Accountability of central bank, 342–43 and civil service for teachers, 268 and clientelist politics, 84 ( <i>see also</i> Clientelism) under closed list PR systems, 120–21 and fragmentation of social programs, 327 in German-style PR, 120–21 and nominal (secret) voting, 7, 83, 86, 97, 98	Appropriation reserves, 238 Argentina currency board of, 349 local deficits as problem in, 176 minimum guaranteed pension in, 299–300 Armed groups. See Guerrillas and guerrilla activity; Paramilitary groups; Private protection services Arrears, budget, 228, 238–40 Asistencia al menor en recuperación nutricional, 318
and separation of powers, 81	Asset approach to poverty, 274–76
and voting transparency, 127	D. 1. 1. 1. 1. 101.02.010
Accounting standards and reporting	Balanced budget, 191–92, 213
and budget, 227, 229, 236–37 and definition of investment, 228–30	Banking system. <i>See also</i> Central bank and borrowing by localities, 15, 202
and transparency lack, 19–20	central bank's capitalization of, 353–54
treatment of deficit, 230–32	central bank as controller of (proposal),
Activist court(s), 84, 90	357, 358
Constitutional Court as, 76	and regional government debt, 186
AD M-19, 106	supervision of, 346–47
Adverse selection, in pension system, 295,	Barco Vargas, Virgilio, 109
304	"Best practice institutions," 105
AFPs, 292, 298	Betancur, Belisario Betancur Cuartas, 109
Age. See also Elderly	Bicameralism, separation of power in, 127
and internal migration, 260 and unemployment structure, 285	Bogotá
Agriculture, and violence, 145	armed groups in, 144 crime and violence in, 32n.2, 158
Alianza Democrática, 76	educational reforms in, 270
Allocation rules	evolution of violence in, 168n.34
in decentralization, 193–200, 205	murder (homicide) rate in, 59, 134
simplification of, 17	per-capita income of, 197
Amazonas, 197	Bolivian Social Investment Fund, 323
Andean Group, 48	Borrowing, local, 15, 16
Andean Pact, 43	Brazil
Annual Cash Plan (Plan Anual de Caja,	"age" pension in, 300
PAC), 216, 217, 218	and coffee sector, 42
Antioquia	GDP growth of, 33, 66–67
educational reforms in, 270	and income distribution, 40
homicide rates in, 11, 148	local deficits as problem in, 176
Apoyo alimentario a niños de edad prescolar, 309, 318	British New Deal program, 323 Budget documents, 216–17
ргезеони, 309, 310	Baaget documents, 210-17

Budget documents (cont.) absence of during states of emergency, 85 proliferation of and consistency among, as constraint on executive power, 103 and Constitutional Court, 97 224 - 28Budget institutions and budgetary process, and electoral system, 82, 92-93 1, 18-20, 209, 240-41 institutions for, 81 and budget of commercial and industrial and judiciary vs. politicians, 95 enterprises of the state, 220 proposals for, 6–7 controls over, 219-20 and separation of powers, 78–79, 81 degree of centralization of, 220-24 unforeseen ways of operation of, 81, and fiscal policy, 209, 233 99n.10 and fiscal policy (empirical evidence), Children, social spending programs for, 27-28, 306-21 212 - 13and fiscal policy (theory), 210–12 Chile hierarchical vs. collegial method in, 210central bank supervision in, 345 Chile Joven program, 323 intertemporal links in, 238–40 and income distribution, 41 and process from appropriations to minimum guaranteed pension in, 299 disbursements, 238 PNAC of, 317 proposals for reform of, 21, 224, 230, trade integration agreements with, 47 237 - 38Civil law, 95, 96 rules for, 212, 235-38 Civil servants, 21–24. See also Teachers, separation of current and investment public school budgets in, 222 Civil war, 59-60. See also Guerrillas and and transparency, 18-20, 192, 210, 211guerrilla activity; Paramilitary groups; 12, 213, 224–35, 235, 239 Violence and defense-budget increases, 85-86 Bureaucracy, 21–24 and economic growth, 61–66, 67 CAIP, 28, 308, 310–15, 320–21 and electoral or political reform, 113–14 importance of as problem, 3 armed groups in, 144 Clientelism, 78, 84 homicide rates in, 11, 57, 134, 148 and accountability, 82 "Cambio Para Construir la Paz" Plan, 225 and automatic registration of voters, 127 Campaign financing, reform of, 128 and congressmen, 109-10 Canadian Constitution, vs. Colombian 1991 and electoral system, 104 Constitution, 77 vs. interest group politics, 99n.4 Candidato nato law, 121 and need for change, 80, 97 Capital stock, and pro-market reforms of Closed list PR systems, 119–20 1990s, 50 German style, 120–21 CARICOM, trade integration agreements Coffee industry, 34, 41–44, 67 with, 47 taxes on, 68n.12 Cash Plan (Annual Cash Plan, Plan Anual Colombia, 2 capital expenditure of, 329n.4 de Caja, PAC), 216, 217, 218 Castro, Fidel, 152 GDP growth of, 33, 66–67 Cauca, poverty of, 197 need for institutional reforms in, 1 Central bank, 29-30, 357-58 per-capita income of, 5, 79 independence of, 29, 337, 338-47, 348 variety of institutional structures in, 85 institutional position of, 347-54 and violence, 1, 158 (see also Homicide; and 1991 Constitution, 29, 45, 48, 337–38, 347, 348, 348-51, 356 Colombian Constitution (1991). See reform proposals for, 30-31, 338, 354-58 Constitution, Colombian (1991) Centralization. See also Decentralization Commercial and industrial enterprises of of ICBF, 316 the state, budget of, 220 in public education, 267-68 Common law, 95, 95-96 and redistribution, 15 Common pool problem, 78, 104 Chamber of Representatives. See House of Community involvement (participation), 26, Representatives 278-79, 320, 324 Change in political system, need for, 82 Community mothers, 28, 300, 301, 308-Checks and balances, 5-6, 75, 76, 77-78, 96 309, 316, 317

