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Local Government, Taxes, and Guns

Successful Policy Innovation
in Three Colombian Cities

Francisco Gutiérrez S.*, María Teresa
Gutiérrez, Tania Guzmán, Juan Carlos Arenas,
and María Teresa Pinto

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Abstract

This paper evaluates transformative policy innovations with respect to security and taxation in the three main Colombian cities: Bogotá, Medellín, and Cali. In the first two, such policies were associated with huge success. Elsewhere we (Gutiérrez et al. 2009) have tagged these transformation processes as ‘urban/metropolitan miracles’. The term comes from the fact that both common citizens and pundits considered these to be extremely unlikely, that they were fast, and that they were large-scale. We argue, that the success of Bogotá and Medellín was the result of a set of institutional underpinnings basically related to the 1991 constitution; the opening of a window of opportunity for new political actors; and, as a result, the formation of a new government coalition and ‘governance formula’. Anti-particularism was a language related to political demands—linked organically with the pro-1991 constitution movement—which became effective

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*IEPRI-Universidad Nacional de Colombia, email: fgutiers2002@yahoo.com.

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because it matched the crucial strategic concerns of heterogeneous constituencies with respect to security and state-building. It was the cement holding together the coalitions that allowed large-scale urban transformation, and it tamed the opposition of the rich because it was issued as the solution their (and everyone else's) collective action problems.

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UNU World Institute for Development Economics Research (UNU-WIDER)
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

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1 Introduction

This paper evaluates transformative policy innovations with respect to security and taxation in the three main Colombia cities: Bogotá, Medellín, and Cali. In the first two, such policies were associated with huge success including, among other results, a radical reduction in homicidal rates, improved taxation, and the distinct strengthening of key bureaucracies. Elsewhere we (Gutiérrez et al. 2009) have tagged these transformation processes as ‘urban/metropolitan miracles’.¹ The term comes from the fact that both common citizens and pundits considered these to be extremely unlikely, that they were fast, and that they were large-scale. In addition, the ‘miracles’ developed in the context of decreasing repression and enhanced political debate and openness.

Why did they take place? Currently, there are two main conflicting answers. According to the first, the miracles are simply an illusion—as miracles used to be—and a byproduct of the strengthening of the police. Such a position is generally associated with the idea that in these issues the local level is basically irrelevant (Sánchez, Espinosa and Rivas 2003; Formisano 2002). According to the second view—the official version and its variations—the miracles triggered a cultural revolution, which in turn improved the quality of life on all fronts (Peñalosa 2003; Mockus 1994; Acero and Baracaldo 2007; also Elster 2007). We propose a third option based on the claim that any proper interpretation of the phenomenon has to include politics. The effort to depoliticize the understanding of the miracles, whether through econometric tools or culturalism (Delgado Uribe 2007), is both conceptually wrong and empirically wanting. It cannot explain regional variation well (the fact that the miracles anticipated national trends, and that they developed in Bogotá and Medellín, but not in Cali or other smaller municipalities), nor the pace of change (the transformation of values and mores is typically slow). The same can be said of the culturalist recipe, which was adopted after the Bogotá success by several small municipalities but in many cases, to no avail. We argue, thus, that the success of Bogotá and Medellín was the result of a set of institutional underpinnings basically related to the 1991 constitution; the opening of a window of opportunity for new political actors; and, as a result, the formation of a new government coalition and ‘governance formula’ (according to the venerable Mosca terminology, 1939). The potential positive impacts of these elements, in turn, increased probabilistically with the presence of certain key variables and social conditions found in big cities.² Thus, the key explanatory dimension of the miracles is the emergence of a new type of politics in a specific (metropolitan) context.³ Political explanations, accounting for spatial and longitudinal variance, behave better than other explanations.

The political explanation, however, begs additional questions, and one of the main issues is the dynamics of innovation. How were the new, successful formulas invented and adopted? Why did they cement new coalitions? Why did they not trigger a

¹ Juan Carlos Florez, a journalist, mayor-candidate, and intellectual brought our attention to the fact that the term ‘miracle’ had actually been utilized in public debate when key actors started to realize the magnitude of the changes. See *El Tiempo* (2003a).

² For example, municipal autonomy was a blessing for Bogotá, but in small towns it allowed state institutions to be overtaken by the paramilitary, the narcotics, or the guerrilla.

