Traquetos: Colombians involved in the cocaine business in the Netherlands
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Chapter II

The Domain of Cocaine
Emergence, Impact and Organisation of Drug Entrepreneurs in Colombia

"Left to themselves and the principles of Adam Smith, the consortia of Medellín investors would no more see themselves as criminals than did the Dutch or English venturers into the Indies trade (including opium), who organised their speculative cargoes in much the same way."

E. Hobsbawm, Murderous Colombia

Introduction

This chapter will be devoted to the analysis of the illegal cocaine industry in Colombia and its emergence, the nature of cocaine entrepreneurs and enterprises, and their social and political impact. The questions posed - and answered - here are essential for understanding further and more central chapters of the book.

In the first place, it may be asked just how and why did Colombia come to occupy such a prominent place within the cocaine market, becoming the leading world producer and exporter of the drug. Therefore, I will describe the emergence of the illegal business in Colombia and the factors that contributed to creating and maintaining its comparative advantage in relation to other countries in the region.

A second section will describe the processes of coca and cocaine production, and will provide some macroeconomic information about volumes exported, prices and cocaine income.

Thirdly, I will tackle the crucial problem of the business actors. In showing how the groups producing and exporting cocaine are organised, what social, labour and organisational relationships are developed, and what their social origins and regional differences are, I will introduce the theoretical notions essential to understand the activities of these groups or individuals in the European context. However, in thinking about illegal entrepreneurs moving at times in rather oligopolist market sections, does it necessarily mean that they have formed cocaine 'cartels'?

The illegal nature of this business implies some particular relationships between these entrepreneurs and the Colombian society and institutions. Thus, I will further analyse how this link is constructed and the sources of the social legitimation of the illegal entrepreneurs. Is it possible to speak about a Colombian cocaine mafia, analogous to the Sicilian or Italian-American ones? What is the social and political impact for Colombia, as these groups enter into collusion with the state or with guerrilla and paramilitary groups? I will demonstrate how the illegal business contributes to the amplification of other violence as well as to the construction of new social bonds and alliances. The problem of collusion with state and society is important to my argument, since issues such as legitimation strategies or the impact on non-involved groups, and questions on corruption and violence will also be tackled when describing the situation in Europe.
In no way do these aspects exhaust the treatment of the cocaine domain in Colombia. Issues such as the economic impact, domestic consumption, coca cultivation and the ‘war on cocaine’ have been left aside.

2.1. Coca in Colombia

2.1.1. Getting into business: from the ‘bonanza marimbera’ to the Miami cocaine wars

Though in historical terms the emergence of Colombia as the main cocaine producer and exporter country in the world still remains rather astonishing in terms of its speed, the business ‘explosion’ and the consolidation of exporter groups in the early 1980s is the product of a formation process of some 20 years that goes back to the first half of the 1960s. Initially was a somewhat slow development, strongly accelerating from 1978 onwards, that evokes with no doubt the idea of short cycle export economies - i.e. a boom around one particular exportable product - widespread in Latin America in the nineteenth and twentieth century (Tovar Pinzón 1994: 92). Yet neither tobacco, nor quinine, indigo, rubber, coffee or marihuana left so dramatic and pervasive fingerprints in Colombia as those made by the boom of the ‘white gold’. In trying to understand how initially the business developed, I will identify those settings and activities that invigorated the process. I shall then focus in greater detail on those factors that explain why Colombia - and the Colombians - managed to control production, export and wholesale distribution of cocaine into the United States.

1 Several top Colombian economists have extensively researched on the size and the macroeconomic impact of cocaine industry in Colombia. See Kalmanovitz (1990, 1994); Sarmiento (1990); Gómez (1988, 1990); Gómez and Santa María (1994); Urrutia (1990); Thoumi (1995, 1997); Rocha (1997); Uribe (1997) and Steiner (1997). Although there are some discrepancies in calculations, a wide consensus exists on the fact that negative effects of the cocaine business for the Colombian economy surpass the positive ones: ‘Dutch disease’, more informal economy, short-term and speculative mentality, agrarian counter-reform, unsustained growth and employment, and so on.

2 Domestic cocaine consumption exists though to a lesser extent than in the American or European context. In 1992, the consumption annual prevalence - people from 12 to 60 years old who tried at least once during the last year - was 3.0 per 1000 for cocaine and 1.3 per 1000 for basuco (coacaine base smoked with tobacco) in Colombia. In the United States, for the same year and consumption prevalence, these proportions rise up to 17 per 1000 for cocaine and 6 per 1000 for crack (smoked cocaine freebase). That difference might be even stronger if frequent consumption (addicts) rates are considered. In Colombia, other substances such as inhalant solvents show higher consumption rates. (Rodríguez Ospina et al. 1992; and National Institute on Drug Abuse 1994).

3 Neither will I go deeper into the specific issue of coca leaf cultivators, which constitutes an important topic given the growth of domestic cultivated hectares in recent years.

4 Another dimension omitted in this chapter is the one of repression, that is, of the national and international policies applied in Colombia to combat the cocaine industry. Obviously, the illegal nature of this business and the state actions to fight against it are constitutive elements of everything that follows below, from the organisational forms of cocaine entrepreneurs to their social and political impact, from the relationships within the market to the place of violence and secrecy in it. Almost 20 years of the American war on cocaine and of the so called ‘narco-diplomacy’ in Colombia, have even determined the international relations of this country with the rest of the world. However, two reasons motivate me to avoid digging into this topic. Firstly, it is far removed from the central object of analysis. It makes no sense to deal with it, if it is not to take it again to study the criminal policies in the Netherlands and to engage in the discussion on alternative approaches - normalisation or legalisation policies -, matters that I do not intend to tackle in this book. The second reason is that most of what has been written on cocaine in Colombia, both in Spanish and in English, focuses on this problem of penal control policies, and maybe little more remains to be said. Many criminologists, jurists, political scientists and journalists, in Latin America as well as in the United States, have produced a huge range of serious writings on this topic during the last fifteen years. See Ambos (1997); Arrieta et al. (1990); Bagley (1990); Clawson and Lee III (1996); del Olmo (1992, 1996); Jelsma (2000); Labrousse (1993); Lee III (1989); McCoy and Block (1992); Tokatlian (1990, 1995); Uprimny (1994a, 1994b) and Vargas (1999a, 1999b).

5 Marimba is one of the Colombian names for marihuana, and marimberos the marihuana entrepreneurs. The bonanza marimbera is the marihuana prosperity boom that took place in Colombia during the 1970s.
Rise and fall of Colombian marihuana

The cocaine boom in Colombia was preceded by an immediately previous one: that of marihuana. Domestic production of marihuana had already developed in the 1960s, as a response to the growth of local demand, particularly from the cosmopolitan elite. However, its production and traffic remained insignificant until the early 1970s. Its expansion and boom, that lasted from 1971 to 1979, originated in the search for a new source of supply for the growing American market. Mexican marihuana had supplied that market until the end of the 1960s, but eradication programmes with the dangerous herbicide Paraquat reduced both the availability and the demand for this variety, opening the door to Colombia (Thoumi 1995: 126; Tokatlian 1990: 300).

All sources agree that the first local marihuana traffickers, both in the Atlantic Coast and in the Antioquian Urabá, were old smugglers of home appliances, cigarettes, whisky and textiles, traditional activities in both regions, who were very familiar with the routes and hideaways in the Antilles and the Caribbean (Betancourt and García 1994: 48-49; Salazar and Jaramillo 1992: 39; Arango 1990: 250-251). Around 1968-1970, these smugglers from Maicao, Santa Marta, Barranquilla, Turbo and Medellín (see Map I, Appendix), while buying their merchandise in the International Free Port of Colón, in Panama, made their contacts with American buyers and dealers for sending the first shipments of marihuana.

Once the Colombian variety became well-known and accepted in United States, many American traffickers - from independent adventurers, in some cases Vietnam veterans, to official envoys of American mafia organisations – began to arrive to the Sierra Nevada de Santa Marta, on the Colombian Atlantic Coast, providing peasants with seeds, cultivation instructions, financing and technical assistance.

In contrast with what would happen later with cocaine, these marimberos only produced and exported the weed, whereas the Americans always controlled its import and distribution in the United States. The Americans bought the marihuana at the port of shipment, loading the planes and the ships on the clandestine air strips or on the Colombian coasts. Although not structured in large organisations, they controlled enough resources to avoid a stronger Colombian business share. This is an important element, which to a great extent explains the fact that no stable and powerful Colombian groups emerged around the export of marihuana (Betancourt and García 1994: 67). The ephemeral character of the prosperity - for Colombians - and the propensity of the marimberos costenos to spend everything they earned also help to explain their decline.

Marihuana was cultivated in the provinces of La Guajira, Cesar, Magdalena and Bolívar, and was later extended to the zone of the Eastern Prairies. According to Camacho Guizado, in its heyday it managed to represent two-thirds of the supply for the American market (Camacho Guizado 1988: 103). Although cultivation and export continued during the following two decades, the bonanza marimbera was over by 1980. Three circumstances converged to lead to this decline. First of all, the introduction of a new stronger variety, known as sin semilla (seedless), popularised and cultivated in California substituted the weed brought from Colombia. In other words, there was a relocation of production. Secondly, United States strongly pressed the Colombian government to engage in the eradication of illicit crops. That was finally undertaken in 1978 by the elected president Turbay, in part due

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6 It is a soft variety that came to be widely known as Santa Marta Gold, and was very popular amongst consumers.

7 Domestic marihuana production had a brief revival in 1987-1988, declined, then made a come-back from 1993 onwards. However, its 'productive cycle' and its relative small volume compared with cocaine or heroin never recovered (Thoumi 1995: 128; Steiner 1997: 46).

8 Although this idea is broadly accepted by Colombian researchers, Reuter (1992) claims that in fact the strong variety sin semilla did not replace the milder Colombian weed, but consumption just dropped.
to accusations of suspected links with traffickers. With a huge military deployment and avoiding the use of herbicides, the operation was recognised as a 'success' by the American government. However, the real impact of the eradication (regularly accomplished later with other illicit crops) may well be put between brackets, and perhaps diminished a supply whose days were already numbered. Finally, some marimberos, a small group mainly from the areas of Turbo and Medellín, had already found a more profitable product, easier to transport, and with more promising prospects.

**Cuba and Panama: the first contacts**

Beyond any doubt, both the American mafia organisations as well as many other more or less independent adventurers also from the States, played a central role in the establishment of cocaine traffic from Colombia to the United States. This link had already been revealed in the case of marihuana. Two clear locations can be identified through which the first contacts were made.

It is well known that in the 1950s Havana had already been transformed into an important centre for illegal activities. The American Cosa Nostra regarded Cuba as an ideal place through which the illegal drug traffic could be organised to the United States. Cuban groups were thus made into middlemen between the American market and the potential suppliers of illegal drugs, since they were not produced in the island itself. Though interest was mainly centred on heroin and morphine, cocaine was already commanding some attention. By the mid 1950s, several Antioquian smugglers operating in the Caribbean made contacts in Havana and opened the first 'lines'. In 1959, the FBI and the Colombian authorities had already dismantled a laboratory in Medellín, considered important for the time, where cocaine, heroin and morphine were refined and sent to Cuba for their distribution. With the revolution and the massive Cuban emigration to Miami and New York, Cuban networks involved in drug trafficking were reorganised there. They took in their hands a big share of the yet incipient cocaine business on the East Coast, cocaine being used to a large extent as a luxury drug by the elite of the recently migrated. Additionally, American organisations such as Cosa Nostra left cocaine in Cuban hands, and were more concentrated on the heroin and morphine traffic. Little more is known about this early link between the Colombians and Cubans, partly due to the low level of demand, and partly to the lack of interest from American governmental agendas. What is certainly clear is that, from the outset, the most important supply source of Cuban illegal entrepreneurs were Colombians (MacDonald 1988: 28).

Many testimonies indicate that years later, as in the case of marihuana, contacts established in Panama between Colombian smugglers and American dealers and intermediates provided another incentive to enter the business. Around the first half of the 1970s, and with a market in expansion, many of these dealers began to request cocaine, offering high prices, to smugglers that until then had been devoted to the supply of marihuana (Arango and Child 1984: 183). Some of these Antioquian smugglers decided then to specialise in cocaine, encouraged by the following circumstances: a) the bonanza marimbera had already declined in the Urabá region by 1974, moving up to the Atlantic Coast; b) there were contacts already established with Cuban organisations in Miami and New York; c) those contacts were

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9 Lucky Luciano, who lived in the island for three years, and Meyer Lansky, played a central role in the establishment and organisation of Cuban groups within the incipient illegal drug business.
11 Arango and Child (1984) and Henman (1981) even claim that the CIA covered Cuban traffickers, who mainly assumed anti-Castro positions.
energised with the huge migration of Antioquians to the United States, very strong from 1965; and d) they could refine cocaine with local input.

In fact, the first shipments were made, according to one of those pioneers, with cocaine acquired by the Health Ministry or in official medical centres through false prescriptions and bribes to public personnel. At this initial stage, cocaine was also refined in small laboratories with coca cultivated in the Cauca province. When demand began to expand, these entrepreneurs started to import coca paste and cocaine base from Bolivia and Peru, countries that were producing almost all the existing coca leaf.