"Concentrated benefits/diffuse costs," 191 CONFIS (Consejo Superior de Política	and social spending, 237, 290, 291 and transfers, 177–78
Fiscal, Council for Fiscal Policy), 214, 216, 217–18, 219, 220, 223, 224, 241n.7	Constitutional Court, 3, 5
Congress (legislature, Parliament), 7–9	activism of, 78 and central bank, 29–30
and central bank appointments (proposal),	on central bank and development law, 350
and Constitution, 78	and checks and balances, 97
fragmentation in, 1, 4, 7–8, 9, 107, 110–	and economic issues, 92, 100n.26
11, 115	and executive or legislature, 79-80
House (Chamber of Representatives), 8,	and inflation control, 338
10, 89, 98, 105	and 1991 Constitution, 90-91
inertia of, 108	nominal voting in, 85
legislative system in, 107–108 reforms proposed for, 84, 86, 88–89, 98,	proposals for reform of, 6–7, 91, 96, 97–98
99–100n.10, 108, 126–28	vs. Supreme Court and Council of State,
Senate, 8, 9, 10, 98, 99–100n.10, 105, 110–	89–90, 91, 92
11, 127	Constitutional Reform (December 2001),
and separation of power, 88–89	205n
Congressional elections, 105–106, 115	Corruption, 57, 78
CONPES (Consejo Nacional de Politica Económica y Social, Council of	and campaign finance reform, 88
Economic Policy), 214, 218, 220, 223,	and Congress, 89 fight against, 13–14
224, 241n.7, 301	among judges (proposal), 13
Consejo Nacional de Planeacion, 20	at local level, 190
Consejos de Planeacion, departmental, 20	in military (proposal), 13
Consejo Nacional de Politica Económica y	and need for change, 80
Social, (Council of Economic Policy,	political competition as reducing, 94
CONPES), 214, 218, 220, 223, 224,	and punishment increase, 151
241n.7, 301	reforms made to limit, 88
Consejo Superio de la Judicatura, 20	reforms proposed for, 164-65
Consejo Superior de Política Fiscal	Costa Rica, and coffee sector, 42
(Council for Fiscal Policy, CONFIS),	Council of Economic Policy (Consejo
214, 216, 217–18, 219, 220, 223, 224,	Nacional de Política Económica y Social,
24ln.7	CONPES), 214, 218, 220, 223, 224,
Constituent Assembly (1991), M-19 in, 116 Constitution, Colombian (1991), 3, 4, 5, 34,	241n.7, 301 Council for Fiscal Policy (Consolo Superior
76–77 and budget process, 226	Council for Fiscal Policy (Consejo Superior de Política Fiscal, CONFIS), 214, 216, 217–18, 219, 220, 223, 224, 241n.7
and central bank, 29–30, 45, 48, 337–38,	Council of State, proposed changea in, 7,
347, 348, 348–51, 356 and checks and balances, 75–76	97–99 Court, Constitutional. <i>See</i> Constitutional
and Constitutional Court, 90–91	Court
and decentralization, 14, 174, 176, 189	Courts (judiciary)
and deficit, 231	activism in, 76, 84, 90
and education, 245, 246-47	constitutional, 4
and electoral system, 8	constitutional vs. civil, 79-80
and exchange rate, 30	cost studies on, 143
and government expenditure, 33, 45	distortions in functioning of, 79
and growth, 67	and English vs. US system, 95
and guerrillas, 67	independent (and democracy), 342
on health and education spending, 184	judicial review in, 78
on internal organization of legislature, 76	populist character of, 80, 83, 90, 91, 96, 97
on PND, 223 populist bent of, 19	proposals concerning, 6–7, 84, 96, 97, 98
proposed changes in, 7	and separation of power, 81, 89–93 Credit bubble, 45
and public education system, 22	Credit constraints, and asset approach to
and response to violence, 86	poverty, 275
······································	x : ₩7 ::

