
PART II

Colombia Case Study

Colombia – Chronology of Events

Year(s)	Milestone
1940's	The ISS is created to provide services and pension to private formal sector workers. It is funded by employers and employees. Local health authorities are established.
1953 - 1958	Rojas Pinilla military regime. Peak to the ten year political warfare.
1958	The Liberal and Conservative parties sign the National Front Agreement.
1975	New health system organised around the MOH as head of sector, formally controlling social security institutions, private health providers and its own facilities; but it only controls its own.
1986 – 1990	Barco Administration
1986	First steps towards the decentralisation of health services. Efforts were to last until 1990's.
1987	The local health authorities begin to receive direct resources for health services as part of the decentralisation process.
1990	In addition to receiving funding, local authorities are put in charge of the provision of health services. The national level is to concentrate on policy guidelines and assistance.
1990- 1994	Gaviria Administration
Aug 1990	First stage of economic and state reforms including exchange rate regime, foreign trade, financial sector, taxation reform, housing policy reform and labour reform .
Jan/Jul 1991	National Constituent Assembly (ANC) is called to enact a new Constitution. The ANC mandates reform in social security , public services, education, planning, central bank and decentralisation. The new social security system was to be based on the principles of universality, solidarity and efficiency and was to cover the pensions and health jointly, as well as public and private sector entities.
Sep/Dec 1991	The Social Security Commission is created by the ANC with the objective of formulating the social security reform proposal. After several months, the Commission did not agree on a reform proposal.
Sep 1992	The Executive, through the Labour Minister, presents a social security reform project to Congress that does not include health. Congress rejects it and conditions the approval of the social security reform to the inclusion of the health reform.

Dec 1992	<p>The former DNP deputy director, Juan Luis Londono is appointed Minister of Health.</p> <p>Londono presents to Congress a partial health reform project (Empresas Solidarias de Salud) as a complement to the Executive's social security reform proposal. Congress rejects it once more and demands a comprehensive health reform.</p>
Apr 1993	<p>The Executive presents to Congress a social security project including a comprehensive health reform. From this moment onwards, the health change team takes pre-eminence in the health reform process.</p>
Dec 23 1993	<p>The social security reform is approved in Congress and ratified by the president. It included both health and pensions reforms.</p>
Jan/Aug 1994	<p>Expedition of Executive decrees ratifying the health reform's regulation package prepared by the health change team at the MOH</p>
1994 - 1998	<p>Samper Administration</p>
Aug 1994	<p>The change of administration puts in power a rival liberal faction that had opposed the health reform in the previous administration.</p> <p>This government is responsible for the implementation of the majority of reforms legislated during the Gaviria administration, including the health reform.</p>
1994 -1995	<p>Alonso Gomez is appointed Minister of Health.</p> <p>He attempts a counter reform by putting a halt to the reform's implementation and issuing Executive degrees to redress the resource allocation established by the health change team.</p>
1995- 1996	<p>Augusto Galan is appointed Minister of Health. He puts the health reform back on track by forcing President Samper to issue a degree overriding those issued by Gomez, and re-activating implementation.</p>

Chapter 2. Political Context

2.1 Introduction

During the 1990's, Colombia initiated a swift and in-depth health reform characterised by its technocratic approach. But the political context in which the reform took place empowered other actors, notably the legislators, who were able first to promote radical change, and then to influence its final form. The first stages of this reform process – incorporating the issue into the public agenda, legislating it and preparing implementation – was done in a surprisingly short period of time. But during this time, the reform's initially limited agenda for change was transformed into a more comprehensive project that reflected not only the technocratic position of the change team in charge of it, but also the positions of other actors involved in it. As a result, the reform contains multiple objectives expected to be accomplished simultaneously, such as equity and universal coverage, along with efficiency and cost containment.

This chapter presents a brief description of Colombia's institutional context from the perspective of the policy process. It focuses on the main arenas for policy-making and the actors in them, as they have been operating in recent years. A brief account of contemporary events in Colombian politics follows with a description of the formal and informal rules for political competition, interest representation and participation that structure the policy-making process. It then presents the arrival of the technocracy to power and its characteristics in chronological order, with particular emphasis on the Gaviria administration, when the health reform was initiated. The chapter concludes with a brief description of the Samper administration that was to follow Gaviria's, and in which the first stages of the health reform implementation evolved.

