile or kill leaders not willing to concede; to build military control both groups deployed militias or combatants ready to eliminate informants or fight enemy forces²². The final outcome of the described process is the transformation of the domestic Colombian conflict in a struggle among the illegal groups to control local economy and politics.

Stylized facts on the relationship between conflict and local politics

As seen the decentralisation process coincided with greater intensity and larger geographical expansion of the domestic conflict. In particular, the municipal electoral process and the administration of local governments have severely restricted by the actions of the illegal groups. The statistics on threats, kidnappings, assassinations of leaders and government official are quite striking. In the recent past more than 500 hundred mayors – around 50% of the total number of mayors- were threatened, forced to leave and had to run the municipality from the department's (state) capital. Between 1988 and 2004 322 mayors, 617 councilpersons, 347 local political leaders, 214 grass root leaders, 185 union leaders and close to 600 government officials were killed by all groups - including government forces.

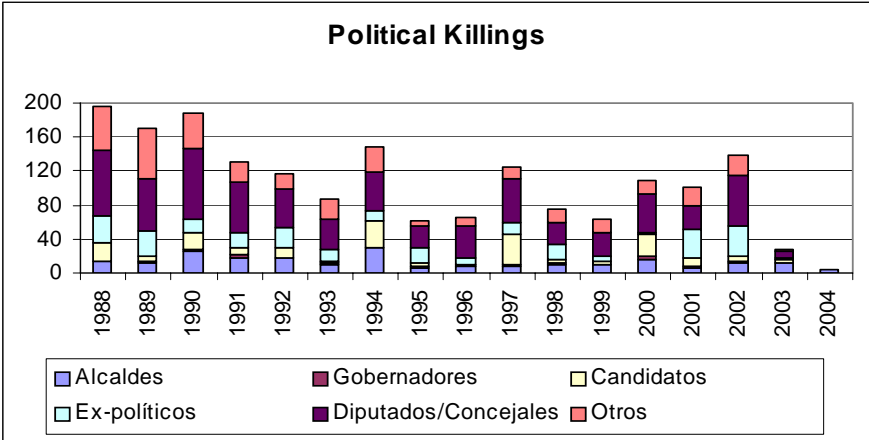
According to graphs 8 and 9 the pattern of killings of local politicians changed over time. In fact they were quite high during 1988-1990 -term of the first elected mayors- but fell in the following years. In contrast the number of kidnappings (graph 9) to politicians rose in the second half of the 1990s particularly in the local election years of 1997 and 2000.

²² According to a chronicle of the journalist Juanita Leon (2005) the guerrilla's control of a particular municipality began by sending small groups to the region who built ties with the local peasants and workers facilitating the arrival of more combatants. Then they attacked the police station getting rid of the police force. Thus, the town became unprotected and was easy to extort farms, business, etc., and overall to predate the local budget.

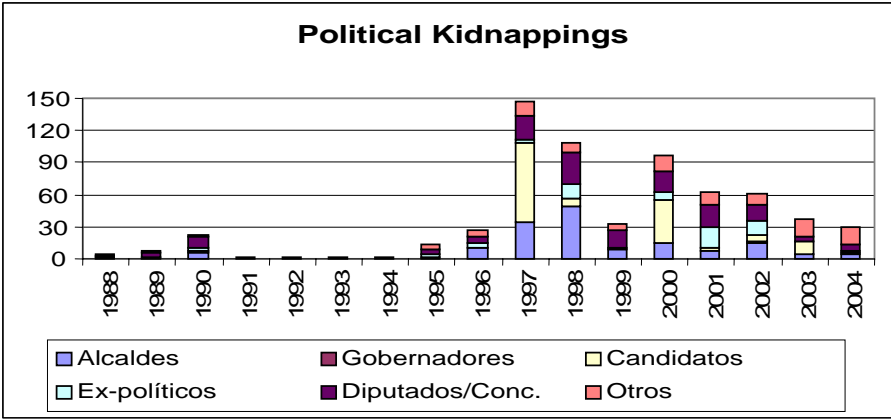
Apparently it was easier and more profitable to obtain favours and resources from local governments through kidnapping than through killing. By using such violent actions, the illegal groups influence local contracting and appointment of local officials that facilitate to seize part of the local budget (Rubio, 2002). Such practices have been labelled as “armed clientelism” (Rangel, 1997; Ramirez, 2005)