A fundamental difference with previous marihuana contraband, and certainly a key factor for the success of these Antioquian cocaine entrepreneurs, was the immediate vertical integration achieved. From the beginning they controlled coca import, cocaine processing and subsequent shipment to the United States. In that way, they were able to neutralise possible competition development, for example from Peruvians or Chileans, or from other smaller Colombian groups that were struggling for a share in the market. By integrating different steps and enlarging benefits, they knew they would also be better positioned in the supply market.

Although the social origins of these and other cocaine entrepreneurs will be analysed in more detail later, it is now important to stress that these Antioquian "pioneers" are not those who would eventually make Medellín a world famous city. This first generation of illegal entrepreneurs began the cocaine business and dominated it until the mid or late 1970s. Even though they were old smugglers engaged in other activities as well such as clandestine gambling or foreign currency exchange, they not only had a certain social recognition but also saw themselves as being merchants with higher status and ethics than those who would come later. This explains the relative peacefulness that prevailed in Medellín until the end of that decade.

The young newcomers that would then replace them, came from middle rural or low urban classes, many with experience in theft, bank robbery, fraud or auxiliary positions with the old smugglers, all of them attracted by the new and profitable business. Still in 1976, Colombian police were describing Pablo Escobar as a "worthless mule," Carlos Lehder was dreaming in a prison while serving time for car contraband, and Jorge Ochoa was distributing the few kilos that his uncle managed to send him in Miami. All three of them were 27 years old and they would become, within a three or four years, leaders of their organisations and multi-millionaires.

**Flourishing demand: from the 'mule' to the plane**

Around the early and mid 1970s, there were clear signs of demand expansion. Cocaine re-emergence in the United States, after 40 years of silence, was the result of different factors: growing methadone programmes for heroin addicts who added cocaine to their addiction, restrictions on amphetamines as the most widespread stimulant, demographic developments - with the post-war baby boom - enlarging the group of young potential new users, and political and social turmoil, expanding the likelihood of experimentation. Cocaine was slowly leaving the exclusive and hidden American circles to reach a more public status and a broader audience, mainly amongst well-off youngsters who had experienced marihuana. (Courtwright

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13 Gugliotta and Leen (1990: 22), claim that before 1973 Chileans were the main cocaine refiners, importing coca paste from Bolivia and Peru, and exporting it to the United States through Colombian smugglers. Pinochet's coup d'état would have finished the business in one year, leaving the market to the Antioquian entrepreneurs. This statement is rather striking since no single Colombian source backs up such a statement. Moreover, Latin American military dictatorships were not exactly devoted to hunt drug traffickers.
1995: 215-216). Still it was not an epidemic or stigmatised in the way it would be in the next decade, it became a fashionable habit for those who could afford it, whereas it was openly advertised and embodied with *glamour* by the mass media, show business and rock circles. A trendy fashion of the young and famous, also in line with more mainstream American values around work efficiency, sexual prowess and conspicuous consumption.

In 1970, American customs seized 100 kg cocaine coming from Colombia and in 1973, 96 foreigners had already been detained in Bogotá with different quantities of the alkaloid. In 1975, a small plane with 600 kg was discovered by the police at Cali airport, very rare for the times and a record that would stand for years (Gugliotta and Leen 1990: 23).

Most of the shipments were sent through 'mules' carrying several kilos hidden in suitcases or clothes, on regular commercial planes. Some of the future illegal entrepreneurs began making those trips themselves. For larger quantities, Colombian export products such bananas or flowers were used. Salazar and Jaramillo (1992) affirm that hundreds of crewmen of banana ships were dismissed between 1971 and 1974 under suspicion of being involved in drug trafficking (Salazar and Jaramillo 1992: 42-43).

Increasing control in regular entry ports on the one hand, and the enormous growth of demand on the other compelled cocaine exporters to seek new ways to move much greater cocaine volumes. It was then, toward the late 1970s, that the first regular 'pipelines' were established through the use of private small planes. Aided by experienced American pilots, they were able to transport 300 kg of cocaine or more in a matter of two to three hours. Also undetected speedboats entered the scene. This technological change is very important since marks the end of the craft stage of cocaine business and seals the immediate consolidation of emerging illegal entrepreneurs as Pablo Escobar or Carlos Lehder.14

**The Miami wars**

Although by 1978 Colombians were already controlling cocaine export to the United States, they did not yet hold wholesale distribution in the consumption centres. They were supplying, but the lion's share of the cocaine business, the distribution, was still in the hands of other groups15: Cuban-Americans in Miami, Puertoricans and Cubans in New York, and a huge number of independent or intermediary dealers, local or otherwise, in some cases linked to the urban 'mobs'. Over the course of four years, by 1982, the local Colombian networks had managed to control, though not in a peaceful way, cocaine wholesale - and in some cases also retail - distribution in the American market.

In Miami, the long standing alliance with Cuban networks broke down in 1979. The so called 'cocaine wars' reached their climax in 1981, with 101 drug related homicides reported (Bagley 1990: 183). The same year, even the Colombian consul in Miami complained about the massive arrival of 'undesirable' Colombians, admitting that:

"The problem exists. I can not tell you about quantities, because that information do not go through the consulate (...) It is a problem that has invaded this country, because earlier everything went through local *mafias*. But it seems today that the Colombian *mafias* want to control all the market. That is what the press says. Poor Colombians living in this city are more and more distrusted. Because to say Colombian and *mafia*, drugs and death, is already the same thing."16

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14 Carlos Lehder was one of the architects of this main step, buying an island in the Bahamas to use it as a bridge between Medellín and Florida.
15 See Table II, showing the cocaine price increase from production to retail selling.
It has become a common place, particularly amongst police and DEA officers in their powerlessness to solve what they call 'Latin Drug Related Homicides', to explain the savagery of the cocaine wars in Miami and New York by blaming the Colombians exclusively. Again and again, their testimonies resort to a supposed national characteristic that would permit them to murder without remorse or consideration for age, sex or innocence of their victims. Some federal agents complained that they had a strong tendency to also kill the relatives and friends of their victims, claiming on the contrary that American mafiosi

"performed their assassinations with decency, never injuring the family of the victim and sent flowers to the funeral" (sic) (Eddy et al. 1992: 67).

Such a cliché, more familiar to cinematography scripts, is not even corroborated by the three journalistic books written on the cocaine wars that more closely resemble Scarface or Miami Vice. However, most serious researchers acknowledge that the willingness to exercise extreme violence was important for the consolidation of some Colombian groups.

Hostilities between Colombian groups in Queens or Miami would regularly continue through the following decade as long as new organisations in Colombia were emerging and collapsing. However, those cocaine wars of 1979-1982 were radical in a double sense. On the one hand, they led as a result to the Colombian control on wholesale distribution. On the other, these wars were also a necessary condition for the successful generation replacement that was taking place, at the same time, in Medellín. They meant the reduction and concentration of the control on supply and distribution to five or ten organisations, displacing the old pioneers that could never send more than tens or hundreds kilos to the United States. In sum, several facts reveal how, by 1981, a small group of Colombian illegal entrepreneurs based mostly in the Antioquia region managed to control cocaine production, exportation and also wholesale distribution in the United States:

a) The existence of a pioneer smugglers generation with early contacts in the consumer market and with a long experience in illegal import-export and smuggling.
b) The early control of the 'craft' supply and strong links with Cuban groups distributing cocaine in the United States.
c) The explosive expansion of demand for cocaine and the American incentive - first from mafia groups and later from Cuban or local distributors - to organise export on a large scale.
d) A large Colombian migration enclave, especially Antioquian, in Miami and New York, willing to participate in the illegal business.
e) High levels of violence, in Colombia as well as in the United States, that guaranteed the elimination of non-Colombian distributors and the generation replacement, concentrating supply in few hands.
f) A great ability to prematurely integrate several levels of the business and to quickly adapt production and transportation means to market requirements.

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17 Eddy et al. (1992); Mermelstein (1990) and Gugliotta and Leen (1990). These three books, with low literary value and even less scientific merits, base their stories on accounts from 'repentants' and the miscellaneous versions of American anti-drug enforcers.

18 A good example is Griselda Blanco de Trujillo 'The Black Widow', Colombian pioneer in cocaine distribution in New York and Miami. She enjoyed a lot of power in the early 1970s, and was a main character of the Miami wars, when she was overshadowed by the new big scale exporters.
2.1.2. Why (in) Colombia?

Even though these facts partially explain the early control of the cocaine business achieved by Colombians, they are not yet sufficient to understand why it was in Colombia, and not another country such as Bolivia, Peru, Brazil or Mexico, that cocaine producing centres were installed. After all, cocaine can be produced in many places, Colombia had to import some of the raw material, such as coca leaves or chemical precursor products, and the Colombian internal market for cocaine was almost non-existent (Thoumi 1995: 167).

As Thoumi correctly points out, being an illegal industry in which high profitability is based on the high risks involved in production and traffic, it is in fact important to identify those factors that reduced or minimised the risks of cocaine business in Colombia. The 'comparative advantage' of Colombia is based on a combination of various factors.

**Political factors**

An illegal industry has better chances to flourish where the state is either weak or presents power structures that facilitate and encourage its development through some sort of collusion. The Colombian state combines both characteristics. Already before the period known as La Violencia (1949-1969) there were unequivocal signs of the growing de-legitimation of institutions and a clear weakening of state power presence.

The Colombian state is considered to be historically weak, almost absent for some social groupings such as rural peasants or illegal urban dwellers, and even unable to control large parts of its territory. In contrast with other more centralised models that emerged in Latin America after the civil wars of the nineteenth century, Colombia preserved unresolved the struggle between local or regional powers, perpetuating open or hidden war situations until today.19

Additionally, beside weakness, permanent struggle and relative autonomic regions, a political culture based on clientelism and patronage has shaped local and central power relationships (Leal and Dávila 1991). Within a context of rapid economic expansion and development experienced by Colombia for the last fifty years, these features encouraged both irresponsible and inefficient administrative bureaucracies. Indeed, the spread of various forms of corruption at all levels as a fundamental regulation instrument of social life has been a natural outcome. This triple character of a weak centralised state and autonomous political powers open to engage in corruption was very important for cocaine entrepreneurs to achieve the necessary indifference, protection or collaboration from local authorities. Marisol, a criminal lawyer and university teacher of Cali, explains:

"Here in the Valle, not only in Cali, drug traffickers found support by buying people, especially the police, the public ministry, some judges, and many local and regional councils. And I don't mean three or four. Bogotá is far away and the Valle has always taken care of its own affairs."

At the same time, the growing institutional de-legitimation by generalised corruption, systematic judicial and police inefficiency - impunity - and the increasing indifference for solving serious social problems, only expanded the gap between de facto and de jure socially acceptable behaviours. A broad climate of distrust in the dead letter of legal frameworks -

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19 See Umaña et al. (1962); Pecaut (1987, 1996); Betancourt and García (1990); Martin (1996); Deas and Gaitán (1995); Sánchez and McTens (1983) and Bergquist et al. (eds) (1992). They show how both the disruption and continuity of many sorts of 'violences' in the history of Colombia can only be understood by the dynamism of local powers and their constant clashes. See Bayona and Vanegas (1995) for the links between local actors, power conflicts and the specific 'violences' in the Cauca Valley region.
palpable not only with the expansion of guerrilla and paramilitary groups but also with the increase of many other private forms of conflict resolution such as theft or homicide - was an extremely fertile ground for the cocaine industry (Dombois 1990: 113).

These problems of political de-legitimation are not exclusive to Colombia. Nearly all Latin American countries are familiar with clientelist relationships and experience corruption problems. Countries such as Peru or Mexico display an even higher degree of collusion between their national army or government and the illegal entrepreneurs. However, three facts made Colombia a special case: a) the processes began several decades earlier than in other Andean countries; b) they were more radical and long-lived; and c) they were accompanied by an extremely high level of violence (Thoumi 1995: 172).

Mixing economic modelling with criminological control theories, Thoumi (1998) has recently argued that the illegal drugs industry requires an environment characterised by institutions that do not impose behavioural controls and that tolerate and condone deviant behaviours (Thoumi 1998: 33). In his view, the role of social institutions is central and overshadows more simplistic explanatory models based either in individual (moral values) or structural (poverty, crises) elements.

**Geographical factors**

MacDonald (1988) and Whynes (1992) have put special emphasis on the geographical location of Colombia as decisive for its comparative advantage. Both stress its excellent strategic position between coca producing countries - Bolivia and Peru - and the American market. It has a flight range without stopovers, and good sea lines through the Caribbean. Such a position would be consolidated by two long coasts on both oceans, excellent river systems and vast forest and mountainous areas with scarce communication infrastructure, that makes them ideal for hiding cultivation fields, laboratories, and landing strips.

In fact, the mere geographical position is not that important for the location of an illicit industry in which production and transportation costs are small compared to the profits. This factor is more important for the location of cocaine transshipment centres, such as Mexico, which in fact enjoys an even better position - closer to the American market - than Colombia, but did not develop cocaine production (Thoumi 1995: 169). Other countries such as Brazil or Peru also have huge jungle extensions or large coasts and river systems, but only entered cocaine production in the 1990s, when stronger economic and political factors had transformed business conditions.

However, Colombian geography helped to maintain a rather big country split into regions - even some densely populated as Antioquia or the Cauca Valley - quite isolated and self-sufficient.

**Economic factors**

Next to the internal political factors already described, other economic considerations help to understand the Colombian comparative advantage.