2.2 The Colombian Political System

2.2.1 Division of Powers and Policy-Making

Colombia is a Republic with a presidential government and division of powers – the Executive, the Legislative and the Judiciary. Formally, the Executive is in charge of implementing and enforcing the laws approved in Congress, the Legislature is in charge of formulating and issuing laws, and the Judiciary is responsible for solving non-armed conflicts between individuals, and between an individual and the state.

2.2.2 The Executive

The Executive is headed by the president, elected with a four-year mandate, with no right to re-election. It is the most dynamic policy arena in Colombia's institutional context. It is the source of nearly all substantive policy formulation. Until the early 1990's, the majority of policy initiatives circumvented Congress, but the extraordinary prerogatives that allowed the Executive to do so were curtailed in the new 1991 Constitution. Nonetheless, the Executive still has extensive control over the legislative process, having the power to veto legislation passed by Congress, and to govern by decree, and it is the source of the majority of bills. In addition, the Executive has the authority to formulate and enforce the regulatory body of laws approved in Congress. This gives the Executive a second opportunity to shape the final outcome of a policy initiative. The Executive's leverage over Congress is further reinforced by the lack of technical capacity and political will of most congressmen to assume their formal role in policy-making (Acher, 1997).

Within the Executive, the president uses formal and informal mechanisms to reinforce the power vested in him and his control over the workings of the Executive branch. One of the key formal mechanisms is his prerogative to appoint the ministers, top and medium level government employees, and directors of national decentralised agencies¹. Among the informal mechanisms is the

possibility of forming small teams of policy makers who remain very close to the president and whose combined technical and political abilities facilitate formulation and control over the implementation of the president's policy agenda.

In spite of the power imbalance between the Executive and the Legislative, the Legislative power remains an important veto power. The fragmentation of the political parties and the influence of the regions' rent-seeking behaviour in Congress has slowed down policy initiatives stemming from the Executive, since it is forced to lobby and secure the votes needed to pass legislation almost on an individual basis (Acher, 1997). The administration of President Gaviria was an exception to the rule. The social mandate for a thorough political and social reform, along with the political manoeuvring of the economic team that he empowered, were able to successfully pass through legislation a series of economic and social reforms. One of these reforms was the social security reform, along with its health component.

Within the Executive the highest formal decision-making bodies are the Council of Ministries – decisions of political content - and the National Council for Social and Economic Policy (CONPES) - decisions on social and economic matters. Both are chaired by the president. As a result of the state reform initiated in the early 1990's, the responsibilities and functions of the CONPES in the social policy area were modified, and these now include aspects such as decentralisation, joint financing of social services, social security and health care, among others (Decree 2132, 1992, Art. 26).

The National Planning Department (DNP) has the role of technical secretariat for this body, and in that role, it helps prepare all the white papers that are presented by the sector-specific ministries for analysis and discussion. While the existence and activities of this body are not enforced by law, it is here that all policy initiatives in the social sector are presented and discussed within the Executive, and law initiatives to be presented in Congress stem from it. Its power and importance in the policy process depends entirely on the president's support of

this decision-making body. Once the CONPES has defined the policy guidelines and the budget has been approved, ministries enjoy a high degree of autonomy in policy decision making.

A central factor undermining the Executive's capacity to implement its policy initiatives once they have been approved in Congress, is the high degree of circulation in top positions at the ministerial level. This is particularly conspicuous in the social sector ministries, since they are not seen as strategic as the economic sector ones, and therefore have their heads appointed on the basis of political *criteria* looking to maintain the government's coalition of support among party factions (Hartlyn,1994). The weaker the government in power, the higher the degree of circulation and, as a consequence, the higher level of state paralysis in policy-making.

2.2.3 The Legislature

The Congress has two chambers: the Senate and the House of Representatives. It operates on the basis of specialised committees and plenary sessions. Although the latter is the final and highest decision-making level, most of the discussions, debates, and bargaining are carried out within the committees. With few exceptions, a committee's approval is simply sanctioned in plenary sessions.