The criminal actions against local politicians and leaders show that the decentralisation reforms of the mid 1980s and early 1990s transformed the domestic conflict both in scale and scope. Conflict escalated and expanded but at the same time turned into a dispute over the “local”. The opening of the political process, the promotion of citizen participation and the improvement of budget allocation –all of them consequence of decentralisation– were aimed at reducing the reasons of domestic conflict. The upshot was instead more violence.

Graph 8. Killing of Local Politicians



Graph 9. Kidnappings of Local Politicians



Modelling attacks against politicians

Table 3 present the results of an econometric exercise to explain either the presence of attacks against politicians (probit model) or the number of attacks (tobit model) in a municipality during the period 1988-2004. Given the geographical nature of the data the models were estimated using spatial and data panel techniques.

The results show that if a municipality experienced attacks the previous year it will have less during the present year as the coefficient of “lagged attacks against politicians” reveals. The government resource variables (royalties and local taxes) increased the probability that attacks take place. The larger the royalties and local taxes the higher the probability and the number of attacks. As of natural resources only the existence of gold mines is positive and significantly related to attacks against politicians. Neither oil nor coca coefficients are statistically significant. In the case of oil, royalties (that include oil royalties) pick its existence. Coca is not a government resource and it is not expected to be related with violence against politicians.

Among the State presence variable “Justice Efficiency” (measured as the arrest rate of homicide) stands out. If justice works violence is deterred. By the same token if there is more political participation the violent actions against local leaders are reduced. The results also point that attacks against politician is more likely to happen in the more remote municipalities as the coefficients of “Distance to Main Markets” indicate. Finally the activities (presence) of all illegal groups are related to more attacks against politicians being all coefficients statically different from zero and having all of them more or less the same magnitude.

In conclusion, the results demonstrate that the presence of local resources such as royalties and taxes triggers violence against politicians being more intense in the municipalities where the actions of the illegal groups are higher.

Table 3. Attacks against Local Politicians

Attacks Against Politicians, 1988-2004		
Independent variables	TOBIT	PROBIT
	Coefficient	Coefficient
Lagged of attacks against	-1.461 ***	-1.599 ***
Resource Variables		
Royalties (log)	0.025 **	0.012 ***
Taxes (log)	0.251 ***	0.154 ***
Natural Resources		
Oil presence	0.019	0.074
Gold Mines	0.037 ***	0.141 ***
Coca crops (log)	-0.004	-0.046
State Presence		
Justice Efficiency	-0.001 ***	-0.749 ***
Electoral Participation	-0.008 ***	-0.587 ***
Political Representation	0.039 ***	0.298 ***
Geographical variables		
Distance to Main Markets	0.106 ***	0.315 ***
Distance to Department's Capital	-0.003	0.001
Illegal Groups		
FARC actions	0.059 ***	0.005 ***
ELN actions	0.034 ***	0.005 ***
AUC-Delinquency Actions	0.038 ***	0.006 ***
Observations	14630	14630
Rho	0.204	0.169
Methodology	Spatial Panel Data	Spatial Panel
* significant at 10%; ** significant at 5%; *** significant at 1%		

5.2 Conflict and the Local Political Process

In the last section we developed a model to capture how conflict is highly associated with the attacks against politicians (killings, kidnappings, intimidation), either mayors, councilpersons or other types of local leaders. In this section we will determine how those attacks affect the local political process. In order to control resources or influence local governments decisions the guerrilla and paramilitary groups should curtail local electoral competition letting to compete in elections those parties or candidates likely to concede to their interests. Hence in the municipalities in which attacks take place indicators such as

number of parties or degree of vote concentration in the mayoral race should reflect less electoral competition.

