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# Extreme inequality: a political consideration

Rural policies in Colombia,  
2002-2009

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# Acknowledgements

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# A problem and a puzzle

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- Problem: One of the most extreme rural inequalities in the world (Gini beyond 0.84, 11 000 vs. 11 million, etc.).  
Increasing
- Puzzle: Why hasn't the problem been addressed? Working judiciary, competitive politics, international incentives
- An a huge window of opportunity: the anti-narco covenant

# Is it a genuine problem?

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- Counter-arguments:
  - a. No, the situation is not as bad as it seems (actually, it is probably worse...)
  - b. Nothing new under the sun (actually there is a lot new – today nobody is trying)
  - c. Uribe is right wing (so what? Salvador, Korea, Taiwan)
  - d. Limits to democracy (but mixed incentives, checks and balances)

# Candidate explanation

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- Three factors may explain the puzzle:
  - a. Agrarian lobby
  - b. Institutional designs
  - c. Technical issues related to property rights

## NOTE:

- > Each one is necessary but not sufficient
- > Within each one there is a dynamical tension between change and continuity

# Context: previous models and outcomes

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- The country utilized the following basic models to face its “agrarian question”:
  - a. Creation of a specialized agency with the capacity of producing administrative expropriation/weighty political backing (1960)
  - b. Same institutional array, without the political backing (1970)
  - c. Coupling of anti-narco and agrarian policies (second half of 1980’s)
  - d. Market mechanisms (first half of 1990’s), demand subsidies

None worked, poor outcomes

# Uribe's institutional reconfiguration

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- ❑ Incora disappears, creation of Incoder. The boards. The functions
- ❑ Market + efficiency
- ❑ Functional dispersion. For example, land reparation: DNE, Fondo Nacional de Tierras, Acción Social, Comisión Nacional de Reparación, National Land Agency
- ❑ Even poorer results than in the past. Less land was redistributed than in the second half of the 1980's, despite the fact that there has been a huge counter-reform, that more than compensates all the distributional efforts of the last three decades

# Outcomes

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- ❑ High levels of corruption
- ❑ Disorganization
- ❑ Informational problems
- ❑ Wrong adjudication
- ❑ Almost no redistributive action (objectives of the ministry of agriculture)

# Differences between Incora and Incoder (1)

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INCORA	INCODER
In 2002 it had 2.300 functionaries.	In 2006 it had 796 functionaries.
It is the main agent of the agrarian policy.	It acts as a policy coordinator through various collegiate scenarios at the regional level.
It is in charge of state property clarification and indigenous reserves.	These functions, as a source of major administrative controversy, were transferred to other public institutions.

# Differences between Incora and Incoder (2)

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## Table 7- National Council of Land directive board.

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The Agriculture and Rural Development Minister, or his delegate, who leads the Council.

The Environment, Housing and Territorial Development Minister, or his delegate.

The Inner Affairs and Justice Minister, or his delegate.

The National Lands Agency (*Unidad Nacional de Tierras*) Executive director.

The Incoder General Manager.

The presidential Agency for Social Action and International Cooperation director.

A delegate from the National Commission of Restitution and Reconciliation.

A delegate of indigenous communities.

A delegate of black communities.

A delegate of peasant organizations.

A delegate of agrarian guilds.

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# Differences between Incora and Incoder (3)

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## Table 8- INCODER directive board.

The Rural Development office director at the National Planning Department.

The Commerce, industry and Tourism Minister.

The Inner Affairs and Justice Minister, or his delegate.

The Agrarian Bank President.

The Agrarian Financing Fund (Finagro) President.

The National Lands Agency (*Unidad Nacional de Tierras*) Executive director.

A delegate of agrarian guilds.

A delegate of peasant organizations

A delegate of the National Council of Agriculture Secretaries- CONSA.

A delegate of black communities.

A delegate of indigenous communities.

A delegate of peasant women organizations.

# The agrarian lobby

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- Narco economy and war came together (1980's)
  - Criminalization of the country side
    - > Criminals became rural rich (Reyes, 1997)
    - <- A lot of rural rich became criminals (Gutiérrez and Barón, 2005)
- Poll among cattle ranchers: 57% supported the paramilitary, 32% the guerrilla

# Earthquake of the political system

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- New parties
- New agrarian lobby. Differences with the past: more radical, more powerful, more criminal
- “Special relation” with security agencies
- Counter-reformist impulse, property laundering: Law 1152 2007, Law 1182 2008, Law 975 2005, Carimagua and Vichada

# Political clout of the agrarian lobby (1)

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## □ Vote in the Senate for the Agrarian Statute

	Yes pro Gov	No pro Gov	<i>Para-politicos</i>	
<b>Aye: 60</b>	<b>60</b>	<b>0</b>	<b>Yes: 25</b>	<b>6 finally found non guilty</b>
<b>Nay: 23</b>	<b>23</b>	<b>0</b>	<b>No: 35</b>	
			<b>Yes: 5</b>	<b>1 found non guilty</b>
			<b>No: 18</b>	

# Political clout of the agrarian lobby

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- ❑ Constituencies
- ❑ Very powerful executive but selective legislative interference + party fragmentation
- ❑ But the agrarian lobby is not omnipotent. None of these bills became laws

# Constitutional control and checks and balances

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- Fundamental role
- But...
- Barco, Decree 1893/89

# Technical issues and property rights

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- ❑ Shady regulation of property rights.
- ❑ Notaries.
- ❑ ORIPs
- ❑ Institutional design of the regulatory agency
- ❑ Political capitalism
- ❑ Problems for restitution (common law marriages, etc)
- ❑ Issues with cadastral records

# The failure of the anti-narco covenant

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- ❑ Law 333 1996
- ❑ The Colombian government, and the United States ambassador claimed that the new law “divided the Colombian history in two”
- ❑ Impotency of INCODER
- ❑ In 2007 (El Tiempo, 2007A,B) it was reported that to legalize for the state 14 properties –9 in the department of Meta, 3 in Córdoba, and 2 in Valle— 12 first class lawyers had to work nine straight months
- ❑ Narco covenant (last genuinely distributive agrarian model) is prudently shelved

# Conclusions

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- The role of the three factors
- Market speak
- New and old. Property rights: very unequal, very unstable (*posesión estable*)
- Squaring the circle: binding + tempo