Crime, 10. See also Homicide; Narcotraffic; Violence	and 1990s reforms, 48 at regional or local level, 15, 185–87, 189
costs of, 141, 143–46	191–92, 202
and poverty or inequality, 12, 169n.47	Democracy
reporting of to police, 159	parliamentary vs. presidential, 116–17
violent, 56–64, 166	and recall, 93
Crime rates, 132–33 explanations for, 12, 146–58	and referenda or initiatives, 82, 93–94 (see Initiative; Referenda)
homicide rates, 10–12, 56–57, 131–32 (see	and Tocqueville on tyranny of majority,
also Homicide rate)	77–78
Criminal justice system, 158–63	Democratic control, over monetary policy,
and homicide rate, 131	342–43
and kidnappers, 155	Departamento Administrativo Nacional de
malfunctioning of, 12	Estadistica (DANE), 164, 252
and minor vs. serious crimes, 160-62	Departamento Nacional de Planeacion
proposals for, 12	(National Planning Department, DNP),
reforms proposed for, 12-14, 158, 163-67	214, 216, 219, 222, 223, 229, 230, 289,
and relation of crime and armed groups,	290, 319
153	Desplazados (internally displaced people),
and unsolved crime, 133	145
Criminals, punishment of. See Punishment	Developing countries, and institutional
of criminals	problems of Colombia, 32
Criminal trials, 162	Development law (Plan de Desarrollo), 30,
Currency board(s), 344, 359n.16	31, 350, 356–57
in Argentina, 349	departmental, 20 D'Handt alastaral formula, 117, 10
DANE (Departamento Administrativo	D'Hondt electoral formula, 117–19 Disabled, policies for, 26–27
Nacional de Estadistica), 164, 252	Disclosure, by central bank (proposal), 357
DANE poverty line, 281–82, 302	See also Transparency
Debt	Discount mechanism, 354
in budget process, 216	Divided government, 82, 87
at regional level, 185–87, 189	DNP (Departamento Nacional de
Decentralization (fiscal), 14–15, 175–76,	Planeacion, National Planning
177–78, 189, 203–205	Department), 214, 216, 219, 222, 223,
criticisms of, 176	229, 230, 289, 290, 319
in education, 247, 267–68, 270	"Dollarization," 344
in education (union opposition to), 249	Drug trade, 146–47
and efficiency in provision of public	and guerrillas, 57–58, 61, 86
services, 16, 187–88	and homicide rate, 10–11, 131
and fiscal federalism, 189–92	intercontinental spread of, 146–47
as ICBF need, 316	policy recommendations on, 167
and local taxes, 178–80	and violent crime, 57, 59, 147, 148
and recent developments, 188 and redistributive programs, 304–305	Duverger's law, 115
reforms proposed for, 16–18, 192–203,	Economic history of Colombia, 33–34, 66-
205	67
and regional debts and deficits, 185-87,	growth, 34-44, 67, 69n.7
189	and "lost decade" (1980s), 44–45 and 1990s bubbles, 45–46
rules of, 178, 185, 189 and spending on transfer resources, 183–	1998 recession, 353
85	and pro-market reforms of 1990s, 45–55,
and transfers, 180–83, 205 (see also	56, 67
Transfers)	and violence, 33, 39, 52, 55, 56–66, 67
Deficits	Economic institutions, 14. See also Budget
accounting treatment of, 230–32	institutions and budgetary process; Cen-
Congress's power to increase, 221	tral bank; Decentralization; Education,
as hidden in accounting practices, 20	public; Social assistance; Social spending
monetization of, 339	ECOPETROL workers, pension of, 297

Education, public, 245. <i>See also</i> Teachers, public school	Employment creation programs, 29, 323–26
administration not spending as problem for, 276	Employment training programs, 28–29, 322–23
administrative levels in, 17–18, 184, 247–48, 267	Encuesta Nacional de Hogares (ENH), 252, 281
in asset approach to poverty, 275	Endogenous institutions, 3
in decentralization proposal, 202	ENH (Encuesta Nacional de Hogares), 252,
efficiency in provision of, 187–88	287
enrollment rates in, 255-57	Entry of new parties, 128
and Escuela Nueva, 24, 267, 269–70	EOP (Estatuto Orgánico del Presupuesto,
and Estatuto Docente, 22–23, 249–50, 267	Organic Statute of the Budget, EOP), 25,
financing of, 248–49	217, 235, 236–37, 237, 290
and geographic convergence in educa-	Equality
tional opportunities, 265–67 policy issues for, 260, 267–70	in Constitution, 4, 5
prominence of, 25, 273, 274, 291–92	as policy objective, 14 Escobar, Carlos Ossa, 89
reform(s) in, 23–24, 246, 246–48, 252–67	Escobar, Pablo, 35, 147
reform proposals on, 24, 268–70	Escuela Nueva, 24, 267, 269–70
regional differences in expenditures on,	Estatuto Docente, 22–23, 249–50, 267
191	Estatuto Orgánico del Presupuesto (Organic
student completion rate in, 269	Statute of the Budget, EOP), 25, 217,
and teachers' union, 249	235, 236–37, 237, 290
and teaching positions evolving from	European Central Bank, 337
temporary to permanent, 250, 267	EUROSTAT classification, 291
and transfer of resources, 183, 184	Exchange rate, 30, 49, 339, 343–44, 347,
and voucher program, 270	349, 351, 357–58
Egalitarianism. See also Populist	Executive See President
tendencies; Redistribution of Constitutional Court, 80	Executive branch, and separation of power, 87–89
overemphasis on, 77	Executive-legislative interaction, 5–6
Ejército de Liberación National (ELN),	change in, 80
152, 153	and legislative fragmentation, 9
Elderly	proposals concerning, 7
food stamps for, 318	swings between cooperation and gridlock
and pension programs, 292–306 (see also	in, 97
Pension system)	tension in, 86–87
policies for, 26–27	unhealthy state of, 111
Electoral system, 4, 7–9, 104, 105–108	Expenditures, to prevent and control crime,
and concentration of political power, 92–94	143–44 Evpenditures social See Social spending
D'Hondt formula for, 117–19	Expenditures, social. See Social spending Extortion, 153
and entry of new parties, 126	Extortion, 133
LR-Hare system for, 8, 9, 105–106, 110,	FAMI (Familia, Mujer e Infancia), 308,
111, 117, 118–19, 119, 121	315–16, 320–21
problems with, 108–13	Families, social spending for, 27–28, 306–
proposed reforms for, 9-10, 84, 88-89,	21
105, 113–21, 203	reform proposals on, 321
proposed reforms for (two-tier district PR	FARC (Fuerzas Armadas Revolucionaries
system), 121–27	de Colombia), 100n.20, 152. See also
ELN (Ejército de Liberación National),	Guerrillas and guerrilla activity
152, 153	Fast track, for executive, 7
El Salvador effects of reforms in, 58, 69	FEC, 188, 189 FECODE (Colombian Federation of
homicide rates of, 132	Teachers), 189, 249, 268
Empleo Urbano, 29, 32n.5, 324–25, 332n.54	Federalism, fiscal, 14–15, 189–92, 204
Employment, 284–85	proposals for, 16–18
public sector 22, 270, 91	Finance minister See Minister of finance