In the first place, as explained above, the emergent cocaine boom had been associated with other smuggling activities. Colombia shares with other Latin American countries a long tradition in contraband, but it is one of the few with a vast experience in export contraband (Thoumi 1995: 173). Coffee, sugar, emerald or marihuana contraband clearly provided an extensive know-how for the development of foreign contacts, marketing routes and transportation techniques. It even furnished it, as in the case of emerald exploitation, with organisational models at the level of production as well as with experience with international black markets and money laundering. The cases of some emerald and marihuana smugglers are well known, who knew to step into the promisory cocaine business at the right moment.
Furthermore, years and years of contraband generated certain social legitimacy and broke traditional social stigmas related to this activity.

Secondly, it is important to emphasise that Colombian capitalism always operated with the expectation of high short-term profits. This persistent speculative mentality around the boom of the moment, was never seriously transformed by more stable and long-term activities or investments. Although some attempts were made in that direction after World War II, many entrepreneurs continued with a rent-seeking traditional behaviour. The capital market liberalisation during the 1970s and the coffee boom of 1975-1978 contributed to reinforce speculative financial behaviours (Thoumi 1995: 174). An active black foreign exchange market, linked to contraband activities, served to finance capital flight, tourism and import contraband. During the administration of López Michelsen (1974-1978), the so-called Ventanilla Siniestra (sinister window) of the Bank of the Republic provided a great support to, first marihuana, and later cocaine illegal entrepreneurs. It made it rather easy for them to launder illegal profits.

Thirdly, Arango (1988) attempts to explain the success of Antioquian entrepreneurs in the illegal business referring to some immanent cultural features. He claims that the paisa\textsuperscript{20} mentality is based on entrepreneurial values, with good skills for business, but with a strong tendency to measure social worth by personal material wealth, regardless of the means of attaining it.\textsuperscript{21} This ethnocentric idea seems to ignore the fact that many of those early illegal entrepreneurs (even some of the Medellín groups) were not even paisas, and that for example the valluno groups (see section 2.3.2) showed better abilities to succeed in the cocaine business.

Another economic factor mentioned by Arango (1988), and Betancourt and García (1994) is the crisis of regional economies, deep on its way at the time of the cocaine boom: cotton in the Atlantic Coast, textile in Antioquia, sugar in the Cauca Valley, and emeralds in the central region of Boyacá and Cundinamarca. The crisis of these areas and their traditional elites provided fertile ground, or at least a triggering factor (Thoumi 1998: 34), for the emergence of new cocaine entrepreneurs.

Finally, as has already been mentioned, a fundamental factor was the large legal and illegal Colombian migration to the United States that supplied channels and clandestine networks for illegal export and distribution. Such migration, essentially paisa, had particularly large dimensions between 1965 and 1980. It preceded the one of other Andean countries by almost twenty years. From the approximately one million Colombians living in the United States, more than 200,000 are concentrated in Miami. Other more numerous groups as Cubans, Puertorican or Mexicans were early displaced by them from business. It is clear that their ability to control wholesale distribution gave Colombians a premature privileged position. Although following chapters will analyse the characteristics of Colombian enclaves in United States and Europe, and their participation in the cocaine market, for the time being it should be said that this involvement of Colombian migrants in the United States sharply contrasted with the situation in Europe.

All sources emphasise that these networks did not hesitate to use high levels of physical violence to control this share of the market. Although Thoumi (1995) and Bagley (1990) are right in stressing the Miami wars as a central factor for the success of Colombians in the United States (Thoumi 1995: 172; Bagley 1990: 183), this ability to conquer wholesale

\textsuperscript{20} Paisas are the people from the Antioquia region. Descending from old Spanish colonists, they mixed to a certain extent with indigenous population but hardly with black communities. They were later colonists themselves in other Colombian regions. They are depicted as the 'white', 'entrepreneurial' Colombia.

\textsuperscript{21} Arango (1988) seems to confer them, in Weberian terms, a capitalist spirit without a protestant ethic.
distribution seems to be rooted in a broader set of opportunities. A large migrant enclave, legal and illegal, relatively concentrated, with its own local infrastructure though with few loyalties to the United States, with unbeatable conditions (contacts) and skills to access to supply sources, and disposed to enter the business at any price.

Control on wholesale distribution was central for the consolidation of illegal entrepreneurs in Colombia. They not only multiplied profits, but also considerably reduced detection risks by suppressing many Cuban informants who had links with the CIA and other police agencies in the United States. Some of those profits were immediately reinvested in the business, and allowed them to enlarge and energise production in Colombia, modernising and expanding transportation and communication technologies.

2.2. The Numbers of Cocaine

2.2.1. From coca to the 'kitchen'

The processes employed to produce cocaine are widely known and relatively simple. From 250 existing varieties of coca plants, about 200 are exclusively from South America, though only very few of them are used to extract the alkaloid. Traditionally, coca has been cultivated from Chile to Colombia and its ritual consumption was very extensive in pre-Columbian Andean communities, especially from Bolivia to the south of Colombia, as well as in the Amazon basin. Peru and Bolivia, countries in which its use has been socially and legally accepted for large portions of their peasant and indigenous population, are respectively the first and second coca leaf world producers. Its cultivation requires only simple field clearing (slash and burn), seedbed preparation, seedling transplanting, and field maintenance. Harvesting is manual, after which the leaves are dried in sunlight (Thoumi, 1995: 130). Although alkaloid concentration can be up to 2.25% of the leaf weight, the actual yield is much smaller and extremely variable depending on several factors: the type and the quality of chemicals used, the variety and the age of coca plants, the proportions of chemicals and coca leaves, the elapsed time since leaves have been cut, and the 'cook's' - chemist - skills and experience.²²

Coca in Colombia

Historically speaking, the coca cycle in Colombia has three visible phases. The first one began with the coca boom at the end of the 1970s and lasted until 1982-1983. As explained before, the first cocaine shipments were accomplished with small scale local cultivation, which was very quickly surpassed by an increase in demand. The result was an explosive growth of coca cultivation in the remote areas of Amazonia and the Eastern Prairies, zones partly occupied by indigenous communities and partly by old and new rural settlers. If, in 1980, Colombian coca production represented around 2% of the total, for 1983 such participation had been increased to almost 10% (see Table I, Appendix). However, coca prosperity came to an end in 1982, due to the drastic fall of prices and the poor quality of illegal crops. The demand increase on the one hand, and a stronger position on the other, forced Colombian illegal entrepreneurs to look to Bolivia and Peru for a continuous coca supply.

²² This conversion factor (kg of coca leaves to produce 1 kg cocaine) is very important to calculate the amount of produced cocaine. Almost every study accept the factors proposed by the INCSR (International Narcotics Control Strategy Report) which by 1996 were: Peru: 334:1, Bolivia 373:1 and Colombia 500:1.
The second phase of the coca cycle ran from 1983 to 1993, and was characterised by the massive import of Bolivian and Peruvian base. Table I (Appendix) shows that local cultivation continued expanding, but remained at around the 10% of total coca production. For this period, it is estimated that Peru only refined 5% of its own leaf production, and Bolivia between 35% and 40% (Steiner 1997: 29). Colombian cocaine producers were buying the base in both countries, to later transport it in small planes through the Amazon region or to the Ecuadorian border.

Finally, a new open phase since 1993 shows an increasing local vertical integration, and it may mean the end of the rigid specialisation that dominated the scene during the 1980s. Colombian coca cultivation experienced a new and accelerated growth, with improved coca varieties and the expansion of the so-called ‘commercial cultivation’ (owned by cocaine producers). These commercial fields have much better yields than the old peasant productions from the coca boom. At the same time, Peru and Bolivia increased domestic cocaine production and base export to other countries such as Brazil.

Some reasons can be found for such increase in Colombian coca crops: the relative recovery of cocaine base prices in 1993 (Uribe 1997: 62); the increasing state abandonment and strengthening of guerrilla organisations in cultivation areas, especially in the provinces of Caquetá, Guaviare, Putumayo and Meta (see Map II, Appendix); the growing international repression in the area at traffic level - for example with anti-aircraft radar's in Peru or the crack-down of some illegal entrepreneurs in Colombia - that encouraged them to ‘localise’ their strategies, either by taking laboratories out of Colombia or by stimulating the local production of raw material, and finally; the important fall, in 1993, of Peruvian coca leaf production (see Table I, Appendix) caused by a parasite that devastated cultivation in the Upper-Huallaga Valley in 1992.

According to some estimations, Colombia would have become, since 1994, the 2nd world coca leaf producer, displacing Bolivia. Against all other sources and studies, Uribe’s (1997) recent work on illicit cultivation in Colombia, based on primary data, claims that since 1994 Colombia would have been totally self-sufficient of cocaine base. He not only calculates a cultivated area of 70,000 to 83,000 hectares (against the official 45,000 indicated by the INCSR) but also suggests leaf and base yields five times those calculated by the INCSR for Colombia, leaving them far above Peruvian and Bolivian yields.

There is no doubt that in the late 1990s Colombia experienced a very important growth in cultivated hectares. Those 45,000 official hectares are certainly an underestimate. Colombia is in fact the second foremost country in cultivated extension, with almost 25% of the coca cultivated hectares. However, unless there had been a technological revolution or a substantial and persistent decrease of Peruvian and Bolivian production - of which neither Uribe nor any other source reveal - Colombian production of coca leaf does not seem to surpass the 15% of the total supply, rendering the Colombian illegal industry still dependent on imported cocaine base.

**The kitchen**

The processes for refining cocaine are quite crafty and require little infrastructure. In the first place, dry coca leaves are mixed with sodium bicarbonate, to release the alkaloid. This is done in simple improvised containers made of wood trunks and a plastic sheet. Then, sulphuric acid and kerosene dissolved in water are added. After some hours, the watery mixture is press or

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24 *Cocina* (kitchen) is the cocaine refining laboratory. Chemists working there are known as *cooks*.
Traquetos

filtered, and it is air dried to obtain what is known as 'coca paste'. Besides chemicals, some toilet paper and filters, and a maceration pit are needed.

The second step, which is a bit more complex, consists of transforming coca paste into 'cocaine base'. The chemicals now used are sulphuric acid, potassium permanganate and ammonia. For filtration and drying, some garbage cans, electric generators, filters and ventilators are necessary. Despite the many impurities and toxicity it still has, cocaine base can already be smoked and represents the Colombian equivalent of American crack or Dutch gekookte coke. Mixed with tobacco, it is known in Colombia as basuco.

The last phase used to obtain 'cocaine hydrochloride' (HCL) is somewhat more complicated. More chemicals, electricity, filters, heat lamps, ventilators, microwave ovens, hydraulic or manual presses, chemical recycling facilities, packaging materials, washing machines and garbage cans are required. Cocaine base is treated with either acetone, ethyl ether, MEK (methyl ethyl ketone) or toluene, and with a solution of hydrochloric acid and alcohol. A precipitate is then obtained. After crystallisation has been completed after three or four days, it is filtered and dried, and cocaine is finally obtained. This final part of the process requires some cooking, and ether's flammability makes work in these kitchens extremely dangerous.

The kitchen's location clearly follows the logic of risk reduction. Coca paste and cocaine base processors, simpler and with less qualified work, are always found around cultivation fields given the difficulty involved in transporting large volumes of leaves. They are generally portable and frequently moved to avoid detection. Cocaine kitchens, to the contrary, are usually found either in rural areas with some infrastructure or in urban centres. Larger and more stable kitchens are located in country estates or ranches owned by illegal entrepreneurs, with landing strips, militarised security systems and modern communications technology. In cities or towns, smaller kitchens are hidden under business front-stores in buildings or storehouses.

It is important to point out that these production processes are quite appropriate for a less-developed country: they are relatively simple chemical and agricultural processes, which are not capital intensive, without large economies of scale, with many domestic raw materials or easily importable, with scarce labour skills and with relatively common chemical products (Thoumi 1995: 131-132).

Chemical precursor products

From the chemical input, only ethyl ether and acetone, and to a less extent hydrochloric acid, thinner, MEK and potassium permanganate, have to be imported. Acetone has other uses in Colombia, but ethyl ether has very few and it is produced by a dozen of multinational companies. Until the strengthening of international controls for the trade of these products in the late 1980s, nearly all the legally imported ethyl ether in Colombia ended up in the hands of cocaine producers (Thoumi 1995: 132). In fact, there are more than 40 chemical products that can be used to refine cocaine, well far beyond the 7 'scheduled' cocaine precursor substances listed in Table II of the 1988 Convention. Illegal entrepreneurs constantly look

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26 These are acetone, ethyl ether, hydrochloric acid, methyl ethyl ketone, potassium permanganate, sulphuric acid and toluene. Amongst substitutes for scheduled substances, many solvents are used, the most popular being the methyl isobutyl ketone (MIBK). Recent data provided by the US indicate the increased use of ethyl acetate and n-propyl acetate, and substances such as potassium dichromate and sodium hypochlorite are reported to have been successfully used instead of potassium permanganate (INCB 1998b).
for and introduce 'substitute' chemicals when more well-known products attract the attention of custom and trade controls.

Financed by the UNDCP, a detailed study of the Colombian DNE (National Drugs Bureau) analyses routes, origins and quantities of the 7 more used chemical precursors (Omaña 1995). To produce 1 kg of cocaine, approximately 590 litres of gasoline or kerosene and 16 to 25 litres of the main 7 chemicals are necessary (INCB 1998b). Trade in chemicals seems to be a business in itself, considering the huge volumes involved. Inversely to what happens with the final product, a gallon (3.8 l) of ethyl ether priced in 1985 at US$ 5.5 in the American free market, was to be valued at US$ 87 in the Colombian black market (Krauthausen and Sarmiento 1991: 190). Steiner (1997: 39) estimates that the cost of the chemicals to produce one kilo of cocaine is about US$ 200.