³ The argument stresses that the same type of politics in a different context could end in disaster.

successful negative response by the rich, or by well-established political actors? Why did they have a (relatively) stable state-strengthening effect?

To answer these questions, it is necessary to reflect on the nature of ideological and policy innovation. It is rather surprising that these ideas have been basically shunned in the study of state crises/building, and of policy successes or failures in the developing world. Probably the weight of inertia—the habit of considering these to be pure epiphenomena, or overdetermined byproducts of social structures—explains the vacuum. It is probably true that successful policy (and state-building) innovation takes place because of the convergence of ideas and strategic demands. This convergence fixes public notions and alliances onto a small set of focal points, and offers cues that allow collective actors to orient themselves and operate according to a new, freshly introduced, set of verbal formulas, skills, and routines. Let us consider these two factors separately. Ideas played a critical role in the miracles described here. The formation of new coalitions and governance patterns cannot be understood without ideas, as they are fundamental for at least three reasons. First of all, during times of significant change they are the only avenue through which actors can express, take hold of, and negotiate their interests. In other words, ‘politics is not only a contest for power. It is also a struggle for the interpretation of interests’ (Hall 1997: 174). Furthermore, it is a contest for the materials that enable actors to make them explicit and give them a publicly usable form, i.e., to express them in a specific type of language. Public discourse has the particularity that it has to be coined in universal terms, even if it is produced to fulfil particular interests (Elster 2007). The translation of a disperse constellation of interests, aversions, and fears into compact, articulate and universalistic formulas allows—and sometimes triggers—the process of collective action/discovery. Second, ideas give origin to policy paradigms (Weir 1992). They offer blueprints and focal points for identifying and prioritizing problems (Weir 1992), the toolkit to face them, and the yardstick for evaluating and publicly negotiating the outcomes. They not only constrain policy choices, but also regulate access to decision-making, as only specific groups of individuals and networks have the skills to resolve the problem once the guidelines and evaluation criteria have been fixed. Last but not least, ideas allow actors to discover actual or potential allies, and interact with them with respect to focal points. Innovation in the terrain of ideas is associated with the identification of privileged arenas of conflict enunciation/resolution, to expand the horizon of political imagination, and to push new agendas forward.

Ideas can be successfully translated into operational policies only if the ‘stars are aligned’—if they are able to match a series of ‘objective’ factors, and overcome the constraints that come from technological restrictions and strategic demands made by relevant agents, networks, and groups. We show here that the following dynamics took place in the major Colombian cities. Due to a deep national (urban) crisis, a demand for innovation existed. Thus, all political players were vying to demonstrate their innovativeness. This involved a game of signalling. Candidates had to show that they were new, and yet at the same time had to be able to win the elections. However, once in power, they needed to implement genuinely transformative policies, which depended on having not only a broad margin of manoeuvre but also access to specific skills. This double set of contradictions—building credibility and coalitions, on the one hand, and implementing new policy prototypes but having to coordinate different interests—defined the ‘space of possibility’ for the urban innovators.

The Colombian metropolises were burdened with high homicide and other crime rates, and perceived disorder and anomie. Rulers, in the classic state-building efforts, were confronted with the problem of raising money and managing guns. Who could do it? Both the political left and the right criticized the old parties for allowing the crisis to develop. A self-referred demand prototype arose in the context of the disaggregation of the old political system: to show that you are able to conduct different type of politics with lower transaction costs. The crafters of the miracles translated this demand into policies through discourse that rejected all types of particularism. At first blush, this might appear to be standard politics: universalistic dialogue in terms of the nation, the people, the city, the community. But the anti-particularistic discourse of the miracles had an idiosyncratic twist, claiming to be disentangled from representation. ‘Not to represent anybody’, ‘not to be in debt with anybody’, and being able to demonstrate this type of purity became the magic formula. All class or group interests outside the interests of the whole city should be exposed and castigated. Instead of the classical liberal definition of public space as a clash of diverse interests that limit each other (Lechner 1986), anti-particularism emphasized change to transcend such confrontation.