Financial Plan (Plan Financiero, PF), 19, German-style proportional representation, 214, 216, 218, 219, 220, 223, 224, 226with combination of single-member 27, 233 districts and list voting, 120-21 Financial reforms (1990s), 48 Government, as benevolent or as Financial system, supervision of, 345-47 malevolent, 103-104 reform proposals on, 31, 357, 358 Government Finance Statistics Manual, 230 Governors, longer mandates for, 129, 203 FIP (Fondo de Inversion para la Paz), 326 "Fire-fighting" approach to social policy-Green light status, 185 making, 328 Growth in Colombian economy, 34–36. Fiscales (fiscalia), 159, 162, 164 See also Economic history of Colombia and corruption, 165 vs. Asia, 36, 38 Fiscal federalism, 14–15, 189–92, 204 and coffee industry, 41-44, 67 proposals for, 16-18 fundamental factors in, 36-39 Fiscal forecasts, 233–35, 240 vs. Latin America, 36, 37, 38 Fiscal policy and poverty/income distribution, 39–41, and budgetary institutions (empirical evidence), 212-13 Guerrillas and guerrilla activity. See also and budgetary institutions (theory), 210– Civil war; Violence as benefiting executive and military, 86 and budgetary process, 209, 233 and crime, 151-55 in coordination with monetary policy, 343 and drug trafficking, 57-58, 61, 86 dissemination of information on, 18–19 government affected by, 96-97 goals for, 209-10 growth of, 152 and homicide rate, 11-12, 153 and social assistance, 278 (see also Social assistance) increase in, 61, 114 and social spending, 279-86 (see also and kidnapping, 59, 131 Social spending) kidnapping recommendations, 166–67 Fiscal responsibility, and rules, 212 and military expenditures, 144 FNR (National Royalty Fund), 181, 182 and 1991 Constitution, 34, 66 Fondo de Inversion para la Paz (FIP), 326 peace negotiations with, 66, 100n.20 Fondo Pensiones Territoriales, 298 in prison, 14 Fondo de Solidaridad Pensional (FSP), 27, and resources to nonviolent areas, 167 228-29, 295, 298, 300-302, 303-304, and rural poverty increase, 282 331n.36 Guidelines for Government Financial FONPET, 188 Reporting, 230 Food stamps, 317–18, 321, 332n.49 Food subsidies, 315, 317 Haiti, effects of reforms in, 56, 67 Forecasts HCB (Hogares Comunitarios de Bienestar), fiscal, 233-35, 240 28, 288, 308–309, 310–15, 316–17, 318, 320, 321, 332n.46 macroeconomic, 20 Foreign investment, 43 Health care and expropriation, 5 in asset approach to poverty, 275 FDI and civil war, 61 cost accounting on, 143 Free-riding, 104 efficiency in provision of, 187 prominence of, 25, 273, 291-92 French government, 99, 100n.19, 117 executive-legislative relations in, 87 regional differences in expenditures on, FSP (Fondo de Solidaridad Pensional), 27, 191 228–29, 295, 298, 300–302, 303–304, and three levels of government, 184 331n.36 and transfer of resources, 183, 184-85 Hierarchy of decision making in courts, Galán, Luis Carlos, 146 proposal for, 97-98 Gasto de funcionamento, 222, 230, 236, History, and institutional reform, 3 242n.15 Hogares Comunitarios de Bienestar (HCB), Gaviria, César Gaviria Trujillo, 109 28, 288, 308–309, 310–15, 316–17, 318, General Education Law (Law 115 of 1994), 320, 321, 332n.46 Homicide. See also Crime; Guerrillas and General System of Participations (Sistema guerrilla activity; Paramilitary groups; General de Participaciones), 188 Violence