Issuing a new law or reforming one is a long process taking up to a year to be discussed, negotiated, and eventually approved. When a bill is submitted to Congress it is turned over to a Commission or specialised committee in one of the congressional chambers. There, it is given priority among other bills according to the legislators' and the government's interests. It is during this period that the bill undergoes major changes. Political bargaining takes place between the Executive and the Congress, between congressional factions and between the latter and interest groups in society trying to influence the policy process at this stage. Once approved, the bill is turned to plenary sessions for further discussion and

negotiation, and eventual approval. Once approved in one chamber, the bill is sent to the other chamber to undergo a similar process.

Even though the Executive has considerable power in policy-making, the Congress maintains a strong veto power. However, its power resides largely in its reaction to the Executive's initiatives, since its fragmentation precludes it from being proactive in policy formulation and legislation - even along party lines. This is due to the difficulty of creating coalitions in support of policy issues, given that there is no party unity and members of Congress are not accountable for policy results at the national level, but for the particular benefits their local constituencies may obtain. The Executive is thus forced to build a congressional coalition for each policy initiative it submits for legislation, and the willingness and capability of the traditional parties to conform is each time uncertain (Archer, 1995 and 1997; Hoskin, 1997).

Finally, the persistent tension between the federal government and the regions is reflected in the competition for control over policy-making and public resource allocation between the Executive and Congress. While the Executive tries to impose policy guidelines on the regions on behalf of the national interest, Colombia's regions use Congress to influence policy-making in particular benefit and often resort to rent-seeking behaviour. This has created such political incentives that legislators tend to condition their vote in favour of federal level policy to perks and benefits for their regional and local constituencies (Hartlyn, 1988; 1994, Archer, 1995; 1997).

2.2.4 The Judiciary

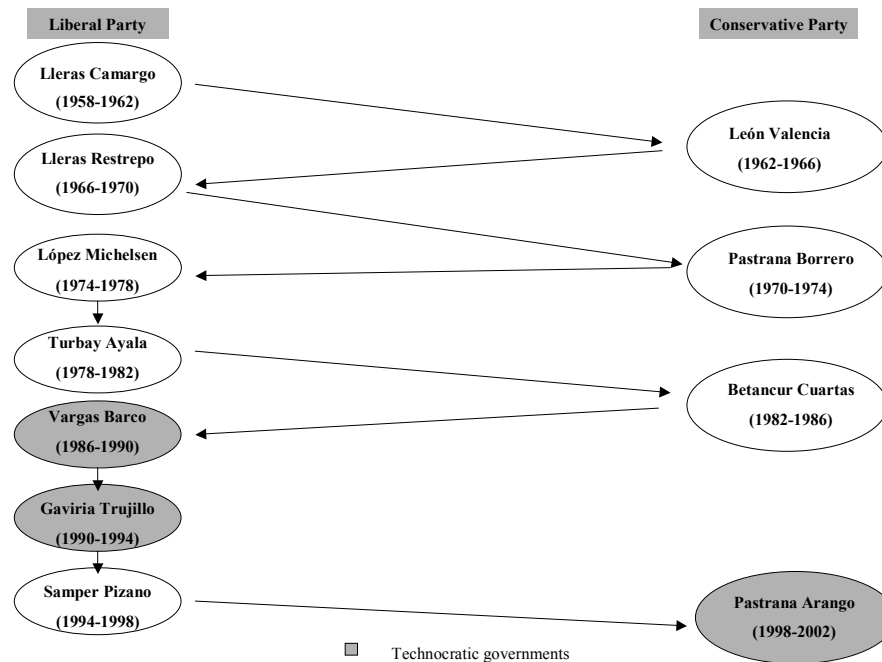
The Judicial branch of power is formed by four bodies: The Supreme Court, the Constitutional Court, the State Council and the General Prosecutor's Office. Following the political reforms brought about by the new Constitution in 1991, the Judiciary has tried to recover ground in the balance of powers with the other two branches of power. Although still facing the challenges of modernising and

speeding the process of administration of justice and de-politicising its configuration and dynamics, it has made progress in its role as a check and balance by pursuing cases protecting citizen's rights *vis-à-vis* the Executive and in constitutional legislation. Issues stemming from the health reform's new law have been at the centre of such an institutional power struggle (Palacios, 1995).