Now, for those aware of the Latin American context in the 1990s and at the beginning of the new century, it is clear that this set of ideas has a somewhat obvious ‘family air’ with respect to the neoliberal ideological paradigm. Latin American neoliberalism was furiously anti-statist (Roberts 1998). We show here how and why, in this specific context, the anti-particularist discourse evolved towards a state-building programme. As in standard Latin American neoliberalism, decision-making was made in the name of a government of the most knowledgeable (the morally superior, the most efficacious manager, the ultimate technocrat), while bargaining was shunned. But the degree of metropolitan anti-particularism analysed here was accompanied by a strong moral message, which emphasized pedagogy from above, re-education, and the build-up of the state muscle. Thus, it is clear that there was no ‘pre-established harmony’ between the dialogue on anti-traditional politics and pro-state practices. Quite to the contrary, the pro-state turn of the metropolitan experiences we discuss here is rather an outlier.

We analyse how the innovations worked and how they were translated into state-building policies in Bogotá and Medellín, but fell short of inducing significant change in Cali. This underscores the role of path dependency and contingency. The first section of the paper is dedicated to signalling: how did the winning candidates show that they were different. The second section examines the interaction between ideas and interests in the context of governance problems, while the third section focuses on taxation. In each section, we show how ideas interacted with interests and restrictions, and how this interaction produced specific policy outcomes. Frequently, but not always, we use examples taken from all three cities, and illustrate the (ideological and strategic) conditions that brought about success or failure.

Our conclusions are somewhat apprehensive. The very condition that allowed the existence of the miracles—the notion of a rebellion by all society against old political practices—may block their sustainability. If this is the case, then we may be facing a ‘high equilibrium trap’.

2 Context

2.1 Signalling

In 1991, the mainstream Colombian newspaper *El Tiempo* published the following despondent picture of Bogotá: ‘The city is the incoherent sum of thousands of interests that have nothing in common. The proud towers of the emergent bourgeoisie coexist with enormous gulfs of misery, where the poisonous fungi of desperation are being cultivated. There is no communication or mutual understanding between both worlds’ (*El Tiempo* 1994a).

The observation was widely shared by opinion makers. The city was affected by a narcotics war, high levels of violence, and a very tight budgetary situation. This crisis, together with the 1991 constitution, triggered major political change. The old bipartisan system predominant in Colombia unravelled in Bogotá between 1992 and 1994.⁴ While it was taken for granted in 1992 that the LP candidate would be the mayor, in the 1994 elections the situation was the following. The LP put forth Enrique Peñalosa, who, by then, was considered as a young promising politician, but a lightweight, and none of the consolidated leaders wanted to risk a spectacular defeat. But sectors of the public and the media (but also of NGOs and social movements) supported the aspirations of an outsider, Antanas Mockus. All of them saw him as someone able to defy the entrenched political preferences. Some electronic media leaders were enthused by Mockus’s outré gesture while he was still rector of the National University.⁵ His campaign emphasized its ‘young’, ‘technical’, and ‘non-political’ character (*El Tiempo* 1994b). It was designed to be low cost, to rely heavily on the media, and turn around the iconic messages and ‘pedagogic games’, which converged towards the central aspiration: ‘everybody puts, everybody wins’.

The fact that the candidate was a philosopher and mathematician, who spoke and ‘looked’ different, motive the voters. In particular, there was a bandwagon effect among the rich and the middle classes towards Mockus, who initially was not their candidate, and had no organic links with them (see, for example, the declarations of the Chamber of Commerce, *El Tiempo* 1994c). This effect is evidenced, first, by the declarations of the private sector association leaders and key middle- and high-class opinion makers (e.g., the Corona Foundation, *El Tiempo* 1994d). Second, it was evident in the individual behaviour of the voters. As shown in Gutiérrez (1995), the social sectors with the strongest pro-traditional party affiliations were concentrated among the city’s high economic strata. During Mockus’s election, however, these were not the ones who voted for him, but rather they were among the individuals who most rapidly changed opinion in his favour. Eventually, the result was a concentration of the traditional vote in the popular sectors. And third, the bandwagon effect was seen in the behaviour of the traditional voters themselves. Obviously, not all or not even the majority of these belonged to the socioeconomic elites. However, the voters were influenced by them,

⁴ As happened in Colombia ten years later. See Gutiérrez (2007).