antihomicide task force recommended, 165, 166	Initiative, 82, 84, 93 proposal for, 100
data on, 146	Institutional instability
destruction of human capital through,	roots of, 85–86
144–45	and tension between Congress and
proposals to combat, 13	President, 86–87
Homicide rate(s), 10, 56–57, 65, 131–32	Institutional reform, 2, 3. See also Reform
drop in, 134, 137, 141	proposals
and drug trade, 10–11	Institutional structure in Colombia, insta-
and economic growth, 65	bility of, 6
and guerrilla activity, 11–12, 153	Institution-free models, 2
and lack of punishment of criminals, 11	Institutions
and military expenditures, 144	budget, 18–21 (see also Budget institutions
and poverty or inequality, 12 Homicide statistics, 164	and budgetary process) economic, 14 (see also Central bank;
Honduras, effects of reforms in, 56, 67	Decentralization; Social spending)
House of Representatives (Chamber of	endogenous, 3
Representatives), 8	political, 4–5 (see also Congress; Courts;
election of members of, 105	Electoral system; Political institutions;
limiting expansion of, 7, 89, 98	President
in relationship to Senate, 10	Instituto de Seguro Social (ISS), 232-33,
Human capital	252, 291, 294, 298, 301, 301–302
in asset approach to poverty, 275	Internally displaced people, 145
loss of through violent death, 144–45	International Crime Victim Survey (ICVS),
as social policy aim, 273	133
and training programs, 285	International Monetary Fund. See IMF Interventión nutricional materno infantil, 318
ICBF, 27–28, 228, 242n.12, 286, 308, 308–	Investment
309, 311, 314, 316, 319, 320, 321	and budget plan, 19, 222
ICV index, 286, 288, 289	and crime, 145–46
IMF (International Montary Fund), 2, 14,	definition of, 228-30, 242n.15
177, 232, 269	fall in, 34
Code of Good Practice on Fiscal Trans-	financing of (proposal), 16
parency, 21, 240, 242n.22	and judicial activism, 90
Import substitution strategy, 34	in 1990s, 50
Income distribution	and 1991 Constitution, 77
in Colombia vs. other countries, 156	and sociopolitical conditions, 61–62
and economic growth, 39–41, 70n.7 inequality and crime, 12, 131, 155–58,	strategic manipulation of, 203 ISS (Instituto de Seguro Social), 232–33,
169n.47	252, 291, 294, 298, 301, 301–302
and land concentration, 41	232, 231, 231, 230, 301, 301 302
Indigence line, 282, 329n.8	Jamaica, food stamps in, 318, 332n.48
Inequality. See Income distribution;	Jardines Comunitarios de Bienestar, 28,
Poverty; Redistribution	308, 309, 316, 320
Infants, programs for, 306–10, 318	Job lock, among teachers, 257–60
Inflation, 36, 37, 44, 339, 340–41, 347, 348,	Judges, proposals about, 13, 166
349, 356–57, 358, 359n.8	Judicial activism, 76, 84, 90
Information	Judicial review, 76
on crime, 163–64	Judiciary. See Courts
lacking on ICBF, 321	Kidnapping, 56, 57, 59, 60, 64, 67
local, 197 pension system's need of, 303	and antikidnap law, 168n.36
Infrastructure	antikidnapping task force recommended,
and employment creation programs, 324,	165, 166
325, 326	and guerrilla activity, 12, 131
financing of investment projects in, 202-	and guerrilla activity (recommendations),
203	166–67
loss of through violence 145	increase in 154–55

Kidnapping (cont.)	Minimum wage, 304
investigations of, 159	Minister of finance
in Plan Colombia, 167	in budget process, 19, 220-21
by prison inmates, 163	as central bank president, 349
and private armies, 153	Minors, programs for, 319, 321. See also
proposals to combat, 13	Children, spending programs for
	M-19 (revolutionary group), 76, 100n.20,
Land-housing bubble, 34, 44–45, 67	106, 114
Land reform, 108	Models, institution-free, 2
Latinobarometer, 133	Monetary Board, 347
Law 60 (1993), 22, 178, 180, 188, 206n.6,	Monetary policy
245, 248, 250, 267	and central bank, 29, 337, 338, 339, 340,
Legislative cohesion, 116–17	350
Legislative system, 107–108	in coordination with fiscal policy, 343
Legislature. See Congress	democratic control over, 342–43
Loans, regional, 187	and exchange rate policy, 343–44
Lobbying, 343	government in setting of, 351–54
Lopez Michelsen, Alfonso, 43, 108–109	proposals for goals of, 31, 356–57
"Lost decade" (1980s), 33, 34–35, 43–44	Montesquieu, 81
LR- (largest remainder) Hare system, 8, 9,	Moral hazard
105, 106, 110, 111, 117, 118–19, 119, 121	from local borrowing, 175–76
1.6	and regional government debt, 186
Macroeconomic forecasts, 20	Multinational firms, 54
Macroeconomic management, 14	Municipal participation (MP), 180, 181–82
Malnutrition, in children under two, 315. See also Poverty	and rules for allocation, 194
Mano a la Obra, 326	Narcotraffic, 3
Market	and military, 85
and fiscal policy, 210	policy attempts to stem, 67
and planning, 224	National Development Plan (Plan Nacional
Market distortions, in asset approach to	de Desarrollo, PND), 19, 214, 222, 223,
poverty, 275	224–25, 290
MAS (Muerte a Secuestradores: Death to	National Federation of Coffee Growers
Kidnappers), 153	(NFC), 41–42
Mayors	National Front, 6, 85, 87, 93
and fiscal responsibility, 15	National Investment Plan (Plan Nacional
reelection of proposed, 18, 129, 203	de Inversiones, PNI), 19, 214, 216-17,
Medellín	218, 224, 225, 226
armed groups in, 144, 168n.14	National Planning Department (Departa-
homicide rates in, 11, 57, 134, 148	mento Nacional de Planeacion, DNP),
transfers vs. current income in, 178, 180	214, 216, 219, 222, 223, 229, 230, 289,
Medellín cartel, war against, 146	290, 319
Menor autor de infracion penal, 319	National Royalty Fund (FNR), 181, 182
Menores abandonados en peligro, 319	NBI indexes of poverty and misery, 282–
Mesas de Solidaridad, 324–25	83, 287–88, 289
Mexico	Negative Income Tax (US), 277
and drug trade, 147	"New" political economics, 1–2
minimum guaranteed pension in, 299	New Zealand Fiscal Responsibility Act,
PROGRESA program of, 318, 321	230 NIEDS 220
social programs in, 278	NFPS, 229
trade integration agreements with, 47	Nicaragua, effects of reforms in, 56, 67
Micromanagement, and 1991 Constitution, 5, 76	Nominal voting, 7, 83, 86, 96, 98
Military	OECS, 29
and corruption, 13, 165	Oil boom, expected, 44–45
cost studies on, 143–44	Oil Stabilization Fund (FAEP), 44
pensions of, 297–98	Older persons. See Elderly
and security problems, 83	Operational savings, 185