Table 4 present the results of a model explaining effective number of parties competing for a seat in the city council and percentage of votes obtained by the winning candidate to mayor office. It is expected that the greater the attacks the less the effective number of parties and the larger the percentage of votes of the winning mayor candidate. Taking as a left hand side variables the effective numbers of parties or the percentage of vote the winning mayor candidate in the local elections of 1988, 1992, 1994, 1997, 2000 and 2003 we find that –after controlling for populations, poverty and other local variables–in average

Table 4. Violence against politicians and the electoral results

Dependent variables	Number of Parties	Electoral Concentration
Independent Variables	Coefficient	Coefficient
Socioeconomic Conditions		
Unmet basic needs	-0.003 ***	<0.001 ***
Primary Education enrollment rate	0.169 ***	-0.001 ***
Economic Activity		
Coca crops (log)	0.005 ***	-0.003 ***
Transfers from central Government	0.124 ***	-0.001 *
Geographical Variables		
Population (log)	0.208 ***	-0.024 ***
Distance to Capital	-0.053 ***	0.007 ***
Illegal Groups Activity		
Attacks against politicians	-2.184 ***	0.254 ***
ELN actions	0.076 ***	-0.005 **
FARC actions	-0.023 ***	0.001
AUC-Delinquency actions	0.008 ***	-0.005 *
Constant	-1.434 ***	0.726 ***
Observations	6071	6098
Methodology	1040	1026
	Two stage panel with random effects	Two stage panel with random effects
* significant at 10%; ** significant at 5%; *** significant at 1%		

one attack against politicians²³ reduces in 2.1 the number of parties and increase in 25 percentage points mayor electoral concentration. These effects are quite substantial since for instance in the 2003 elections the average number of parties of the more than 1000 Colombian municipalities was around 3.18 (with 1.18 of standard deviation) while the percentage of votes obtained by the winning candidate in the mayoral elections was 50% (with 11% of standard deviation).

The results also indicate that the direct effect of guerrilla or paramilitary actions on political competition is small. The regression coefficients of both guerrilla and paramilitary in the equation of number of parties are significant but tiny and not all with the same sign. As of the groups' their direct impact on electoral concentration in the mayor race it is also small and only significant for ELN. In conclusion, the impact of illegal groups in electoral competition goes through their attacks against politicians.

6. Conclusions

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

This study used conflict statistics dating back to the early-1970s. The evidence shows that until 1985 the number of attacks and municipal coverage were low – just 12% of municipalities experienced illegal armed actions between 1974 and 1982. The econometric evidence, in turn, shows that the conflict at that time (in terms of the activities of current guerrilla groups) can be explained to a large degree by socio-economic indicators of

²³ The number of attacks was calculated as the annual averages during the previous inter election years. The variable was instrumented using the model of table 3 to avoid the possible endogeneity. For instance, if the mayor race is very much contested it may be that attacks are the consequence of the political competition itself.

poverty and inequality, and also by contagiousness and the violent tendencies inherited from *La Violencia* of the 1950s and 60s.

From 1985 the intensity and geographical coverage of the conflict increased. This is explained by the fact that the guerrilla groups, constructed organisations that were capable of collecting and investing enormous the economic resources that came from substantial, stable sources (plundering productive activities, kidnapping and the drug trade). The AUC managed to consolidate their objectives in the fight to win control of strategic territories of great economic importance to the guerrilla groups, with whom they fought for economic resources whilst terrorizing the population via massacres and collective assassinations of groups they accused of sympathizing with the guerrilla forces. The results of the econometric exercises show that the greater part of the increased activity and expansion of the Colombian conflict since the mid-1980s (and especially in the 1990s) can be attributed to stronger sources of financing (greed), and very little to “objective conditions” (grievance) (Collier, 2000).

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

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

The statistics show that in a high number of municipalities the electoral process and government management were seriously restricted by the political violence meted out against candidates, functionaries and leaders – and that the violence shot up from 1988, the first year mayoral elections were held. Local government management was restricted by pressure from the armed groups and “armed clientelism” appeared (using violence to appropriate State resources). Thus, the illegal armed groups controlled (and continue to control) the distribution of public spending and municipal investment. The econometric results point out that amount of royalties and taxes triggered violent actions against local politicians and leader and, at the same time, these violent actions affect the results of the local electoral process.

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