A report presented to the Congress of the United States 'complained' about the increasing European share in the market. Meanwhile, American exports of these chemicals to Colombia were reduced between 1989 and 1990 to a less than a half, imports originating from European countries had increased 340%, as well as the trade of the large laboratories with Venezuela, Brazil, Ecuador and Peru, from where chemicals entered Colombia by land, with fewer risks (Krauthausen and Sarmiento 1991: 177). Following some strengthening of European chemical controls, some chemicals often shipped through Europe to Colombia - especially MEK and potassium permanganate - started to originate directly from source countries, for example South Africa and China.27

The main entrance points are the ports of Barranquilla, Cartagena, Buenaventura and Santa Marta. The list of supplying companies during the 1980s and 1990s includes Shell, Exxon, Wesco, Kores, Baz-Rezin, Holland Chemical International, Nestlé, Merck, Cicolac, Dupont, Union Carbide, Sidney R., Maicena and many other multinational corporations. In fact, the products do not arrive only from the United States: Germany and the Netherlands play a central role in the supply of several chemicals. After them, in descending order of importance, Great Britain, Switzerland, Brazil, Mexico, China, Venezuela, Peru and Chile follow (see Map III, Appendix).

There are different channels for the import and distribution of chemicals. On the one hand, the 'diversion' of legal imports is a common method. Although increasingly difficult due to intensified controls, there have been more than 50 forms detected to defeat them: adulterated invoices; fictitious loans, transactions, returns or losses; duplicated licenses or permits, or ones already expired; double accounting; import with other denominations; use of false clients or suppliers; and of course, very difficult to control, authorised import by trade names linked to cocaine producers, with valid permits. As a general rule, these methods imply very little or no risk for the supplying companies. They are able to delimit civil or penal responsibility if anomalies arise. On the other hand, chemical precursors find their way in through the same clandestine networks of import contraband, networks that in some cases are integrated with those of cocaine export. This is the particular case of shipments from border countries: trucks that arrive to the laboratories by land without being detected.

2.2.2. How much is exported?

An estimation of annual cocaine volumes exported by Colombia is essential to determine both the cocaine income and the general size of cocaine business in Colombia. Calculations vary

27 Originating from South Africa, MEK has often been shipped through Europe. Between December 1997 and March 1998, the US seized six shipments of potassium permanganate from China, about 80 tons that were en route to Colombia (INCB 1998b).
substantially according to each source or author. Discrepancies are mainly related to two things: disagreements in quantities and proportions of imported cocaine base from Peru and Bolivia, and differences in yield calculations.

The most moderate scenario has been proposed by Gómez (1988, 1990) and Gómez and Santa María (1994), who calculated an annual cocaine export average, between 1981 and 1988, of about 80 metric tons. For the same period, Sarmiento (1990) established minimal and maximal annual quantities in 41 and 100 metric tons, while Kalmanovitz (1990) calculated an average of 136 metric tons a year. Over a longer period that also cover the 1990s, Rocha (1997) arrived to very extreme minimal and maximal totals, with export averages of 68 and 574 tons. Uribe (1997) calculated cocaine production for 1994 in between 513 and 625 tons, while Steiner (1997) proposed new production calculations for the period 1980-1995, placing the annual average in some 338 tons. Despite the differences, nearly all sources show a drop between 1983 and 1985 - when prices crashed after a boom that clearly led to overproduction - and other important decreases after the record year of 1992 - due to the massive loss of coca crops in Peru.

Colombian cocaine export volumes must bear a relationship with other three calculations, all of them mutually consistent: with the quantity of world-wide produced cocaine - calculated between 1990 and 1995 in an annual average of 627 tons (see Table I, Appendix) -, with the total cocaine seizures - averaged for the same period in 277 tons29 -, and with the total volume of cocaine consumed - around 380 tons30 annually. Taking into account these tentative indicators, the estimations recently proposed by Steiner (1997) are definitely the most reliable ones for several reasons: a) they remain within the range proposed by all other serious studies; b) they propose quite acceptable hypothetical scenes, with well built and explicit methodologies and sources, c) they are the most recent and with longer series, and d) they are consistent with those other indicators.

In this way, Table I (Appendix) shows the quantity of cocaine produced in Colombia from 1980 to 1995. This table presumes that Colombia refined half of the available cocaine until 1982, and from 1983 a 75% of the total supply. It is important to distinguish between the potential cocaine production - refined cocaine base -, the amount of cocaine exported - production less internal consumption and seizures - and the quantities actually sold in the market - exports minus 75% of world seizures, supposing that all cocaine is seized before being sold by exporters. Figure I presents the evolution of these volumes.

Firstly, while cocaine exports steadily increased until 1987, from then on they experience relative stability. The gap between production and export shows the discovery in 1984 of the huge complex of laboratories Tranquilandia and some of the ‘hits’ against large Medellín organisations (1990-1992). Secondly, a steady increase in cocaine seizures reveals a slightly diminishing trend in cocaine sales during the 1990s.

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28 They typically combine data from various official reports of American drug control agencies such as the International Narcotics Control Strategy Report (INCSR) and the National Narcotics Intelligence Consumers Committee (NNICC) with local statistics from the DNE, the DANE and regional field studies.
29 Data from DEA and the Federal Drug Seizure System.
30 Steiner (1997) calculates around 300 tons using data for the United States from Rhodes et al. (1994). As it will be illustrated in the next chapter, the hypothesis that the American market represents 90% of the total (what might have been true for the first half of the 1980s) certainly underestimates cocaine volumes consumed in other markets since 1989, especially in Europe and Latin America. A more realistic estimation of 65% results in a total annual consumption average of 380/400 tons.
2.2.3. Prices and costs

A central characteristic of the cocaine industry is that added value in each stage is not proportional to the implicated costs, but it is directly related to the risks involved in each phase of production and marketing (Thoumi 1995; Reuter et al. 1990). Thus, profit maximisation strategies do not try so much to reduce costs but essentially to minimise operational risks. This strong relationship between illegality (risks) and profits explains why, as Table II attests, while added price increases very little in the leaf cultivation and cocaine processing phases, the lion's share of the profit is made in subsequent transportation, wholesale and distribution stages. In contrast to what happens in other legal markets, cocaine producers and exporters are primarily interested in upward vertical business integration. Downward integration, palpable in recent years due to the increase of coca cultivation in Colombia, is aimed at securing a continual supply rather than increasing profits.
<table>
<thead>
<tr>
<th>Level</th>
<th>Price</th>
<th>Percentage on final price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocaine base</td>
<td>800</td>
<td>1.00</td>
</tr>
<tr>
<td>Kilo HCL in Colombia</td>
<td>2,000</td>
<td>2.50</td>
</tr>
<tr>
<td>Kilo in Miami</td>
<td>17.500</td>
<td>21.87</td>
</tr>
<tr>
<td>Kilo in Holland, 98%</td>
<td>25,000</td>
<td>31.25</td>
</tr>
<tr>
<td>Retail in Holland, 60%</td>
<td>80,000</td>
<td>100.00</td>
</tr>
</tbody>
</table>

\(^{a}\) Price of cocaine base needed to produce 1 kg of HCL. Source: Steiner (1997).
\(^{b}\) Source: Uribe (1997).
\(^{c}\) Average between minimum and maximum. Source: DEA, Illegal Drug Price/Purity Report, 1995.
\(^{d}\) Own calculation: \(f 100.- \) per cut gram (60%), \(f 166.- \) per pure gram, US$ 80 - (m 1995), \(x 1000 = \) US$ 80,000.-

However, prices do not only vary according to risks involved in each stage at the same time. At the same time, illegality produces a great market segmentation, rendering the business very competitive but remarkably non-transparent.\(^{31}\) Kennedy et al. (1993) and Kopp (1995, 1997) correctly point out that wholesale and retail prices are far from the product of agreements between 'cartels' that 'control' the market. Prices are determined, on the one hand, by the strong competition between large organisations of cocaine entrepreneurs, organised to reduce risks and competing against many small groups or actors attracted by the huge profits. On the other hand, it is widely accepted that the cocaine market is strongly demand-driven, and supply trends frequently follow than induce demand patterns. However, as the market is so opaque - since illegality prevents clear information flows - prices are very dependent on the access and the contacts of each buyer and seller to marketing and distribution networks (Reuter 1983). This explains the great price variation over place and time.

**The costs of doing business**

Although, as indicated before, the costs of putting a kilo of cocaine in the consumer markets are low in comparison with the net profits, they are not at all insignificant in absolute terms. They are important for calculating both the business income for Colombia, as well as the impact that the cocaine business - and especially exporters activities - has had on other actors involved either directly or indirectly.

Table III shows the different costs\(^{32}\) incurred by a typical large cocaine exporter, per kilo cocaine during the 1990s, a decade during which wholesale prices remained rather stable. Estimating for this decade an average price of US$ 17,000 to US$ 18,000,\(^{33}\) these costs from about US$ 6,700 to US$ 8,700 represent between 38% and 50% of the wholesale price. It is interesting to note that the main part of these costs represent 'not Colombian' income: Bolivian and Peruvian coca producers, European or American chemical laboratories, foreign drug trafficking organisations such as the Mexican ones, the international financial circuit, and also

\(^{31}\) Illegality imposes risks that reduce marketing options for buyers and sellers, for example regarding advertisement, supply, agreements, communication or investments. Actors and transactions tend to react to local conditions and personal circumstances, with visible price fluctuations in the short run. For the interaction between law enforcement, risk and prices, see Reuter and Kleiman (1986); Dorn et al. (1992); Thoumi (1995) and Caulkins and Reuter (1997).

\(^{32}\) This, of course, accepts the fact, shared by all sources, that Colombian cocaine exporters sell all cocaine at a wholesale level in destination points.

\(^{33}\) Steiner (1997: 35 and 39). His average wholesale prices for all the 1980-1995 serial are the most acceptable. They are based on many DEA reports that also consider the progressive Colombian penetration, between 1980 and 1985, in the American wholesale level and, from 1989, the higher prices of the European market.
foreign lawyers, corrupt policemen, or custom officials. When calculating Colombian cocaine income, Steiner (1997) reasonably indicates that 39% of the exporters gross revenues actually leaves Colombia at the costs described.

Table III. Costs for delivery at wholesale distribution in consumer markets, per kilo cocaine, during the 1990s

<table>
<thead>
<tr>
<th>Cost</th>
<th>US$</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material</td>
<td>600-800</td>
<td>Colombian, Peruvian and Bolivian coca growers and labourers.</td>
</tr>
<tr>
<td>Transport to Laboratories</td>
<td>100</td>
<td>Carriers (Colombians).</td>
</tr>
<tr>
<td>Chemical Precursors</td>
<td>200</td>
<td>Local and multinational chemical industry.</td>
</tr>
<tr>
<td>Refining Costs</td>
<td>200-300</td>
<td>Colombian cooks and labourers.</td>
</tr>
<tr>
<td>Transport to Consumer Markets</td>
<td>3200</td>
<td>Carriers (Colombians) or other organisations (Mexicans).</td>
</tr>
<tr>
<td>Vigilance, Security and Bribes</td>
<td>500</td>
<td>Weapon dealers, Colombian security employees, Colombian politicians, national and foreign customs and police officers.</td>
</tr>
<tr>
<td>Money Laundering</td>
<td>1700-3400</td>
<td>Intermediaries, financial advisers, banks.</td>
</tr>
<tr>
<td>Other</td>
<td>200</td>
<td>Lawyers, rents, etc.</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6600-8700</td>
<td></td>
</tr>
</tbody>
</table>

- Own calculation. It can be argued that seizures should also be included in this list as costs, what would increase the total by around 30%. However, seizures, captures and injuries can also be conceived as the risks behind price increases.

2.2.4. Colombian cocaine income: a 'narco-economy'?

Bearing in mind the cocaine volumes actually sold, wholesale prices, and production and transportation costs, it is already possible to determine just how much money enters Colombia every year for cocaine production and export. Net revenues oscillate between US$ 1 and US$ 3 billion a year, with an average of US$ 1.7 billion for the period 1987-1995. Though in the number's game each economist arrives at different results, Steiner's (1997) estimations are similar to those of Sarmiento (1990), are located in the middle point of the range proposed by Rocha (1997), and, especially from 1987, in an intermediate place between the higher calculations of Kalmanovitz (1990, 1994) and the more moderate results of Gómez (1988, 1990) and Gómez and Santa María (1994).

Adding the net income from heroin - about US$ 750 millions a year since 1991 - and marihuana exports - about US$ 300 millions a year from 1993 on -, it does not seem difficult to estimate that during the 1990s, the illegal drug industry has generated earnings for US$ 2.5 billions per year for Colombia.