Operative Annual Investment Plan (Plan Plan DIA, 332n.49 Operativo Anual de Inversiones, POAI), Plan Financiero (Financial Plan, PF), 19, 19, 214, 216, 218, 223, 224 214, 216, 218, 219, 220, 223, 224, 226-Organic Statute of the Budget (Estatuto 27, 233 Orgánico del Presupuesto, EOP), 25, 217, Plan Nacional de Desarrollo, (National 235, 236–37, 237, 290 Development Plan, PND), 19, 214, 222, Ortega, Francisco, 348 223, 224-25, 290 Plan Nacional de Inversiones (National PAC (Plan Anual de Caja, Annual Cash Investment Plan, PNI), 19, 214, 216–17, Plan), 216, 217, 218 218, 224, 225, 226 Pacto por la Infancia, 328-29 Planning Pais Libre, 168n.36 excessive emphasis on, 20, 222, 223 PAMI (Programa de Atencion Materna and market economy, 224 and primacy of words in policy making, Infantil), 310, 316, 318 Paramilitary groups, 88. See also Civil war; Violence Planning Department (PND), 20 and crime, 151, 152 Plan Operativo Anual de Inversiones investigation of, 165 (Operative Annual Investment Plan, and kidnapping, 153 POAI), 19, 214, 216, 218, 223, 224 in prison, 14 PND (Plan Nacional de Desarrollo, Parliament. See Congress National Development Plan), 19, 214, Parliamentary system 222, 223, 224–25, 290 closed list, 121-22 PND (Planning Department), 20 and independent judiciary, 96 PNI (Plan Nacional de Inversiones, Participation rate, of women vs. men, 283– National Investment Plan), 19, 214, 216– 84 17, 218, 224, 225, 226 Party financing, 126 POAI (Plan Operativo Anual de Inver-Party formation, law on, 126 siones, Operative Annual Investment Party system, 4, 82, 104, 106-107 Plan), 19, 214, 216, 218, 223, 224 and list order of candidates, 119 Police. See also Criminal justice system and party label, 8, 110, 114-15 cost studies on, 143 pensions of, 297-98 problems with, 108–13 proposed reforms of, 113-21 Policy failures, understanding of causes of, proposed reforms for (two-tier district PR system), 121-27 Political competition, 92, 93, 94, 96 Party whips, 125 Political economics, 103-104 PASFFIET, 186–87 new, 1-2 and reform, 104-105 Pastrana, Andrés, 89, 106, 109 Pension systems, 26–27, 206n.4, 292–94 Political institutions, 4–5. See also and budget, 232–33 Congress; Courts; Electoral system; changes in, 47 President for public sector employees, 280 checks and balances in, 5-6, 75, 77-78, 96 as redistribution to higher end, 294–98 (see also Checks and balances) as redistribution to lower end, 298-303 and economic outcomes, 103 instability of, 85-87 reform proposals on, 303-306 as share of social spending, 273 recommendations on, 97-98 for teachers, 23, 24, 245, 250–52, 268–69, separation of powers in, 75–76, 78–79 (see 296–97, 303 also Separation of powers) Perú, and presidents vs. parties, 111 Political participation, and single member PF (Plan Financiero, Financial Plan), 19, district system, 117 214, 216, 218, 219, 220, 223, 224, 226-Political parties. See Party system 27, 233 Political power, concentration of, and Plan Anual de Caja (Annual Cash Plan, electoral system, 92–94 PAC), 216, 217, 218 Populist tendencies Plan Columbia, 167, 225, 328 in Constitution, 19 Plan de Desarrollo (Development Law), 30, in courts, 80, 84, 90, 91, 96, 97 31, 350, 356-57 Poverty, 39, 281-83. See also Sociodepartmental, 20 economic status