⁵ He showed his buttocks to an assembly of students who were booing him.

and at the same time sent the candidates a strong signal with respect to their preferences. The outstanding fact in this environment is that a substantial part of this sector sided with Mockus without relinquishing their self-affiliation. For example, according to an opinion poll, Mockus had a plurality (58 per cent support) even among those who identified themselves as liberals.⁶ Voters considering themselves liberals or conservatives probably supported their banner at the national level, but at the municipal level they placed their bet on the individual able to signal his ‘otherness’.

Mockus’ triumph consolidated a trend that all politicians were very much aware of. Bogotá had mainly been a liberal city. Indeed, the city had tended to give premium to dissidents and non-mainstream figures within the traditional parties. However, only once after 1994 did a (national) candidate affiliated to one of these parties come first. A wide sector of public opinion voted against the traditional options.⁷ This forced the candidates to adapt. They understood that they had to demonstrate their ‘independence’ to the voters. The most spectacular case is that of Enrique Peñalosa, who reinvented himself in 1997. Once a young liberal Turk, he transformed himself into an independent, cajoling for the ‘anti-political vote’, against strong opposition. He changed his manner of addressing the public, by personally distributing, for example, his propaganda in the streets, and by stressing the ‘civic’, ‘non partisan’ nature of his campaign. Having failed as a ‘traditional politician’, Peñalosa won in 1998 as an ‘independent’. It soon became evident that the support of one of the old parties was the kiss of death for any serious aspirant. The next elections were captured by Mockus by a landslide. But then the newly-created Left Party (*Polo Democrático Independiente* and *Polo Democrático Alternativo*, PDI/PDA) won twice in a row. In the first victory, the candidate was once again able to appear as ‘different’, a fact considerably publicized. Although we are not aware of any systematic study of the issue, evidence from the opinion polls suggests that the voters of PDI/PDA were the same who had voted for the miracle in the past, and certainly not the radicalized popular sectors (Gutiérrez 2007), although these started to play a role *after* the *Polo* governments consolidated.⁸ The media lent its support to the political left against the traditional politicians, but not against Peñalosa and his friends. It claimed that the mandate of the left in power would be to maintain and develop the miracle, perhaps humanize it, but not to yield to demagogic pressures (*El Tiempo* 2007a). It also declared it would meticulously follow up its performance, which indeed it did.

Initial conditions in Medellín were much less favourable. As a Catholic and conservative stronghold, the city did not have Bogotá’s penchant for dissidence. Furthermore, the traditional politicians of Medellín themselves were cunning innovators. On the one hand, they were intent on maintaining and feeding their networks and their skills and assets intimately associated with the old way of doing things, but on the other hand, they tried to overcome the wear and tear of their political trademarks. The solution was to present one’s platform in the elections in the name of different ‘civic’, one-shot, undertakings. Many of these aspired to speak in the name of

⁶ The political identity most opposed to his campaign (*El Tiempo* 1994e).

⁷ At the municipal council, the dynamics was somewhat different, but eventually tended to converge. See Guzmán (2008).

⁸ Juan Carlos Flórez, Enrique Borda, personal communication. Flórez was mayor candidate in 1997 and municipal councillor in the 2007 period; Borda was general secretary of the district (2006) during the first PDA administration.

the bourgeoisie, emphasizing the fact that they represented the ‘managers’ more than the politicians. Luis Pérez, a liberal, went a step further. He portrayed himself as the ultimate manager (*El Tiempo* 1997a), but supplemented this with a design for an anti-corruption programme with concrete objectives, and a denunciation of the corruptive capacity of the private sector. Here we have the anti-particularist discourse in quite an advanced form. However, he was not able to implement the policies associated with the miracle, because he himself was a slave of the audiences and networks that took him to power (*El Tiempo* 2004a).

In the 2004 election, the innovator was Sergio Fajardo, a university mathematician, supported by NGOs, who soon showed that he excelled in managing the language of television. Fajardo’s catchword was trust. In the name of trust he was able to organize a rebellion against the traditional political practices. Indeed, contrary to Bogotá, the rebellion was not conveyed as ‘something different’ from politics, but rather as an alternative form of politics (*El Tiempo* 2003b). However, the core content—that decent people had to come together and appropriate public life for themselves—was identical. This was the reason for his success. When his successor, Alonso Salazar, a journalist and researcher, was challenged, he was defended (by intellectuals and public figures, *El Tiempo* 2007b) as preventing a return of the old way of doing things.