2.2.5 Structuring Politics: The National Front (1958 – 1986)

During the 1940's and 1950's Colombia suffered a period of violence between adherents of the two traditional parties, the Liberal and the Conservative, which left more than 200,000 deaths and the imposition, in 1953, of a military regime. In order to restore civilian rule and stop the violence, both parties established a partisan accord in 1958 called the National Front. This accord introduced the power-sharing rules by which the parties agreed to rotate the presidency by having only one party nominate a presidential candidate in four-year turns. As a result, in spite the fact that regular elections were held, party alternance in power was not a reflection of voters' preference – since there was only one presidential candidate to vote for -, but the result of this agreement. Thus, as it can be seen in figure (2.1), a “pendulum” pattern² emerged and was to last until the Barco administration in 1986.

Figure 2.1: Party Rotation After the National Front Accord



The agreement provided for positions at all levels of government – with the exception of the Presidency -, as well as the Congress, to be shared among the parties on an equal basis, regardless of electoral results. This power-sharing commitment was furthered by establishing a requirement of a two-thirds majority vote in Congress for the approval of a law initiative.

The National Front achieved its short-term goals by restoring civilian rule in 1958, and ending inter-party violence in the following decade. However, it generated a series of side effects for politics and policy-making in Colombia. For instance it created barriers for the participation of other parties and political groups, limiting not only the incentives for competition, but also political participation and interest representation³. The instances for institutional competition among societal groups with different ideological and political positions were rendered ineffective, and this

created the conditions for the re-emergence of violence, although this time not among the traditional parties, but from societal groups excluded from political competition against the state. Both the FARC and the ELN, the two strongest guerrilla groups, emerged in the mid 1960's and gained strength in the following decades.

The need for a two-thirds majority in a bipartisan Congress generated the incentives for coalition-building and voting on an individual basis, instead of voting and negotiation along party lines. Power-sharing brought the role of the opposition to an end, and policy debate among political parties was merely rhetoric. Legislators tried to secure re-election not by studying and debating policy initiatives, but by conditioning their vote to the allocation of public resources and benefits to their regional constituencies and control over a certain number of government posts with the same purpose. This, in turn, promoted the emergence of regional and local leaders whose careers were not based on their ideological or programmatic coincidence with the traditional parties but on their ability to control a constituency by obtaining public resources and benefits for it. The political elite at the national level reacted by centralising decision-making at the party conventions, where national party leaders took the important decisions and elected the presidential candidate.

A constitutional reform in 1986 formally sought to limit the life-span of the National Front accord to 1974, at which time political competition was to be reintroduced in the Executive and Legislative branches, as well as in regional and local elections. It also reduced the number of issues requiring a two-thirds majority in Congress for legislation. But the two-party rotation for the Presidency, even if formally terminated, was maintained until 1978, and the distribution of government posts among the two parties on an equal basis was to continue, with one short-lived exception⁴, until 1986 (Hartlyn, 1988; Leal, 1989; Dix, 1987; Kline, 1995).

The Barco administration (1986-1990), was the first single-party government since the 1940's, as a result of the Conservative party's refusal to participate in a coalition government that reflected electoral results – which gave the Conservatives only 35% of government positions, instead of automatically assigning it half of the government's posts. This was seen as the end of the coalition governments

established by the National Front accord – which had formally ended in 1974 -, and thus as an opportunity for the return of more disciplined parties with clear ideological profiles and separate policy platforms resulting from the newly invigorated need for party competition (Hartlyn, 1988; Bushnell, 1993; Kline, 1995; Dix, 1989; Cepeda, 1994; Hoskin, 1990).

2.3 The Actors

2.3.1 Political Parties

The party system in Colombia is characterised by the predominance of two traditional parties that emerged in the mid-19th century - Liberal and Conservative. They have shared 90% of votes in presidential and congressional elections throughout the 20th Century. The power-sharing agreement they arrived at in the late 1950's, and the influence of Colombia's regions in legislative politics led to their fragmentation and de-based them of ideological cohesiveness.

During the last 40 years, a few short-lived movements have been able to control a little over 10% of the votes; in most cases they have been either a coalition of small parties or a strayed fraction of the two traditional parties.