Poverty (cont.)	Proposals for reform. See Reform
asset approach to, 274–76	proposals
causes rather than manifestations of as	Prosecutors, proposals for protection of, 13
target, 273, 274	Public employment, 246
and community involvement, 26, 278–79	Public goods, economies of scale in
and crime problem, 131, 155–58	production of, 190
definition of, 281, 329nn.8,9	Public sector employees, 22, 279–81
definition of (decentralization proposals),	pensions for, 295–98
199	pensions for (local), 298
old-age (eradication of), 304	Public services, efficiency in provision of,
reduction of, 14	187–88
SISBEN system as measure of, 286–90	Puerto Rico, and income distribution, 41
as social spending target, 176, 277	Punishment of criminals
spending on, 187	and crime rate, 149, 151
urban-rural distribution of, 26	lack of, 11, 148–51
and violence (quote), 33	
PR. See Proportional representation	Recall, 95
Pregnant and lactating women, programs	Recording of crimes by police, 132–33,
for, 306–10, 318	159
food stamps, 318, 332n.49	Red de Apoyo Social, 228, 241n.12, 325–26
Preschool programs, 306–16	328, 332nn.50,52,53
reform proposals for, 316–18	Redistribution
President (executive). See also Executive-	in allocation rule, 17
legislative interaction	and majority rule, 77–78
discretionary power of, 85	and need for change, 80
fast track agenda-setting powers for, 86,	and 1991 Constitution, 75
88, 97, 98	in pension system, 292, 294–306
and legislative system, 107, 108	and political competition, 96
and national public goods, 108–109	in proposals on decentralization, 193, 194,
Presidential elections, 105	196–98
presidents and parties in, 111	across regions, 190
timing of, 126 Prima Media, 26–27, 292, 294–95, 298	Red light status, 186
Prisons, 163	RED programs, 307, 319
cost studies on, 143	Apoyo alimentario, 318 emergency training program of, 322
information needed about, 164	Empleo Urbano as, 29, 32n.5, 324–325,
recommendations on, 13–14, 166	332n.54
Private protection services, 144, 153	and Mesas de Solidaridad, 324
Problems of Colombian political system,	for preschool children, 309–10
108–13. See also Reform proposals	proposals on, 316, 320
lack of security, 85 (see also Crime;	and SISBEN, 287, 288
Narcotraffic; Violence)	Red de Solidaridad Social, 27, 228, 241n.12
lack of transparency, 85 (see also	278, 302, 305, 306, 310, 327, 328
Transparency)	Referenda, 7, 82, 93–94
nonrepresentative politics, 86	citizen initiation of proposed, 100
Programa de Atencion Materna Infantil	Reform(s)
(PAMI), 310, 316, 318	changes in detail of, 127
PROGRESA program (Mexico), 318, 321	and Colombian presidents, 108-109
Pro-market reforms of 1990s, 45–47, 56	economic pro-market reforms of 1990s,
and capital stock, 50, 52-56	44–56
and TFP, 50–55	in education, 23-24, 246, 246-48, 252-67
Proportional representation, 117	through importing institutions vs. building
closed list, 119	on existing practice, 104–105
and ecological parties (European	institutional (need for), 1, 6
countries), 121	institutional (and history), 3
German style, 120–21	needed from political system, 108
two-tier district system of 121-27	of Senate 9 127

Reform proposals	1991 election in, 8
for budget process, 21, 224, 230, 237-38	1991 reform of, 9, 129
for central bank, 30-31, 338, 354-58	reduction in size of proposed, 7, 98, 99–
and Congress, 84, 86, 88–89, 98, 99–	100n.10
100n.10, 108, 126–28	in relationship to House, 10
for courts, 6–7, 84, 96, 97–98	single national electoral district for, 110–
for criminal justice system, 12–14, 158,	11
163–167	Sentencing, 162
on decentralization, 16–18, 192–203, 205	mandatory, 166
for education, 24, 268–70	Separation of powers, 75–76, 78–79
for electoral system, 9–10, 84, 88–89, 105, 113–27, 203	and assumption of "best way," 81 in bicameralism, 127
for executive-legislative interaction, 7	and checks and balances, 78–79, 81
on initiative and referendum, 98	and Constitutional Court, 79–80
for presidential fast-track power, 86, 88,	as constraint on executive power, 103
97, 98	and electoral competition, 93
on referenda, 98	and governmental institutions, 81–82
for social protection services, 26–29, 303–	and political competition, 87
306, 316–18, 321, 326	and three branches of government, 87-
Regimen General de Pensiones (RGP), 300	92
Regimen Subsidiado de Seguridad Social en	and UK or US, 99n.5
Salud, 287, 310	SF (Situado Fiscal), 180, 181, 188, 229,
Regional elections, 106–108	242n.14
Regional governments, 180	Single-member districts, with plurality rule,
in fiscal federalism, 190, 191	115–17
and fiscal responsibility, 75–76. See also	Single transferable vote system, 120
Decentralization Regional loans, 187	SISBEN system, 286–90, 316, 317, 318, 330nn.16, 21
Rents, political, 78, 79	and REVIVIR program, 302, 303
and political competition, 94	Sistema de Evaluación Gerencial, 320
Resource allocation	Sistema de Evaluación de Gestión, 320–21
in decentralization, 193–99, 205	Sistema General de Participaciones (General
in educational system, 245	System of Participations), 188
Restaurantes escolares program, 319, 320-	Situado Fiscal (SF), 180, 181, 188, 229,
21	242n.14
REVIVIR, 27, 287, 292, 302–303, 304–305	Social assistance, 25, 274, 276
RGP (Regimen General de Pensiones), 300	and asset approach to poverty, 274–76
Robbery rates, 57	decentralizing of, 304–305
Royalties (R)	for elderly, 292
and rules for allocation, 194	extreme poverty as target of, 277
transfer of, 180–81, 182–83	key factors in, 277
Rural indigence, 329n.11 Rural poverty, 282, 329n.11	pensions as, 298–303 reform proposals for, 316–18, 321
Rural workers, and FSP, 300, 301	untargeted, 277
Rufai workers, and 1 Si , 300, 301	Social conditions in Colombia
Sachs-Werner index, 68n.3	participation rates, employment and
"Salto Social, El," 225	unemployment, 283–86
Samper, Ernesto Samper Pizano, 30, 111,	poverty, 281–83 (see also Poverty)
351, 352	Social insurance, 25, 27, 273, 274
School feeding programs (Restaurantes	for elderly, 292
escolares), 319, 320-21	extreme poverty as target of, 277
Security	and pensions, 292, 298–302
lack of, 85 (see also Crime; Violence)	reform proposals for, 303–306, 326
private expenditures in, 144	Social investment, 19, 228
SENA, 28–29, 228, 242n.12, 279, 322, 323	Social Investment Funds, 323
Senate, 8	Social policy
election of members of 105	"fire-fighting" approach to, 328