In Cali, the old way never disappeared; instead it became mixed and mingled with the new, producing a hybrid. Indeed, the main ideas that gave birth to the miracles were hatched in Cali. The city was also accustomed to new political practices. Contrary to Bogotá where voters supported traditional dissidents, and Medellín where they bet on the traditional die-hards, Cali had flirted with independents as early as 1980 (Vazquez 2001). However, the innovators were not able to link their ideas to an efficient method of public signalling: they sent forth new proposals from the old networks. For example, Rodrigo Guerrero, who had produced the core ideology instrumental to the miracles, was elected by conservatives, thus his administration had to include representatives of different factions (*El Tiempo* 1992a). Not only did this have a powerful symbolic effect for the public, but it also empowered different claimants to defend their specific interests *from within* whenever the need arose. So, it was not a case of Cali lacking innovation in the same degree as Bogotá and Medellín; in actual fact, it was a greater innovation hotbed than either city. Innovators came from the old parties, but they were not easy to differentiate from other agents in the political realm because everybody was hybridizing. As will be seen with respect to all the critical policy issues, the hybridization of the Cali innovators diminished not only the signals, but also governance, allowing interest groups to neutralize proposed solutions.

2.2 Synthesizing

The breakdown of the old party system in Bogotá, which anticipated what was happening at the national level, opened the window of opportunity for innovators, but at the same time forced them to generate a signalling system *ex novo*. Instead of the ‘normal’ bipartisan politics—when party A, known to all voters, governs, and party B criticizes and issues alternative proposals—candidates had to show voters that they were of the ‘correct’ type. Voters wanted to support ‘independents’ who would be able to overcome the old way of doing things, but had deficient information and training to do so. This forced candidates to publicly highlight their departure from the traditional parties, and to exhibit their separation from traditional networks. In Medellín, traditional

politicians copied the independents, creating ‘civic’ brands, etc., but eventually were out-signalled by a genuine independent, who could exhibit irrefutable non-traditional credentials. In Cali, the innovators came from the old political personnel, gained power based on the support from these networks, and thus voters lacked clear criteria to make a distinction between the different types of politicians.

3 Governing the commons: the ideas and the resources

How were the forgers of the miracles able to criticize politicians and society, increase taxation, and promote social discipline? Indeed, they faced staunch opposition. In Bogotá, the first years of the Mockus and Peñalosa administrations were quite turbulent, and their level of support low (Gaitan and Parra 2008).⁹ Neither had a strong representation in the municipal council that tried to block several of their initiatives. They were attacked by the political parties, but they had the clout to uphold their main policies, and later to exhibit results.

There are a number of key factors that might help to answer the question posed above. We must start with the wave of reforms associated with the 1991 constitution. Greater autonomy, more attributions in security decision-making, popular elections of mayors, reform of the municipal councils (paying councillors, but excluding them from the management of public utilities) are, among others, the institutional preconditions of the miracles. Inconsistencies of the constitution also introduced the opportunity for new patterns of governance. However, these opportunities were not activated in all context; the new politics in many Colombian municipalities was not related with pro-state coalitions, but with the capture of the state by private agents (Gutiérrez 2007).

So what made the difference? First, the nature of the signalling game. Candidates, by exhibiting their ‘otherness’, could respond to the demands of several classes of voters. They could do so because they counted on the resources provided by: the media, and especially national television, universities, access to ‘modern’ discourse. But these resources could be utilized only in a political dynamics where hybridization did not smother new voices. In other words, in Bogotá and Medellín the level of noise was sufficiently small so that big chunks of voters could differentiate between genuine innovators and other agents. The crisis of the city allowed innovators to speak against poor politics in the name of society. Governing was not about distributive issues, but about solving collective action problems: the system could be taken closer to the frontier of optimality, for the benefit of all. City actors had to be re-educated to be able to cooperate. Since this vision was supported and promoted by both journalistic common-sense about identity and civicness, and by social-scientific categories that were by then en vogue, the new discourse also attracted scores of intellectuals and technocrats. The bourgeoisie could also adhere to this blueprint, because it guaranteed stability of property rights, reduced corruption as well as the toll extracted by the old type of politics, and resolved its own collective action dilemmas. The tradeoff of the delegation of decision-making and increased contribution to public goods versus lower transaction costs, better infrastructure and increased predictability, appeared attractive,

⁹ Medellín’s case is somewhat different, but the actors had learnt from the experiences of others.

but could be implemented only by those who were ostensibly able to show that they would not free ride.