All authors acknowledge that these figures have not passed unnoticed through the Colombian economy. The economic impact of illegal drug industry in Colombia has been huge and penetrating. However, they far from confirm apocalyptic statements that Colombia

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34 With a maximum of US$ 2.5 billion for 1989 and a minimum of US$ 1.1 billion for 1994 (Steiner 1997: 40-42).
Traquetos constitutes a 'narco-economy', as some sources and authors have repeatedly indicated. There are no doubts about the fact that cocaine exports have represented about 70% of the Colombian exports during the first half of the 1980s, and since 1986 such percentage has been reduced and stabilised at 30% - mainly due to the dramatic drop in cocaine prices. Cocaine income has represented, following the same trend, an average of 7% of the Colombian GDP, decreasing to the relatively small percentage of 3% (Steiner 1997).

Two problems still remain with difficult empirical verification, which make one consider those US$ 2.5 billions a year to be an overestimation. In the first place, it is obvious to imagine that at least part of the capital earned by Colombian illegal entrepreneurs never enters Colombia, for it is likely kept, once laundered, in the international financial circuit. Secondly, all testimonies and sources emphasise the growing role of Mexican cocaine entrepreneurs in recent years. With 70% of American cocaine entering via Mexico and with increasingly common modalities of paying transportation costs with cocaine, it is logical to suppose that the growing Mexican share in the business is punishing Colombian exporters.

2.3. Cocaine Entrepreneurs in Colombia: The Business Social Structure

2.3.1. Social origins of illegal entrepreneurs

A central question in understanding the dynamics of the cocaine business in Colombia and the relation of illegal entrepreneurs to broader social and political arrangements is understanding their social origins. Where do cocaine entrepreneurs come from? Can any clear pattern be discerned?

Opportunities to become a successful drug entrepreneur in Colombia have remained, of course, unequally distributed. Except for the readiness to use personal violence and the ability to shield oneself from it, other social or individual constrictions and qualities do not seem to differ that much from those encountered in successful legal businessmen: sex, age, personal or family contacts, entrepreneurial skills of all sorts, personal attributes such as creativity, alertness or charisma, skills to both exercise power and deal with existing power pressures, and luck.

However, access to the entrepreneurial levels of cocaine business has been remarkably open to a wide and heterogeneous range of people. The social origins of cocaine entrepreneurs can not be traced to one social, economic or ethnically specific group. Although some backgrounds and patterns can be observed according to regional differences and historical events, they far from constitute general trends.

As indicated earlier, many of the first pioneer cocaine entrepreneurs were old marihuan, emerald, textile or home appliance smugglers who moved on to deal in this new profitable product. They usually already had some degree of social recognition and prestige, being either successful entrepreneurs with many contacts and accumulated experience, or powerful figures in their home regions of Antioquia or the Atlantic Coast.

Verónica Rivera, the so-called 'queen of cocaine' of the 1970s, began her career selling smuggled house appliances. She used her commercial networks to later export cocaine to New York and Miami. Another interesting example is Gonzalo Rodríguez-Gacha 'The Mexican', who

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35 Powerful mass media as CNN, The Economist, Semana or Cambio 16 (Colombia), or authors such as MacDonald (1988: 45) do not have any problem in quoting sources or authors who without any foundation refer to annual profits of US$ 18 and 25 billions. American law enforcers also love these overestimates, but usually prefer to compromise with some US$ 7 billions.

36 However, the most serious studies on illegal import smuggling and money inflows to Colombia assess that the majority of money revenues generated by cocaine exports would have been repatriated to Colombia (see Steiner 1997: 88).
had extensive experience in the illegal emerald business (Cortés 1993). Some well known marimberos also entered the cocaine business. José 'Mono' Abello, son of one of the most respected families of Santa Marta, started in the 1970s as a marihuana exporter and later became the most important cocaine entrepreneur of Santa Marta, also exporting to the American East Coast. Joaquín Gallo 'Mr. Big', once a marihuana distributor in Miami, was extradited in 1990 to the United States due to his cocaine import activities (Krauthausen and Sarmiento 1991: 147-148).

It should be noticed that even amongst these old illegal entrepreneurs and smugglers, the variety of people is enormous. They range from rather urban upper-class individuals from Medellín or Santa Marta, to more rural and violent entrepreneurs from the region of the Magdalena Medio.

The younger generation of Medellín traffickers, which broke through around 1979, was again very heterogeneous. Most of them had some sort of criminal career background and were not as well established as the former group. However, their individual backgrounds differed considerably. Pablo Escobar 'The Boss' was an urban low-middle class youngster who started out by stealing headstones from local graveyards, scratching off the inscriptions and reselling them at bargain prices. He later became a car thief and an auxiliary helper in a small cocaine organisation. Carlos Ledher, in contrast, was a well educated middle-class migrant, fluent in English and German, who started in the United States as marihuana retailer, car thief and smuggler. Yet different still is the situation of the Ochoa brothers, the other main examples of that Medellín trafficking generation. They belonged to a well-off rural Antioquian family, dedicated to cattle and horse raising, which also had a restaurant in Medellín. They started distributing cocaine in Miami setting up an export-import firm with their uncle. They enjoyed local protection and acceptance, which facilitated their legal economic activities and their relationship with authorities.

Also in the southern region of the Cauca Valley, it is possible to find a variety of social origins amongst drug entrepreneurs. Usually from urban origins and even belonging to middle-class families, some already had a criminal background. Gilberto Rodríguez Orejuela 'The Chess Player' and José Santacruz Londono 'The Student', both well-known cocaine entrepreneurs from Cali, operated a kidnapping gang in the late 1970s. Furthermore, some members of former guerrilla groups converted into cocaine entrepreneurs. Yet many others did or do not have any past linked to illegal activities. Some were prosperous self-made local entrepreneurs linked to industrial or export activities, other were financially desperate merchants in need of quick financial resources. It is also possible to identify unemployed young professionals, ex-policemen or local politicians. As Arango and Child pointed out, there were some interesting production and export strategies, favoured by cocaine entrepreneurs to strengthen relations with civil and political society, which

"...opened the doors for professionals, politicians, bank robbers, military officials, fraud perpetrators, policemen, broken merchants, unemployed, prostitutes, intellectuals, bankers, artists, cattle dealers, farmers, and so on." (Arango and Child 1984: 185).

The heterogeneous origins of cocaine entrepreneurs can be explained by three characteristics of the cocaine business in Colombia. First of all, it is not possible to link it with a particular set of political actors, and it does not express a particular social conflict between clear social groups. It has been both an urban and rural phenomenon, and indeed a rather 'open' and dynamic activity. Secondly, its huge prospects for quick social mobility raised expectations in all sorts of people, both excluded from and included in legal activities. In the third place, cocaine production and export in Colombia has had, certainly prior to 1995, rather low levels of negative
social stigma attached to it. Many law abiding citizens would easily tolerate or even respect some drug entrepreneurs. They would become role models not only for the 'underdogs' but also for more or less successful and established individuals, sometimes even powerful, who would just wait for their opportunity to enter the business.

2.3.2. The many traditions of drug organisations: the cocaine centres

This heterogeneity is also evident when Colombian cocaine enterprises are collectively analysed. Regional differences, with their own social dynamics, political environment and cultural markers, have shaped many cocaine 'centres' or focuses, each one with its own importance and momentum (see Map IV, Appendix).

Betancourt and García (1994) have identified five different centres. I will add here a sixth one, which became particularly noticeable during the late 1990s.

The Atlantic Coast focus

Historically, this is the first centre. Especially in the province of La Guajira and around the cities of Barranquilla, Cartagena and Santa Marta; this is where the marihuana boom (1972-1979) took place. During that period, La Guajira bore witness to high levels of violence. This was particularly noticeable where the newly wealthy marihuana producers did not belong to the traditional local elite. As explained before, these groups controlling marihuana production failed to develop more stable and powerful organisations, mainly due to the fact that they did not control the more profitable stages - import into United States -, the ephemeral nature of the marihuana prosperity, and their propensity to quickly spend the profits. Although some of the earlier marihuana smugglers in this region changed to cocaine in the late 1970s, they also failed to develop strong organisations and were clearly overshadowed by the Antioquian entrepreneurs.

In fact, their relative survival has to do with the importance of this area for exporters from other regions. Barranquilla, as the main Colombian port, has been particularly important for the shipment of big quantities of cocaine to overseas markets. With its traditional smuggling tradition, the area has also been an important cross-road for the illegal import of all sorts of goods. This includes islands such as San Andrés, in the Caribbean Sea, which also serve as a money laundering resource. Many failed illegal entrepreneurs of the Atlantic Coast later went to work for stronger organisations, for example as helpers or figureheads.

The Antioquian focus

The region of Antioquia, with its capital Medellín, was the first successful centre for the early control of the cocaine business. Also with a long tradition in smuggling, a first generation of old marihuana exporters and smugglers began cocaine production and export, which was rapidly integrated with base import and wholesale distribution in the United States. Most of the Colombian migrants living there came from this region. A generation change at the end of the 1970s marked the consolidation of a relative small number of illegal entrepreneurs, who managed to enlarge and solidify strong organisations.

With some exceptions, most of the members of these groups came from social circles that had few or no connections with the old Antioquian elite. Coming from middle rural or low urban classes, they had to strive hard for social recognition. Violence has played a particular role in their strategies for maintaining control of the business. They have been confrontational with the establishment, and have been accused of most of the assassinations of government officials, judges and rival competitors that took place during the 1980s (Thoumi 1995: 157). Their military strategies included the massive use of youngsters from the popular neighbourhoods of
Medellín as hired-killers, the so-called sicarios, for whom these new cocaine entrepreneurs represented clear role models and the chance for upward mobility (Salazar 1990).

Violence was not the only resource available to these groups. Some of the Medellín traffickers tried to become, with very limited success, power brokers between urban marginalised groups and broader political arrangements. Escobar himself had a brief and unsuccessful passage in the Colombian parliament. He also tried to expand his social arena by granting favours or engaging in social beneficence, even developing social housing projects.

Arango (1988) has suggested that paisa entrepreneurial skills have been at the root of their business success. Although Antioquia has been one of the more entrepreneurial regions of Colombia, paisa elite and society are amongst the more conservative and traditional in the country. Strong rural values are still dominant, and well-developed industries (textile, food, and so on) or modern cities seem to exist side by side with powerful traditional markers such as religious devotion, family bonds - especially revolving around the mother -, clientelist relations, and other symbols such as rural music, clothing or vehicles, horses and the land. This tension seems to be reproduced by cocaine entrepreneurs’ behaviour. Although these groups displayed good entrepreneurial skills, their social, cultural and political behaviour have been strongly influenced by them and have at the same time reshaped many aspects of Antioquian social life.

The power accumulated by people such as Pablo Escobar, his wide organisation allegedly closed, highly structured and hierarchical, his extravagant ways as well as his clientelist and political strategies, and of course his extremely violent reputation, has converted him in the 'typical-ideal' Colombian drug entrepreneur. The fact that the Antioquian groups were highly devoted to organising themselves and co-operating in both military and political terms, has led to these organisations being portrayed either as a truly unified 'cartel' (Castillo 1987, 1991, 1996) or as a domestic version of the Italo-American mafia (Betancourt and García 1994). I shall later argue that both concepts have been misused in the analysis of Colombian cocaine organisations.

The Antioquian focus had its heyday during the 1980s, and was finally overshadowed by the Valluno centre in the early 1990s, after the imprisonment or death of their main illegal entrepreneurs.

The Central focus
Although closely tied to the emergence and development of the Antioquian focus, this central region of Boyacá and Cundinamarca had its own separate nature. This focus emerged around the illegal exploitation of emerald mines.

Due to a long-lasting state monopoly control on them, for many years emeralds had been illegally exploited by the planteros (emerald traders). An illegal extraction system (planteo) developed around these traders: the plantero supplied some miners with the basic mining equipment, arms for their own protection, house and food for their families. The miners, in return, were compelled to sell to them any emeralds they could mine. Breaking the agreement resulted in death. The planteros protected their miners by organising armed groups, and they became regional leaders capable of claiming control on a certain area. This system based on dependency relationships produced strong loyalties, closed organisations and high levels of violence in the region (Thoumi 1995: 139; Krauthausen and Sarmiento 1991: 143-145).

Some of these emerald traders moved on to the cocaine business. The planteo system could be applied to cocaine production, but only during the early stages of coca cultivation and cocaine refining. There are well-known cases of old emerald traders who years later appeared in

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37 However, some of the well-known members of the Medellín groups such as Lehder were not paisas, and in fact other groups demonstrated even better skills to succeed.
the coca cultivation region of Guaviare, transformed into cocaine entrepreneurs (Molano 1987: 65). Others, such as Gonzalo Rodríguez Gacha 'The Mexican', became independent cocaine exporters.

This centre is the most rural of all, and has been characterised by the strong clientelist relationships, the tendency of illegal entrepreneurs to buy and defend land, and their subsequent support and use of paramilitary rural bands to fight guerrilla organisations and some popular movements. Betancourt and García (1994) have depicted this focus as the closest to the Sicilian mafia model. Although there are some clear analogies with the social systems described by Blok (1974) for rural Sicily, it should be emphasised that the roots for such mafiosi social arrangements are to be found in the emerald mining system and the problem of land-ownership per se, rather than in the cocaine business as such.

The East focus
With centres in Cucuta and Bucaramanga, this region next to the Venezuelan border also bore witness to the development of specific cocaine organisations. It grew unnoticed partially due to their low profile and the wars against and between the Medellín and Cali organisations. It was also formed around the active contraband in the area, mainly by Santanderian middle classes and paisa migrants. It has also displayed a rather dynamic nature, especially noticeable in the construction and trade branches.