Only two political movements formed outside the realm of the traditional parties were able to accumulate a significant number of votes to have seats in Congress, albeit temporarily. These were the Patriotic Union (UP), the political arm of a guerrilla group (FARC), and the Democratic Alliance, created by a demobilised guerrilla group (M-19) and led by one of its former leaders, Navarro. The Democratic Alliance obtained a third of the total votes during the 1990 elections - establishing itself even above the Conservative party - and winning a dozen seats in Congress. This electoral mandate forced the government to include the movement in the Executive's cabinet, and Navarro was appointed Minister of Health during the Gaviria administration – at the time when the health reform started to be discussed. In the 1994 elections, the UP lost all its congressional seats and presented no presidential candidate. The M-19's

Democratic Alliance obtained only one seat in Congress and less than 5% of voters' preferences for president.

2.3.2 Business

In the absence of party representation, powerful societal groups have resorted to other types of organisations seeking to influence policy decision-making by directly interacting with the Executive. Their access to decision makers has been favoured by the political parties' lack of control as state-society intermediaries. The level of influence of these groups has increased during weak governments that have had to bring them close to policy decision-making in order to maintain their coalitions of political support. Instead, strong governments have been able to substitute the lack of party ideology by resisting interest-group pressure and appointing like-minded individuals to their cabinet positions (Hartlyn, 1989)⁵.

Public officials seeking to control policy-making are not the only obstacle to these societal groups' access to policy-making. They stem more from the nature of the groups themselves, which are heterogeneous, fragmented and have unequal access to the arenas of policy-making. In the case of producer associations, which count among the most powerful groups, they lack member representation and in some cases are unable to have their membership abide by agreements reached with government. Yet they remain influential groups, in clear distinction with consumer associations, which have found access to policy decision-making more arduous.

2.3.3 Labour

Only 7% of the work force in Colombia is unionised, since half the economy is made up of small enterprises mostly in the informal economy. While it can be argued that the union movement is fragmented and weak in the private sector, the same cannot be said of public sector unions, and particularly those related to the provision of social services. The latter have a higher degree of influence on the Executive, members of Congress and the media through their participation in Congressional Commissions – to which they may be formally invited; as well as

in public debates and other negotiation arenas. But their main means of exerting influence over policy decision-making is their political mobilisation capacity, notably through strikes, to press for interests, such as wages, employment benefits and job security.

The most powerful labour organisation is the public school teachers' union (FECODE), which currently has approximately 250,000 members, strong leadership with high representation, and is very disciplined. The health-sector workers' union is much less important in terms of its influence in the policy-making process. As opposed to the teachers' union, the health labour movement is fragmented with separate unions for hospital workers, medical doctors, nurses, and others; and their political mobilisation tends to be isolated.

Outside the social sector, unions with particular strength are those in strategic sectors, notably the oil workers' union of Ecopetrol. Other examples are those of truckers and public inter-urban transport, among others. Finally, there are a few umbrella organisations, which group together important unions and have strong influence, such as the Central Unitary Union (CUT), which represents most labour unions; or the Public-Sector Workers' Union. These unions - particularly the CUT - play an important role in the annual definition of the minimum wage, which takes place in a government-business-labour committee.

2.3.4 Bureaucracy

The state bureaucracy in Colombia was divided into three levels: high, middle and low level. High-level bureaucrats or policy-makers do not promote their interests through unions or any other type of formal organisation, they pursue their careers and protected their interests through the informal networks with other policy-makers. Mid-level officials sought to promote their interests by demonstrating the loyalty to their boss. Only low-level public employees joined state workers' unions in order to pursue and protect their interests by means of collective action (Cepeda, 1990).

The president appoints all cabinet ministers and vice-ministers, however, ministers have a say in the nomination of some of their close collaborators. Each of these, would in turn name his/her work team, and loyalty and trust are prioritised over expertise and performance (Grindle, 1977). The lack of an institutionalised civil service in Colombia, and the change of administration every four years has brought a massive renovation of personnel within the public sector. The incentives to build a career in the public sector on a specific field is not very feasible due to the shifts within government and to policy think tanks. The higher the rank of the bureaucratic level, the higher the degree of circulation.