The tradeoff separated the rich from immediate decision-making (to which they had had multiple channels of access via lobbying), but *at the same time* incorporated them much more strongly into the governing coalition. In the old scheme, the specific interests of different sectors of entrepreneurs were dealt with by political intermediaries. This created huge collective action and congestion problems. For example, public transport was in the hands of entrepreneurs who, thanks to their active presence in the political system, could maintain rules that were individually favourable to each of them but collectively a disaster (both for the city and for general standards of predictability, efficiency and productivity). By-passing them in the decision-making process generated loud protests, and indeed might have triggered the formation of an anti-governmental coalition of all the rich. In reality, what happened was that there was an almost unanimous reaction against particularist demands by those who had voice (*El Tiempo* 2007c). The key observation is that each sector can tolerate being stripped from its particularistic perks if it believes that others suffer a similar fate. In other words, signalling was crucial not only for winning elections, but also for implementing innovations. Castro tried to promote collective action, and gave the citizenship all kinds of guarantees that the resources would not disappear in the deep pockets of politicians, but he was not believed.

Of course, this was possible only in the context in which signalling also played another role: indicating that property rights would be strictly respected. The managerial turn, and the choice of economic teams,¹⁰ for example, fulfilled this function. Market economy and productivity were buzz words in the new discourse (*El Tiempo* 2007d). But, once again, this was not enough. In a context where neoliberalism—nationally and internationally—was the main reference point, the managerial turn could only articulate itself to a pro-state politics because of the special ‘alignment of the stars’. Which one? Civicness, non-particularism, anti-violence, promotion of social capital, even managerialism, were subjected to strong criticism by the ‘really existing’ society. They could be preached, and proposed as governance objectives, only on the basis of a very strong pedagogical programme. Individual candidates, not linked with any party or major structure, could put forward a credible pedagogic platform utilizing only the muscle of the state and the media. The other side of the coin is that their strategic limitations and deficiencies also forced them onto a pro-state path. They did not have access to the long clientelistic networks of traditional politics. Nor did they have any relevant governance experience or an already-existing constituency (not even Peñalosa, who was the best prepared candidate with respect to urban themes, and at the same time, was the closest to traditional politics). All lacked structures of communication with the public and with significant audiences. Their only asset was the small group of intellectuals and technocrats, recruited from public universities and from NGOs, who became key decision makers in their governments (*El Tiempo* 2007e). All of this created a strategic interest in promoting the state’s regulatory muscle and the articulation of public policies in the media.

10 Also in the governments of the left (*El Tiempo* 1997b).

4 Taxation without representation

Municipal governments were entitled to play a bigger tributary role after early reforms (Ley 14 de 1983) were consolidated by the 1991 constitution process. The main taxes administrated at the municipal level include: industry and commerce, real estate and valorization, and gasoline. Municipalities also collect public utility payments. Several evaluations by the national department of planning have shown that the fiscal trajectory of the municipalities in the 1990s has become quite differentiated (DNP 2005).