The Valluno focus
Formed around the smuggling axis between the Pacific harbour of Buenaventura and Panama, the southern region of the Cauca Valley was already active in the cocaine business from the very beginning. With ist centre in the industrial city of Cali, the Cauca Valley was strongly dependent on sugar cane production until the 1970s.

The involvement in the cocaine business was marked by the early control of the Amazon corridor, both a region for coca cultivation as well as a point of entrance for imported cocaine base. They were also specialised in chemical precursors import, and though in a smaller scale than the Antioquian entrepreneurs, they had their own well-established distribution networks in the United States (especially in New York).

Valluno groups expanded silently, and until 1984 all conflicts with the Medellín traffickers were solved in one way or another. However, status quo was definitively broken after Pablo Escobar declared open war against the state. Cocaine entrepreneurs from Cali profited from this conflict, and even collaborated with state agencies in the tracking down of Medellín groups.

In contrast, most of the Valluno illegal entrepreneurs had an urban, middle-class origin. More integrated into their local environment, they avoided open confrontation with government officials, politicians or the local traditional elite. Cali did not have the levels of violence that characterised other cities like Medellín. With a low-key approach, they used their wealth to gain the favour of politicians, clerics, military leaders and legal businessmen, mainly through corruption. Although some of them, such as the brothers Rodríguez Orejuela, had large and well organised illegal enterprises, a lot of smaller and rather independent groups flourished in cities such as Cali, Jamundí, Tuluá, Roldanillo or Cartago.

In fact, their clear success after the Medellín group started to collapse in 1991 was due to the fact that they were, simultaneously, investing in a legal business empire, cultivating political influence, and, more important, adjusting and improving their business methods: reducing risk,
achieving economies of scale, just-in-time supply, developing new products - heroin - and markets - Europe and Japan - and introducing new technologies.\textsuperscript{38}

\textit{The Northern Cauca Valley focus}
Based around small cities like Tuluá, Roldanillo, Trujillo, El Dobio, Cartago and Pereira, this area has gained particular importance since the imprisonment of the big Cali cocaine entrepreneurs in the mid 1990s. In fact, organisations and entrepreneurs active in this region were always included within the focus with centre in Cali. Some of the former Cali entrepreneurs such as Henry Loaiza or the Urdinola family, in fact belong to this region.

Given that this area has been at the epicentre of the cocaine business in Colombia since 1995, three important characteristics should be mentioned about these groups. First of all, they have remained rather small and independent, and some of their illegal entrepreneurs belong to a younger generation. Secondly, they managed to adapt themselves to new risk minimising strategies, such as reallocation of resources, new agreements with foreign - Mexican - organisations, and so forth. And finally, these groups have engaged in successful product diversification: they control heroin production and export, which generated additional profits for about 700 million dollars a year (Steiner 1997).

Although this categorisation of different focal points has a socio-historical interest, it does not necessarily imply that they have functioned as independent and homogeneous centres. The relation between them is sometimes complex and has changed over time. There are, for instance, several organisations, located in specific regions, cities or towns, which were once linked and later became autonomous, and vice versa. Castillo provides a detailed description of organisations and drug traffickers based in Bogotá, Cundinamarca, Armenia, Pereira, Ibague, Villavicencio, Leticia, Ciénaga, Santa Marta, Córdoba, Valledupar and Cartagena (Castillo, 1987: 41 and ss.). Only in the Cauca Valley region, did each town have two or more important drug entrepreneurs who operated more or less independently. The number of organisations is unknown. During the 'hot' year of 1989, the U.S. Senate reported that the Medellín organisation consisted of "approximately 200 individual trafficking groups."\textsuperscript{39} In 1991, the U.S. Department of State claimed that there were between 150 and 200 organisations in total.\textsuperscript{40}

Finally, another interesting difference between Colombian drug entrepreneurs is a generational one. The old generation of cocaine entrepreneurs, those that were successful and famous during the 1980s and early 1990s, have clearly had their day. They are either dead, imprisoned or retired, and their affairs and assets have been seized, laundered or inherited. That generation, incarnated basically by the Medellín and to certain extent the Cali groups, achieved some provisional 'central' powers and managed to produce 'big names'. However, in the beginning of the 1990s the dynamics of both the international cocaine market and the policies to combat it suggested that a new way to organise the business was necessary: flexibility, internationalisation, management and risk reduction were all central to the success of a younger generation. In 1994, Rodríguez Orejuela himself explained this shift:


\textsuperscript{39} U.S. Senate, Permanent Subcommittee on Investigations, Structure of International Drug Cartels. Hearings: Staff Statement, p.19.

There is a generation change in narcotics trafficking today. Most of the new generation are under 30 (years) and have no criminal record. They are not known by Colombian authorities, much less by the DEA... 41

This new generation incarnated by minor bosses and generally unknown names, which accumulated profits faster and more safely than the old one, marks the end of 'fordist' factory production in the cocaine business. They have spread to new regions, even outside Colombia, relocating production processes, transport and distribution lines, and becoming the new small, flexible, anonymous and international cocaine entrepreneurs.

2.3.3. Flexible co-operation: entrepreneurs without 'cartel'

Types of enterprises

As was the case with the people and regions involved, cocaine enterprises are also heterogeneous. This illegal market should in fact be understood by the articulation of many kinds of legal and illegal enterprises, through the various market stages or sectors.

Regarding cocaine production, many sorts of enterprises can be identified. Some could take the form of the aforementioned planteo system, in which a single entrepreneur establishes close and client based ties with coca producers. However, most of the refiners produce cocaine simply by buying the raw material, employing people, and selling it to the exporters. These units vary from small laboratories owned by one person - common until the early 1980s but still surviving - to rather large refineries owned by many business partners, who at the same time are also engaged in cocaine export.

Export enterprises, on the contrary, tend to be larger. Illegality makes cocaine export a very complex market operation. Successful exporters combine economic, military and political resources (Krauthausen and Sarmiento 1991: 60). They need to have enough capital to cover costs and investments, subcontract services and pay-off law enforcers. They require at least a minimum security apparatus that is ready to use violence, can avoid theft, enforce agreements, neutralise law enforcement and discourage competitors. They finally need the proper connections, again to neutralise detection and to sell the product in the consumer markets. These requirements are hard to meet for independent, individual exporters. This market stage seems to be the most oligopolist of all. However, independent or individual exporters do exist. In fact, a proper combination of capital, violence and contacts is all that is needed to enter the business, at least for some time or for smaller quantities of cocaine. There are many cases in which former employees, even bodyguards, of large exporters became, after the death or imprisonment of their employers, new independent exporters.

Large export enterprises do not imply 'large' in a literal sense. They are large with respect to their availability of resources, the volumes exported and the profits made. As I shall further argue, illegality does not favour 'large', stable enterprises. The Rodríguez Orejuela brother's group, for example, worked through a very complex system of contracting and subcontracting with many external actors, enterprises and organisations.

Many modalities of cocaine transportation enterprises have also been encountered. Some illegal exporters have their own means of transportation. This is the case of the rather small ones - by paying people to carry small quantities - or the first entrepreneurs who were using their own small planes. However, as larger volumes and more distant markets appeared, specialised and separated transportation enterprises developed. Cocaine exporters usually contract their services, depending on the specific characteristics of each operation. Some are

small, for example, one or two pilots with a couple of special planes. There are also illegal shipping companies, with their own personnel and speed boats. Transportation has also been subcontracted to foreign organisations, as it in the case of cocaine entering to the United States via Mexico. Mexican organisations would receive the merchandise, get it over the border, and deliver it to Colombian wholesale distributors. And, of course, as in the case of large volume exports to the European market, legal enterprises are used to transport cocaine. From airlines and shipping companies to import-export firms, from carrier to removal enterprises: all have been used to smuggle cocaine, either by paying-off some employees or by engaging more managerial staff.

There are also enterprises that specialise in money laundering. Although some exporters may have somebody to perform this task - for example when they also own financial institutions - this expensive service seems to be more often subcontracted to special people: financiers, stockbrokers or investor experts. The more obstacles there are to ‘cleaning’ their capital, the more they are forced to rely on the services of these companies.

With respect to military and security resources, most cocaine exporters do have permanent employees to perform some of these tasks - basically bodyguards and ‘score settlers’. Yet again, cocaine exporters have frequently relied on external apparatuses, such as private security firms, independent hired-killers, or paramilitary armed groups. Other ‘peripheral’ companies offering their services to many cocaine entrepreneurs are also very common: law firms, real estate agents, architectural offices, and so on. Almost all of them deal also with legal clients and enterprises.

It is clear that many kinds of enterprises are interconnected at this level of the cocaine business, performing multiple tasks, having different organisational forms, and offering diverse professional expertise. However, a strict and rigid labour division is not always the case. Small producers can export now and then, large exporters can also settle scores personally, bodyguards may supervise transportation, or carriers may also be arranging up- and unload. Frequently, each entrepreneurial unit perform many tasks, changing and modifying them according to the dynamics imposed by illegality.

Finally, this flexibility is also reflected in the durability of cocaine enterprises. Some endure, but in the cocaine market many sporadic enterprises are rather frequent. It is common that two or more traffickers become partners for a single operation. At the level of production, throw-away kitchens are not rare.

On *patrones,* 42 *deputies and labourers*

The cocaine industry in Colombia offers both a precarious and stable occupation to a range of groups and individuals. A short list includes unskilled labourers, chemists, technicians, rural workers, peasants, carriers, boat and aircraft pilots, car and track chauffeurs, representatives, couriers, individual smugglers, bodyguards and escort personnel, racketeers, hired-killers, lawyers, accountants, finance consultants and investors, custom and police officials, intellectuals and merchants.

It should not be necessary to stress the heterogeneous nature of this labour force. It ranges from urban to rural, from unskilled to high-qualified, from subsistence wages to well-paid salaries, from collective to individual, from part-time to full-time, from very risky and violent to rather safe and mundane. They include poor residents from urban slums as well as upper-class individuals.

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42 *Patrón* (boss, chief) is the usual name used by employees when they refer to the cocaine entrepreneur. Despite the fact that derives from the same root than *padre* (father), the word means in Spanish both ‘protector’ and labour employer (boss), the later stressing more a factual (not moral) authority over the labourer. This second meaning is the one used by cocaine employees.
Although this can change from one organisation to the other, four typically different roles or tasks can be identified in large cocaine exporter enterprises: the *patrón* (leader or chief), the close assistants, the professionals and the mass unskilled workers. All cocaine enterprises have a *patrón* who co-ordinates all transactions. This role can also be shared by two or more people, usually when the entrepreneurs are close friends or relatives and equally active in the business: the Ochoa or Rodríguez Orejuela brothers, for example. Some like Pablo Escobar would maintain personal control on even small details, others would simply delegate more.

The assistants or *lugartenientes* (deputies) are people close to the *patrón* to whom the practical development of operational matters is entrusted. They combine, in a rather eclectic way, the tasks conferred to private secretaries and managers in legal business. Close friends or relatives of the *patrón* often hold these positions. Next to them, some 'second grade' *lugartenientes* may also exist in large organisations. They take more specific responsibilities, such as the acquisition of cocaine base, transportation, wholesale distribution or the co-ordination of military and security resources (Krauthausen and Sarmiento 1991: 45).

Individual professionals for specialised functions are employed by the entrepreneurs. Chemical engineers, experienced pilots, security experts - often retired policemen or military officials, economists, lawyers and a wide range of professionals for the administration of their legal businesses: hotel and business managers, and so on. Except for the latter, they all receive higher salaries than the average they would obtain in the legal workplace market.

Finally, cocaine entrepreneurs employ many people with almost no labour qualifications. They are absolutely essential for business development, and perform one or several tasks in a very flexible way: bodyguards, kitchen workers and watchmen, raw material and cocaine up- and unloaders, chauffeurs, couriers or *encaleadores* (cocaine load-keepers). Naturally, not all of them require the same skills and they do not have the same occupational prestige. This can vary, for example, from the low ranked *lavaperro* to the rather professional courier. However, it is interesting to point out that most of these flexible workers either perform more than one of those tasks at the same time, or have been 'promoted' from one to the other. Although some of them have high expectations of eventually becoming entrepreneurs, for the majority it means a regular, irregular or even an extra job.

**Colombian cartels?**

When analysing Colombia's drug organisations and entrepreneurs, the first, major obstacle is the enormous popularity and durability of the term 'cartel' in almost any account about these phenomena and groups. Since the DEA first applied it to the Medellín traffickers in the early 1980s, this term, borrowed from economics, has been widely and uncritically used by policymakers, politicians and journalists of all kinds. However, this is more than a semantic problem. Within the context of a war on cocaine, it has no doubt been and still is politically useful for many groups to call cocaine export organisations 'cartels'. As a convincing metaphor, it implies: a) a very powerful and highly organised enemy, easily identifiable, b) the image of a conspiracy against the consumers through secret agreements on prices and output, c) oligopolist raw market exploitation; d) a threat to the 'fair' economy and entrepreneurs; and e) a legitimation for continuous requests for more resources and powers to fight it.

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43 This word, of a clear military and administrative nature, is not often used by cocaine actors themselves. It implies a bureaucratic institutionalisation that these enterprises do not have.

44 Literally 'dog cleaner', this is the common pejorative word for those engaged in the more unskilled jobs in the cocaine business, for example, teenagers who clean the *patrón's* car.
Academics and researchers have appreciated the concept variously. Most of the studies have rejected or criticised it, but the term still persists. Some scholars, mostly from America and Europe, dedicate a footnote or a paragraph to explain their reservations, only to continue talking about cartels without further notice.