Given the lack of institutional mechanisms for a meritocratic career, policy-makers are dependent on their personal network and the factions within their political parties to ensure the continuity of their careers. When high level bureaucrats leave office, they are sometimes offered a position in one of Colombia's think tanks, like *Fedesarrollo*, in order to wait for the next administration to take office or obtain a post through one of their parties faction. This revolving door phenomenon between government and think tanks has created a certain level of job security for senior officials. It has also created a type of overlooking body, with the technical skills, able to monitor policy decisions by the current government, similar to that of a shadow cabinet.

2.3.5 Civil Society

Aside from business and labour organisations, other societal groups outside the state have been able to influence policy-making. Among these, think tanks (Fedesarrollo); the academia; foundations (FES, Corona Foundation); the mass media and individual opinion leaders, such as former presidents and individual journalists. These groups have increased their mobilisation and influence since the 1970s and, to a certain extent, have filled the political space left by political parties. They have been the most consistent interlocutors of the government, analysing, doing follow-up and criticising public policy decisions. Their power

has depended on their level of organisation, their resources, the importance of the sector they represent and their analytical capacity (Sánchez, 1989).

They have sought - and in most cases obtained - access to policy-making through informal and semi-institutionalised channels. Their most visible and direct access to policy-making was through congressional commissions, and by having some of their members win congressional seats. But in most cases, they resorted to their analytical authority and knowledge and information on particular policy issues in order to exert their power of influence in different policy arenas within the political system. While Congress was the most visible of these arenas, they prioritised influencing the Executive, given its importance in the policy-making process.

There were clear informal channels among these societal groups and high-level decision-makers in the Executive - including the president and the ministers - due to the revolving door between government posts and positions in organisations such as producer associations, the academia, think tanks and other private foundations. Formally, there were frequent institutional forums in which government and pressure groups interacted, but their direct influence over policy-making happened through informal personal contacts with policy-makers away from public scrutiny. However, these groups resorted to the mass media and to the courts to present their cases when these channels of access failed (Bushnell, 1993; Hoskin, 1997).

2.4 Technocracy in Power

2.4.1 Origins

As a response to the policy immobility generated by the political arrangement described above, in 1968, the government of President Lleras Restrepo promoted a constitutional amendment to strengthen the Executive's power, with particular emphasis on the president's control over economic policy (Hartlyn, 1994; Archer, 1997). In order to increase the Executive's command over the economic sector, monetary and fiscal policies were centralised and taken away from congressional intervention. Also, control over the budget and foreign trade was re-taken by the Executive, requiring the approval of the Finance Ministry and the DNP, instead of that of Congress.

Heavily influenced by international trends – promoted by multilateral development agencies – the Lleras Restrepo administration (1966 - 1970) strengthened state intervention and the centralisation of policy decision-making and planning (Cepeda Ulloa, 1980). It also aimed to professionalise the bureaucracy in key areas of government, as well as of the policy-making process, by basing it on technical assessments of policy and public investment projects. This prompted the training and recruitment of a technical work force in decision-making positions within the state that was to be the precursor of the technocratic teams of the 1980's and 1990's.

Two central policy-making bodies were strengthened along these lines within the Executive. The Economic and Social National Council (CONPES), chaired by the president, which was to become the highest level of policy decision-making and the National Planning Department (DNP), which was put in charge of the national development plan and, along with the Finance Ministry, of the public annual budget. All decisions related to the national budget – including budget allocations to the different ministries and national agencies – were put under the joint responsibility of the Finance Ministry and the National Planning Department.

For the sake of improving and rationalising policy-making, a particular effort was made to isolate these two government agencies from party politics and the patronage network that had taken control of all realms of the political system. The positions of both Finance Minister and Director of the National Planning Department were no longer subject to political bargaining and they were assigned to technical professionals who were close to the president. The assignment of these two policy-makers tended to be stable and the high level of circulation that permeated the other ministries was avoided.

The recruitment of policy-makers for both agencies was made from highly trained technical professionals, mostly economists, who did not have previous political experience. This effort started a trend in which the government became the principal recruiter of economists with graduate studies in important universities in the United States and in Europe for the following thirty years (Cepeda, 1994). This strategy played an important part in Colombia's economic performance during that same period of time⁶, since it successfully limited the political use of economic policy and provided the state with the capacity to manage the growing complexity of economic policy. As a result, the Ministry of Finance, the National Planning Department, along with the Central Bank and the Office of the President, became the source and support of state reform and policy change initiatives in the following decades.