In both Bogotá and Medellín, tributary issues played a major role in public debates—until the anti-particularist agenda finally came through (at least partially). The Cali trajectory is more tortuous. The second elected mayor, Germán Villegas (conservative), proposed an increase in real estate tax, but only for certain sectors of the city, which happened to be the poorest ones. Such blatant unfairness generated an angry rejection, even from the municipal councillors of his own party (*El Tiempo* 1991). His successor, Rodrigo Guerrero, tried to stratify and increase the key taxes (including real estate) but faced resistance from several politically-allied entrepreneurs. The municipal council announced a tax amnesty that cost the city 37 000 million pesos (*El Tiempo* 1995), and promoted an exemptions scheme to those industrialists who invested in the city. There was a steep increase in water and energy tariffs, but without consideration for stratification (which once again naturally punished the poor). According to the board of city's public utilities enterprise (EMCALI), ‘it was convenient not to punish the high and high middle classes more than the rest of the population, and decided to set a similar (proportionally) increase in the tariff’, as the EMCALI manager explained (*El Tiempo* 1996). Guerrero’s successor, Guzmán, had a falling-out with the private sector, which considered that his tax increase proposal too high, and Guzmán threatened to publish a list of the rich who opposed the payment of taxes (*El Tiempo* 1997c). The regional president of the industrialists’ association protested against the alleged ‘wave of taxation’ that weakened businesses. He argued that instead of taking money away from the entrepreneurs, governmental agencies need to become more efficient. There is evidence that, in Cali at least, the anti-tax stance of the private sector had broad citizen support.¹¹ In 1997, Guzmán had to yield, just before being suddenly jailed for complicity with narcotics trafficking.¹² The acting mayor, Martínez, finally froze the real estate tax, a measure that was frowned upon by the national government, as by then it was seriously concerned with the budgetary situation of the city.¹³ In subsequent negotiations, the city lost its margin of manoeuvre. Cali committed itself to report its financial results periodically to the national government, providing details on the amount of taxes captured and the number of its doubtful debtors. The government promised to finance a part of Cali’s proposed mass transport system—inspired by the Bogotá plan implemented by Peñalosa—if the city were able to show prudent fiscal behaviour. The city’s industrialists criticized the agreement, as they felt that it lacked community participation (*El Tiempo* 1998).

¹¹ According to a poll, 79.25 per cent of the interviewed were against a gasoline tax increase in the gasoline tax while only 15.25 per cent supported it (*El Tiempo* 1992b).

¹² He was already facing other corruption scandals (*El Tiempo* 1997d).

¹³ In its performance goals for Cali, the national government set high fiscal objectives for the city. See *El Tiempo* (1997e).

Candidates in the 1997 campaign tried to attract voters—and contributors—with the promise of a tax freeze. Later, the municipal council decided to revise the entire collection system for real estate taxes. Several (downwards) tax readjustments also took place, and the city ultimately fell into a brutal fiscal crash. It had to sign a new agreement with the government, but on much worse terms, which caused the elimination of several agencies and massive redundancies (*El Tiempo* 2001a). EMCALI was declared unviable and barely saved. Finally, when property had increased in value thanks to works by the municipality, the municipal council decided to establish a tax (*predial*) on land tenure. The next mayor implemented an austerity plan, a fact that did not improve his relations with the city's bourgeoisie (*El Tiempo* 2001b). Finally, Apolinar Salcedo increased taxation, but also decided to privatize collection, claiming this made as part of a 'modernizing' plan. The outsourcing of the collection of taxes generated continuous scandals, one of which ended in Salcedo's impeachment (8 May 2007). He was replaced by Ramiro Díaz Tafur, who until then had been the president of the Society of Agriculturalists and Cattle Ranchers of el Valle.

In the Colombian context, Medellín had an excellent record of tax collection right from the start (Lopez Gonzalez and Mesa Callejas 2008). It was also known for the efficiency of its public utilities firm (*Empresas Públicas de Medellín*, EMP). EMP plays a major role in the city's bureaucratic culture, as it has a much bigger budget than the municipality, and is the icon of public managerial capacity. However, towards the end of the Luis Pérez administration, EPM was affected by a major corruption scandal (*El Tiempo* 2003c), one of the facts that probably affected the support offered by the rich to Fajardo. Furthermore, the city was deeply in debt because of the construction of its subway (in the 1980s).¹⁴ Much in the spirit of Centeno's classic book (2002), regional congressmen asserted that the two main problems of the city were violence and debt. In addition, the nation refused additional resources for the city until its debt was tamed (*El Tiempo* 2003d).

Fajardo planned to declare a fiscal dictatorship, but signalled powerfully at the same time how the money would be used. He changed the EPM board, selecting the members based on meritocracy (*El Tiempo* 2003e). The municipal council extended to him the special powers that he had requested for this purpose. Using these powers, Fajardo put a part of EPM (its telecommunication activities) up for sale.¹⁵ This triggered a huge national debate (*El Tiempo* 2005a) but was finally approved (*El Tiempo* 2005b). Another controversial step by the Fajardo administration was his steep increase of the real state tax for future housing projects in El Poblado, the iconic neighbourhood of the rich. Though the scheme received national support, it was watered down by the municipal council to accommodate criticism from the private sector (*El Tiempo* 2004b).