Social policy (cont.) determinants of increase in number of, fragmented approach to, 327 260-61, 268 and lobbying group efforts, 343–44 income rank of, 281 pomposity in, 328-29 internal migration of, 257-60 Social programs pensions of, 23, 24, 245, 250-52, 268-69, 296-97, 303 constituency needed for, 327 proposals for, 24 unequal access to, 327 Social services, 24-26. See also Social salaries of, 250, 253-55, 268 Assistance; Social insurance types of, 245 proposals for, 26-29 union of, 249-50 provision of, 187-88 Terrorism, 1, 3 Social spending (expenditure), 273–79, increase in, 154 290 - 92Tocqueville, Alexis de, 77–78 Total factor productivity (TFP), 34 budget rule on, 235–36 and efficiency, 176 and 1990s reforms, 45-48 and employment/unemployment policies, and violence, 56 321 - 26Trade policy, 343–44 for families and children, 306-21 Training programs, 28–29, 322–23 and fiscal policy, 279-86 Transferable vote system, 122 health and education in, 273 (see also Transfers (decentralization), 180–83, 189 Education, public; Health care) in decentralization proposal, 205 increase in, 248 pension system, 292-306 and problem of poverty, 187 and Law 60 (1993), 206n.6 targeting of, 286–90 proposals on, 193-99 Socioeconomic status. See also Poverty and recent developments, 188 and HCB vs. CAIP users, 312 Transfers (social assistance), 274, 275–76 and school enrollment rates, 256-57 Transparency and victimization rates, 133 of allocation rules, 17 Spending decisions, flexibility in, 17 and budgetary process, 18-20, 192, 210, Spending responsibilities, clarification of, 211-12, 213, 224-35, 235, 239 17 - 18in Congress, 83, 127 Standard of living index, 286, 331n.27 in fiscal policy needed, 209 "States of emergency," 6, 7, 85, 86, 97 lack of in political decision-making, 83 Statistics, on crime, 163–64 Treasury minister, as central bank Strategic behavior, 79, 92 chairman, 340, 355 Subsidio escolar, 319 Turbay Ayala, Julio Cesar, 43, 109 Subsidy, food, 315, 317 Two-tier district PR system, 9, 121–27 Sucre, per-capita income of, 197 and complementary reforms, 125-27 Supreme Court, proposed changes in, 7, countries using, 125 97–98 possible scenarios in, 123–25 Switzerland, referendum in, 93-94 Unemployment, 285–86, 322 Tabula rasa approach to reform, 105 Unemployment insurance, Colombia's lack Talentos deportivos, 319, 320 of, 321-22 Targeting of social expenditures, 277, 286 Unemployment policies, 28–29 geographic and individual, 286–90 UNICEF, 310 Taxation, 14-15 Union Patriotica, 100n.20 and coffee industry, 71n.12 Unions, teachers', 249–50 in decentralization proposals, 195–96 United Kingdom under fiscal federalism, 190 electoral system of, 110, 116-17 local, 178-80 phased tax credits in, 278 1990s reforms of, 45-48, 52 and separation of powers, 99n.5 United Nations, and budget classification, proposals for, 16 social security tax (teachers vs. general), 232 United States Teachers, public school, 21–24, 246, 248. effect of two-party system in, 116-17 See also Education, public homicide rate and Prohibition/cocaine age of, 250, 260 epidemic in, 147-148

Negative Income Tax in, 277
phased tax credits in, 278
Progressive movement in, 93
punishment and crime rate in, 149, 151
and separation of powers, 99n.5
state balanced-budget laws in, 192
state budget processes in, 213
and term limits for governors, 203
Uribe, Alvaro Uribe Vélez, 82
US Constitution, vs. Colombian 1991
Constitution, 77
US government, executive-legislative
relations in, 87

Valle, homicide rates in, 11, 148 Venezuela and presidents vs. parties, 113 trade integration agreements with, 47 Vias para la Paz, 326 Victimization surveys, 132–33, 155, 159, Violence, 1. See also Civil war; Crime; Guerrillas and guerrilla activity; Homicide; Paramilitary groups in Bogota, 32n.2 and change in political system, 80 and changes in homicide rates, 137 destruction of human capital through, 144-45 and economic growth, 52, 56-62, 66, 67 in economic history of Colombia, 33, 39 and electoral or political reform, 113-14 gender differences in, 169n.47 government affected by, 96–97 importance of as problem, 3 and institutional instability, 85 and need to focus on violent crime, 166 progressive spread of (1990s), 141 suggested propensity toward, 131, 158 terrorism, 1, 3, 154 two periods of, 62-64 La Violencia period, 85, 131 Voters, automatic registration of, 10 Voting (legislature), nominal, 7, 83, 86, 97, 98

Warning lights system (regional government fiscal condition), 185–86
Welfare state, 77
Women
employment of, 284–85
participation rates of, 283–84, 308
pregnant and lactating, 306–10, 318, 332n.49
World Bank, 2, 311, 316, 317, 320

Yellow light status, 185, 186