In economic terms, a cartel is a formal agreement between firms in an oligopolist market to co-operate with regard to agreed procedures on such variables as price and output. The result is diminished competition and increased co-operation over objectives such as, for example, joint profit maximisation or avoidance of new entry.

Several problems crop up when looking at the reality. The first surprise is that both media and official government sources continually make references to several cocaine cartels - generally associated with some city or region - which by definition refutes the very existence of a cartel. Secondly, the illegality of the cocaine business renders the formation of a workable cartel difficult. The risk minimising strategies that must be followed to make an illegal operation successful encourage a loose structure, in which it is not possible to plan production levels, to achieve economic agreements and to give orders to be carried out through several layers of production and distribution (Thoumi 1995: 143). The groups have very little control over production volumes, including even coca production. On the other hand, prices at the retail end vary a great deal from place to place, depending on the access of each buyer and seller to distribution and marketing networks. Neither stability nor changes in prices are at all related to any kind of agreement between producers and exporters.

In organisational terms, relations between different actors - coca peasants, paste manufacturers, carriers, cocaine refiners, exporters, distributors, and so on - tend to be fluid and flexible: cocaine business structure quickly adapts itself to changes in the business environment brought about by the activities of law enforcement agencies and other factors (Thoumi 1995: 143). Although things like, for example, insurance mechanisms against loses appear to be well-organised, many of these relations are short-lived, and participation in shipments or transactions mutates constantly. The fact that cocaine trafficking requires a range of interconnected and specialised personnel - buyers of paste or base, chemists, engineers, pilots, wholesalers, money launderers, accountants, lawyers, professional assassins, and so forth - does not imply per se a very highly organised structure.

There is empirical evidence challenging the popular view that drug trafficking is dominated by pyramidal structures with Mr. Big' at the top in control of everything. To reject the image of Colombian cocaine groups as powerful and centralised corporations with boards of directors and vice-presidents for every different branch, is not to deny that Colombian cocaine entrepreneurs do organise themselves in tasks such as co-insuring cocaine shipments, engaging in joint smuggling or production ventures, or exchanging loads. Nor does it mean that they have not reached specific agreements - hardly ever economic ones, and more often of political and military nature regarding assassinations and counter-intelligence. Neither does it mean that they do not control some of the phases of the process in an oligopolist way - for example exportation to American and European markets - nor that they operate without economic rationality.

The cocaine business can best be seen as a complex articulation of very differentiated networks in which relational ties - basically dyadic ones - function in various ways. They range from typical peasant production relations, to face-to-face interactions characteristic of the dealer-

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consumer relation, to more business-like ties such as in large-scale production and exportation. Even within these ‘entrepreneurial’ stages, one finds with a range of small independent exporters, varying from individual adventurers smuggling a few grams with high risk, to small groups controlling specific markets. The dyadic character of the relations is related to the illegal nature of the business. In general, participants in the business only know about their own role and the immediate level below them, but they hardly know anything about the levels above, and they completely lack a general picture of the business (Thoumi 1995: 141-142).

In fact, the relatively decentralised and amorphous nature of such groups and coalitions, and the frequent use of relatives, friends and neighbours for different tasks and functions, has also been a key pattern for protection and success. As put by Arango and Child:

"...Every capo is the maximum authority of his organisation. It is very difficult to destroy the organisation simply because it does not exist. If somebody falls down or for any reason loses his markets, his position is immediately taken over by another" (Arango and Child 1984: 186, my translation).

Furthermore, the institutional organisation of cocaine entrepreneurs is rather precarious, and it precludes anything resembling a bureaucracy in Weberian terms, especially one that would survive after the replacement of its leaders (Krauthausen and Sarmiento 1991: 36).

Far from decreased competition, as a cartel implies, frequent violent clashes seem to be common between various groups, which attests to the difficulty that any group has in exercising strict control over the business and over their organisations. Even successful vertical integration of processes - from coca leaf production to market distribution - by a certain group or individual has been precarious, variable and always subject to conflict and mutation. The cocaine business is in fact remarkably open to newcomers, including those who take the place of former entrepreneurs as well as those who exploit new markets and new routes. This dynamism, caused by the spread of persons who want to enter a business that offers great opportunities, virtually enables anyone with the money, the supplier and the ability to avoid being caught or ripped off, entrance at any level (Block and Chambliss 1981: 56).

**Between co-operation and savage competition**

In sum, the cocaine market can be conceived as a sandglass (see Figure II) regarding the number of participants, with the two extremes highly competitive and a central oligopolist sector (cocaine exporters). Although they have a strong negotiating capacity between coca producers and cocaine consumers, they do not constitute a ‘cartel’ since the dynamic of the upper competitive sector (for example with price formation or production volumes) prevails. Illegality and risk minimising strategies have a double impact in the oligopolist sector: they make any organisational arrangement or entrepreneurial structure sporadic, flexible and changeable; and they create a *sui generis* link between small and large export enterprises based in a combination of co-operation and savage competition.

Co-operation between large enterprises hardly takes place in economic terms. Despite some ephemeral - supposed - agreements in the early 1980s about territorial distribution of the American market (Castillo 1987: 114-115), co-ordinated actions have a military nature: assassinations, death squads and counter-intelligence usually against common enemies such as state officials of guerrilla groups. Business co-operation between large and small or individual entrepreneurs, on the contrary, does exist. There are three known systems created by large enterprises to allow and encourage independent or individual exporters to keep active in the market.
The first mechanism is called *apuntada* (join up) and consists of a joint export venture offered by large exporters to people outside their organisations. They participate, according to their own financial resources and their relation with the exporter, either with money or with cocaine. Since the total amounts of cocaine are large, they are sent in various shipments lowering the overall risk. In fact, not only small organisations can participate with their modest quantities, but any capital investor can become a cocaine exporter. This system is used not only to distribute risks but also to compensate favours from friends, politicians and civil servants, extending the business into society (Krauthausen and Sarmiento 1991: 32; Thoumi 1995: 145). It is also usual that large entrepreneurs allow smaller ones to send cocaine loads through their own networks, just charging for the service. A third way of co-operation is evidenced by the transportation insurance mechanisms also granted by large entrepreneurs. In this case, they offer to the small exporter not only the line, but 100% refund if the load is seized. If it is not, then the insurer gets a percentage. Large entrepreneurs can offer this insurance service due to their ability to reduce risks.

However, next to these co-operation mechanisms, savage competition - i.e. without rules - seems to be a principle within this oligopolist sector. Most evident between large entrepreneurs, this competition has taken various forms: from direct open war (physical elimination, thefts or attacks) to collaboration with law enforcers tipping them off about other entrepreneur's movements and operations. In fact, a great deal of the cocaine seizures and big 'hits' by law enforcers rely on these tips. Savage competition is even visible within organisations themselves: many large entrepreneurs killed or imprisoned have been betrayed by people of their own organisations, who have used violence or have broken their silence.

### 2.4. The Social Impact of Cocaine Entrepreneurs

This particular business social structure has indeed had a strong impact on Colombian society and institutions. The same social conditions that favoured the development of the cocaine business in Colombia for the last 20 years, have at the same time been, in the majority of the cases, reinforced by business expansion. If in economic terms the existence of the cocaine industry has been fairly negative, in social and political terms it has been a disaster for
Colombia and one that may be added to the already many existing problems in the country. I will analyse this impact in the final part of this chapter.

Yet the cocaine business is not the 'source of all evils', as it has often been portrayed. The impact of cocaine entrepreneurs has been heterogeneous, changing from place and time. The cocaine business has definitely contributed to state de-legitimation, growing corruption, increased feelings of impunity and to all sort of problems regarding Colombian foreign relations. It has also contributed to the increase of the long-suffered internal armed conflicts, and the amplification of other social violence. All these social phenomena were there long before the cocaine business appeared, and will probably survive if the business disappeared tomorrow. Some questions about the political nature of cocaine organisations will also illustrate the readiness of many observers to seek omnipresent explanations for complex social problems around drug enterprises and entrepreneurs

2.4.1. Social legitimation: strategies and encapsulation

Whatever their origin, cocaine entrepreneurs as the nouveaux riches tend to develop medium or long term strategies for reducing the local opposition of traditional dominant groups. The possibility for these new entrepreneurs to gain recognition and acceptance varies with the socio-cultural and economic conditions of each region and depends on several other variables as well. These include the land-owning situation; the local patterns of capital accumulation and the ways in which capital is laundered or reinvested; the presence or absence of guerrilla or paramilitary activity; the nature of political leadership and local community organisation; the forms of state repression; the strength or weakness of local social organisations; and so forth (Camacho Guizado 1994: 168). Whether the entrepreneur has a rural or a urban background also influences their behaviour and acceptance.

As enriched peasants transformed in land-owners, some reproduce and reinforce the values of the local community through philanthropic action and clientelist relations within the rural areas. Next to the development of patron-client relations, they would be primarily directed to consolidate themselves as new land-owners. The social acceptance of this group has been rather weak, since they have resorted to extreme violence against the state, other competitors, old land-owners and guerrilla organisations.

Not very different has been the case of cocaine entrepreneurs coming from poor urban strata. They encountered social resistance from the traditional elite, and had to strive hard for social recognition. They combined open violence against the state and competitors, social investments - from jobs to some infrastructure - to gain the support of popular groups and some attempts to support financiers, industrialists, merchants or politicians in need or decline with credits or capital investment. A paradigmatic case here is Pablo Escobar.

However, other illegal entrepreneurs did better, for example those who already had good connections with middle and upper urban classes. As mentioned earlier with respect to valluno cocaine entrepreneurs, their strategies combined very selective violence, local economic investments and the cultivation of local and national loyalties through massive corruption. With a lower profile, their 'social investments' were not direct but mediated through political and social institutions: churches, municipalities, football clubs, existing political parties, and so on. Yet not all of them managed to be accepted. Many middle-class professionals or other individuals who got rich quick did not enjoy local recognition. However, clashes with local elite were avoided and their pretensions for social acceptance were reduced to ensure the future acceptance of their children as members of the intellectual or economic local establishment (Hernández and Téllez 1990).
2.4.2. Colombian *mafia*?

Though not as much as economic agents, Colombian cocaine entrepreneurs have also been seen as powerful political and social actors. Large social power accumulated through illegal activities, interweave and conflict with state and local agencies through corruption or violence, clientelist relations and family business, all things that quickly allow many observers to portray drug entrepreneurs as true *mafiosi*. Again and again, media and law enforcers around the world have been tempted to use the word *mafia* as a synonym for Colombian cocaine organisations.

Even respected Colombian researchers as Betancourt and García (1994) or Arango (1988) apply and elaborate on the concept to 'adapt' it to the Colombian context. The information they provide, however, is good enough to avoid easy analogies with the Italian case.

For Krauthausen (1994), Colombian drug organisations and the Italian *mafia* are two different forms of what has been broadly defined as 'organised crime'. Their point of departure follows a different logic and even their everyday activities diverge to a certain extent. They differ very much concerning historical origins, organisational models and their relations with civil society.

In the first place, Colombian drug entrepreneurs are primarily guided by a 'logic of market', opposed to the 'logic of power' that primarily characterises *mafiosi* groups (Krauthausen 1994: 119). What is important for *mafia* groups is the exercise of social, political and especially economic control, through protection and extortion, within certain territorial limits (Gambetta, 1996). As territorial control is a primary feature, the creation of monopolistic niches and the diversification in several legal and illegal activities often occurs. Blok (1974) has highlighted this dimension of local power brokers:

"Mafiosi depend very much on personal relations with a local clientele - their 'home farm' so to speak - whose growth takes time. Their power domains are locally phrased, and it is precisely their control over a distinct locality that enables them to influence higher levels of society as power brokers.' (Blok 1974: 225-226).

The evolution from a 'traditional' to a more modern 'entrepreneurial' or 'financial' *mafia* (Arlacchi 1986) does not contradict this centrality of the 'logic of power'. There is no reason to believe that these groups will limit themselves to the field of protection and extortion, if other classical legal and illegal economic activities (for example construction or drug trafficking) would be even more beneficial in the end. They will definitively profit, as economic agents, from their advantaged position - networks, loyalties, political control, and so on - over other actors: for them, power becomes a bridgehead for market performance.

47 Despite differences and changes, with *mafia* I refer to the specific Italian phenomenon, particularly the Sicilian *Mafia*, the Calabrian *'Ndrangheta* and the Campanian *Camorra*.