In Bogotá, Jaime Castro had tried to modify the city's tributary structure, and to increase both the gasoline and real estate taxes to fund a mega plan of public works (*El Tiempo* 1992c). The gasoline proposal was shunned, but the land scheme survived a bit longer. The proposals were rebuked by public opinion, entrepreneurs, the political left, and members of Castro's own party (Castro 2001). Despite the fact that both technocrats and the presidency recognized the essentially correct character of the new tributary package, only very few joined the fray to support him (Castro 2001). Several

14 It was riddled with corruption and inefficiency.

15 The holders were other public-municipal agencies.

exemptions were included during negotiations with the municipal council, but adversaries used the theme to combat and weaken Castro. The fiscal enthusiasm of the mayor was one of the main sources of his enormous discredit (*El Tiempo* 1993a). He wrote an open letter to the public, imploring them to approve the reforms and offered a guarantee that there was not, and would not be, a ‘tributary cascade’ *El Tiempo* (1993b). He added, ‘This fiscal sacrifice will be a demonstration of love for the city’. To ensure that the new resources would not be stolen, he asked the Commerce Chamber to strictly supervise their management.¹⁶ The tributary offensive almost cost Castro his post, and was finally archived.

The only public figure to openly support Castro’s proposals was Mockus, by then during his campaign. He openly advocated more taxes for everyone, and yet, he won. This, as noted by partisans, adversaries, and observers, is quite uncommon. As mayor, he revived the gasoline tax, and later pushed forward an ‘integral’ tax reform. Presenting the bill to the municipal council, he demanded that not one iota be changed. He was accused by councillors of all political shades—and not unreasonably, at that—of arm twisting, and of trying to collect more resources than he actually needed. But he was eventually able to implement his package. His second administration was even more pro-taxes (*El Tiempo* 2002), as it launched a culturalist campaign that tried to persuade people to pay more taxes than their obligatory share. What is surprising about this ‘initiative of voluntary taxation’ is that it garnered more than marginal support. In the 2003 fiscal year, the city captured 110 per cent of the tributes to which it was legally entitled. Peñalosa continued this trend, increasing gasoline tax and pushing forward an anti-evasion plan. As Fajardo did later, he continually asserted that he was visibly transforming the city, and citizens could directly see where their taxes were going. These forms of monitoring were energetically praised and promoted by the media.

Ironically, fiscal passion cooled down somewhat when the left gained power. Despite a very ambitious social programme, Garzón pledged a freeze on taxes, but the citizens apparently did not believe him. An opinion poll concluded that ‘what the Bogotanos do not believe [of Garzón’s campaign] is his promise of not exacting new taxes ...’ When asked if they thought that Garzón would fulfil his promise of not increasing tributes, 19.3 per cent said that they did, and 74.3 per cent said that they did not. Later, the elected mayor recognized that in some areas this promise [of not raising taxes] was not possible (*El Tiempo* 2004c). Later, Garzón backed away from the proposal to adjust real state tax (Guzmán 2008).

5 Conclusions

Anti-particularism was a language related to political demands—linked organically with the pro-1991 constitution movement—which became effective because it matched the crucial strategic concerns of heterogeneous constituencies with respect to security and state-building. It was the cement holding together the coalitions that allowed large-scale urban transformation, and it tamed the opposition of the rich because it was issued as the solution their (and everyone else’s) collective action problems. It neutralized the

¹⁶ Actually, as the mayor observed, he was not creating new taxes, but demanding the effective collection of already existing ones.

traditional parties, and was able to offer public goods and services, such as improved security, that past governance formulas had been unable to deliver. It was also a good signalling resource: in Bogotá and Medellín it made it possible for voters and key audiences to (somewhat) recognize the authentic, genuine innovators from the hybrids and imitators. On the other hand, it eluded other critical governance dimensions, like redistribution, conflict, spillovers, and externalities. For example, the PNUD evaluation of the Bogotá tributary trajectory reveals that taxation improved substantially, but that it remained flat: the ‘commons’ resources increased, but inequality did not shrink. Medellín’s security solution remains under suspicion, due to its gradualism with respect to organized crime.

All in all, though, citizens and analysts concur in highlighting that both cities underwent a major transformation in the course of a few years. We have suggested here that policy innovation has indeed institutional and material pre-requisites, but it cannot be fully understood without taking into account the crucial role of ideas and the way—and conditions—in which they become a social force.

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