48 In their well-researched book, maybe one of the best and more serious works in this field, Betancourt and García (1994) devote many efforts to reconstruct and present several typologies of *mafia* organisations (Sicilian, Italo-American, European) to apply later the models to the many regional centres identified in Colombia. However, this attempt is not at all convincing. They face a vast range of organisational features and socio-political arrangements that in a rather a-historical way are forced under the umbrella-concept of *mafia*. As a result, they end up with vague conceptualisations such as "...for the Colombian case, we understand *mafia* as those groups identified with economic, political, social or cultural interests, which assume an illegal attitude to the state and its juridical norms. They do not resort to judges or the state agencies to solve their conflicts, but on the contrary they use their own hired-killer organisations, created with the aim of appear themselves as local agents able to impose respect and acceptance." Betancourt and García (1994: 139, translation and italics are mine). Beside the fact that, as local agents, the most respected and accepted groups are in no way those using high levels of violence, this definition oppose *mafia* to the 'state' in open contradiction with the historical typologies presented and all sources quoted. Moreover, when they do frame *mafia* in more precise terms (power interweave with state, mediation between clients and power holders, migration enclaves, family organisations, and so on) they simplify reality, overstate some aspects, and clearly neglect others.
For Colombian drug organisations, on the contrary, territorial control only plays a secondary role. They have grown and live from and for a market that is international. Although Colombia in general and some of its regions in particular – due to social, economic or geographic competitive advantages - constitute something like a 'home farm', it only derives meaning from the dynamics of the drug market. Their monopolistic ambitions - which, as I mentioned before, are more a dream than a reality – relate to the several phases of the international cocaine market. Their influence in higher levels of society (or even politics) is not based in their capacity to negotiate or mediate the collective interests of others. Very few have engaged in politics, and even when they had the power to appoint local authorities their only concern has been to protect their business and integrity.

In Colombia, where the state has been weak and never actually achieved a legitimate claim on the monopoly of violence, there are of course many local - violent - powers that either 'parallel' the state or act as mediators between clients and power holders. However, in general, these local powers do not mainly coincide with the Colombian drug organisations. Again, as in the case of mafioso groups, one logic does not exclude the other. The logic of power also plays a role amongst drug organisations, that also exercise protection, extortion, grant favours to friends, and so on. Yet the considerable social, economic, political and military control that some traffickers exercise within their zones of residence, is a direct result of their success as illegal entrepreneurs. In part, this control is essential to protect an illegal business. On the other hand, this control is a consequence of capital accumulation in the drug market, and their strategies - through many forms of philanthropy, sponsorship and social investments - to become accepted as new local dominant classes (Camacho Guizado 1994: 163). The market becomes, in this case, an excellent bridgehead for power.

Moreover, mafioso groups and Colombian drug organisations have different historical origins. The emergence of Italian organisations, going all the way back to the second half of the nineteenth century, runs rather parallel to and is interconnected with the process of state formation. Since their very dawn to existence, state and mafioso groups have competed and co-operated with regard to shared properties such as territorial control, protection, extortion, violence and power. Colombian drug organisations, on the other hand, have emerged and developed, in the short period of 20 years, from the exploitation of one specific economic illegal activity. Competition or co-operation with state institutions - and their functions - has been more of an outcome of business success or failure than an original attribute. From a historical point of view, Italian mafioso organisations are better comparable with the diverse local factions before, during and after the period of La Violencia (1946-1966), with the groups controlling the emerald mines in the centre of the country, and of course with paramilitary and guerrilla groups.

Contrary to the secret and family-oriented character of mafia groups (Blok 2000), Colombian organisations are well known for their public and 'open' nature. Blok (2000: 89) has argued that Sicilian 'families' are coalitions mainly based on agnatic, affinal or ritual kinship. Kinship would not only solve the problem of trust deficit inside these illegal groups, but it would also provide strong symbolic bonds around blood metaphors.

It is also very common to find brothers, brothers-in-law, couples or friends working together in Colombian cocaine organisations. However, kinship and friendship relations inside these groups are more subordinated to economic considerations (risk minimising) than they are intrinsic features of cocaine enterprises. For example, many people in the cocaine business

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49 "...the rise and development of Sicilian mafia must be understood as an aspect of the long-term processes of centralisation and national integration of Italian society." Blok (1974: 213).

50 Charles Tilly (1985) has shown how protection and extortion have been basic practices in the formation of modern European states.
actually want to keep their own relatives out of it, not only for fear or shame, but also as a way to safely transform illegal profits into legal family assets. Even when many relatives are involved, they do not do it as ‘members’ of any structure: they tend to defend their immediate individual interests, sometimes keeping separate ‘lines’ or joining different networks. Moreover, cocaine enterprises are too flexible and short-lived to be ‘inherited’. There are some cases in which brothers or wives take over after bosses are imprisoned or killed. However, it is more often the case that subordinates or competitors replace failed entrepreneurs by stealing contacts, lines and employees, thus fragmenting and reorganising former groups.

Colombian cocaine enterprises function with a very loose, changing internal sets of rules. Their pragmatic practices contrast with stricter codes of conduct of mafia organisations. The lesser tendency for the hierarchical imposition of authority and the lack of initiation or recruitment rituals are also distinctive features in Colombian drug organisations.

Finally, these differences also imply divergent relations with civil society. Even being illegal entrepreneurs, first of all mafia groups will be seen by other social groups as more or less legitimate power brokers. Their intrinsic ‘para-intra-state’ nature remains the key feature in their relation with society. Colombian drug traffickers, on the contrary, will be judged by surrounding social groups primarily as more or less legitimate entrepreneurs. Even when they exercise violence or provide protection, they will tend to be accepted or opposed as economic actors.

2.4.3. Social and political impact

_Cocaine entrepreneurs and the state_  
The cocaine business has had a wide impact on the political and administrative system in Colombia, accelerating the de-legitimation processes already taking place before the rise of cocaine industry (Hartlyn 1993). This de-legitimation regards several institutions such as the police, the judicial and legal system, state bureaucracies in general, etc. The process has taken place through different means.

A first resource has been corruption. The widespread use of different forms of ‘contributions’ - regular or special payments, donations, favours, and so on - from the very local level to the top, has ranged across institutions connected or not with the state: political parties, judiciary, public ministry, police, military, parliament, city councils, universities and legal enterprises. Although the illicit drug industry amplified corruption, already existing traditional clientelist and closed political relations provide a very fertile soil for collusion. Some state institutions have suffered more than others: police, judicial system and the legislative power have lost, both in reality and under the eyes of public opinion, more credibility than, for example, local or national executive power. Buying off journalists has also damaged information rights.

A second way of weakening the state has been the open use of violence and intimidation. In cases such as Escobar's war in the late 1980s, it included assassinations, car or other bomb attacks, kidnapping, systematic murder of police forces and judges, the spread of intimidation and threats, and so on. Although the state has reacted in some cases, also with violence and spectacular operations, most of this violence has remained unpunished and has helped to ‘normalise’ societal feelings about impunity, injustice and powerlessness.

Illegal entrepreneurs have also entered into competition with the state. Although, as I shall further argue, they do not primarily seek territorial control through various forms of political and social control, they have in fact profited from state deficit. Social programmes sponsored by Medellin traffickers in urban slums clearly indicated that local and national authorities were unconcerned about these social groups and problems. Successful paramilitary actions against guerrillas, also sponsored by drug entrepreneurs, have shown the
powerlessness of the regular army. The private security boom or social cleansing groups supported by Cali traffickers have also exposed a deep crisis in public law and order.

Another threat for democratic state performance has come from abroad. The existence of the cocaine business allowed the international community, lead by American foreign policy for Colombia, to strongly interfere in domestic politics, through diplomatic pressure, economic and political sanctions, and all sort of conditioning for help and co-operation, weakening national sovereignty and turning international relations into an undesirable 'narco-diplomacy' (Tokatlian 1995).

Finally, the illegal drug industry has been pervasive in amplifying the 'dishonesty trap' into more general relations within civil society and with the state (Thoumi 1995: 236). The real or imaginary individual success of illegal entrepreneurs has had a negative impact for the democratisation of society. As moral entrepreneurs, they do not stress values around solidarity, but often those on individualism, materialism, violent solution of conflicts or respect for the hierarchies, enforcing widespread disrespect for any laws and the rights of other citizens, and the idea that state institutions are almost an obstacle for personal success. Widespread impunity has also contributed to such a situation.

Cocaine entrepreneurs, guerrilla and paramilitary groups

Twenty years of the cocaine business in Colombia has also introduced new developments within the military conflict between the state and guerrilla groups, with an outcome of increased violence, principally para-state and private violence.

The guerrilla groups, in particular the FARC, have found in coca and opium growers a social base, who reciprocally have found in them some protection - not always agreed - against state repression. This relationship took the form of a compulsory taxation (gramaje) for defending the illegal crops, the kitchens and the air-strips against state repression. Beyond any doubt this has been, next to kidnapping and the 'revolutionary' taxation on land-owners and legal enterprises (vacuna), a very important income source for the FARC. This has not only limited the government's opportunities for building alliances with coca peasants but has turned them into priority targets of their military actions against guerrilla groups. The repression of coca peasants and coca fields, without any alternative help for rural employment or crop substitution, has only reinforced the military power and the social legitimation of guerrilla organisations (Vargas 1999a).

In the early 1980s, guerrilla groups also found a provisional alliance with large cocaine producers, providing protection of large cocaine refineries. A narco-guerrilla connection was politically used by United States, linking its anti-drug policies with anti-Communist policies in the region (Thoumi 1995: 159). This 'killing two birds with one stone' policy has been recently resurrected by the Colombian military, since they got involved in anti-drug policies and both coca cultivation and guerrilla activity expanded.

However, as early as 1982, guerrilla organisations and cocaine entrepreneurs clearly started going down opposite roads, since guerrilla organisations such as the M-19 tried to demand the vacunas imposed on traditional landowners, and targeted them as a source of financing, mainly through kidnapping and extortion. As a result, drug entrepreneurs organised themselves to defend their property and people, supporting and arming paramilitary groups to

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51 Revolutionary Armed Forces of Colombia (FARC). This group appeared in the mid 1960s and linked to the Communist Party, it is one of the oldest guerrilla groups in Latin America. For the relation between coca producers and guerrilla movements, see Jaramillo et al. (1986) and Vargas (1999a and 1999b).

52 In the same way that they have done with other illegal drug producing countries such as Burma and Afghanistan.

53 See the official version of the narco-guerrilla connection in Villamarín (1996).
fight off guerrillas and anyone who sympathised with social reform. The social alliance between drug entrepreneurs and paramilitary groups has been particularly strong in the Magdalena Medio Valley and more recently in the Urabá and Córdoba regions, all areas where drug entrepreneurs have become the new landowners. Cali witnessed in 1985 social cleansing and illegal executions not only against M-19 members but also against homosexuals, prostitutes, drug addicts, homeless and other so called desechables (disposables). These actions were supported by cocaine entrepreneurs. Also in the Northern Cauca Valley region many of these drug financed death squads conducted massacres against people accused of sympathising with guerrilla groups.

Paramilitary groups were not invented by cocaine entrepreneurs, but drug money improved equipment, training and resources. By supporting such paramilitary activities, cocaine entrepreneurs cemented their ties with two established groups in Colombian society: the land-owning classes and right-wing military factions.

**Cocaine entrepreneurs and social violence**

The cocaine business has also contributed to the amplification of other diffused and social violent conflicts in Colombia. However, it should be pointed out that both Colombian government and the international opinion have tended to over-emphasise the centrality of cocaine business in the overall amount of violence and conflicts in Colombia.

In the case of Colombian authorities, this was to clearly underplay state and para-state related violence, and to shape social chaos into delimited conflicts with clear 'enemies'. In the case of international community, it was to fairly support the American led 'war on drugs' in Colombia. Violence in Colombia is a very complex phenomenon, but it has displayed particular continuities and discontinuities, with different historical and social roots.

During the 1980s, the drug business was directly responsible for approximately 16 of the 100 homicides committed each day in Colombia. The other 84% were both political and social violent deaths with no connection with the cocaine business. Those 'drug related deaths' included scores settled between drug traffickers, social cleansing sponsored by drug organisations, massacres of indigenous and rural community leaders by paramilitary groups financed by drug traffickers acting as new landowners, and private ways of justice by individuals, sicarios or other people paid by drug entrepreneurs. To this number, many deaths related to the drug business, such as 'cooks' or couriers killed in 'labour accidents', should be added.

Next to the already mentioned paramilitary violence, the cocaine business promoted the development of the sicario industry by generating a demand for individuals willing to use violence. Again, the widespread use of hired killers has gone far beyond the cocaine business, expanding into political or interpersonal conflicts.

It can be argued that cocaine business development also increased fire-arm possession, accounting indirectly for many more deaths. However, the spread of fire-arms in urban areas is more related with broader feelings of fear and insecurity in a very vague sense. The explosion of private security industry as partly been prompted by the illegal entrepreneur's needs for protection.

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55 The literature on violence in Colombia is vast and impressive. See a.o. Bergquist et al. (eds) (1992); Camacho Guizado and Guzmán (1990); Deas and Gaitán (1995); González et al. (1994); Martin (1996); Palacio (ed.) (1990); Pecaut (1987, 1996); Reyes Posada (1990); Romero (1995); Salazar (1990); Sánchez and Peñaranda (1986) and Uprimny (1994a).

56 For the relationship between cocaine business, violence and human rights, see the excellent research of Uprimny (1994a).

The existence of cocaine business has clearly worsened the crisis of human rights in Colombia. Many Colombians and their families, mainly from low strata, have suffered the social costs of being double losers to successful drug entrepreneurs and the criminal justice system. Many had to emigrate to the cities to escape rural violence from landowners, paramilitary and guerrilla groups.

Finally, it should be stressed that the most feared and resisted feature of the drug industry by Colombian society has been indeed its resort to violence. This was clear during the 'narco-terrorist' period of Pablo Escobar in the late 1980s. Before and after, people tended to see violence as restricted to the drug business, and cases of external violence such as violence used to buy land, massacres by landowners, or social cleansing in urban slums, were regarded as isolated events. People in Colombia do not primarily link violence with the cocaine business, but with other phenomena such as urban criminality, political war, or personal conflicts.