The expansion of the central level's control over national policy-making was another feature of this effort to regain control of policy-making. More than 60 central agencies were created during the 1960's and 1970's (Bird, 1984) putting under central control policy responsibilities previously in the hands of regional and local governments, such as water supply and sewage, health and education. Simultaneously, the government created regional and field offices for these agencies under central control and with no formal link to regional and local authorities, whose functions and responsibilities were overtaken.

As a consequence of this centralisation process, in the early 1970's health and education became the exclusive responsibility of the federal government – in what

was called the “nationalisation” of health and education. From then on, teachers and health workers became civil servants under the jurisdiction of the national level⁷. Tax revenue resources for primary education and health services were allocated to the different departments, but it was the regional offices of the ministries of health and education that received and managed such resources, with no participation by regional authorities.

2.4.2 The Arrival of Technocracy to Power:

The Barco Administration (1986 –1990)

The arrival of President Barco to power in 1986 marked a turning point in politics and policy-making in Colombia. His profile was different from that of his predecessors in that he had a highly technical background as well as experience in politics. He also brought with him the experience obtained by his exposure to the international arena. He had occupied technical ministries such as the public works and agriculture ministries and had broad international experience in Washington as director for Colombia in the World Bank and in London as ambassador. He also had an active participation in politics: he was a member of Congress for more than twenty years and had his political base outside the capital. He was also Mayor of Bogotá. He had studied engineering in Colombia and post-graduate studies at MIT.

His administration attempted to change the political rules of the game and introduced major state and economic reforms. Although these reform efforts were not to be consolidated during his administration, they set the basis for the period of major reforms that were to follow in the 1990’s in the economic and social sectors. He considered technical expertise as a condition for state performance, and thus was the first to empower public officials with high technical skills and entrust them with the formulation and implementation of the public agenda in several fields. He also systematically attempted to bridge the gap between this new breed of policy-makers and politicians.

President Barco tried to depart from the traditional coalition government arrangement by presenting in his candidacy a liberal platform with little space for the conservative agenda – a stark difference from the previous conservative government that incorporated the agenda and the members of the Liberal party in a traditional coalition government. The resulting party unity, along with the weakness and the lack of support for the departing conservative government⁸, gave the Liberal party a clear majority (58%, *vis-à-vis* the Conservative party, which obtained 34% of the votes).

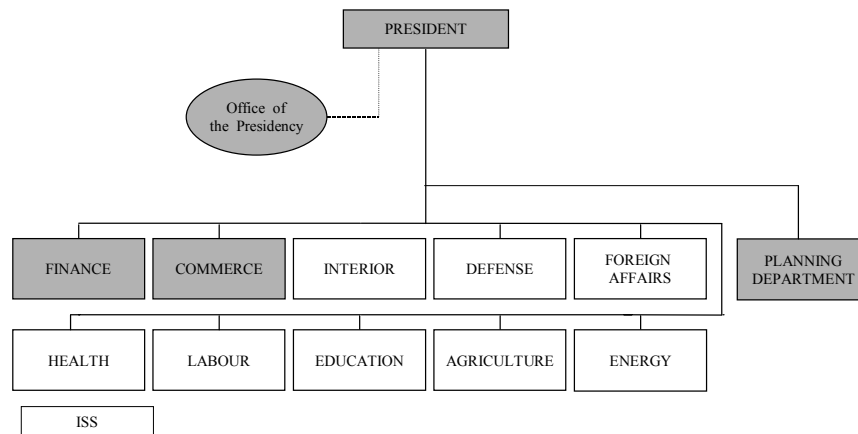
But party unity for electoral purposes was not sustained once the Liberal party was in power. The government received serious criticism from its own ranks, particularly congressmen eager to pursue their political careers by differentiating themselves and/or their factions, instead of by abiding by party discipline. But in spite of politicians' resistance from within and outside the party, President Barco pursued his efforts to modernise the state. For that purpose he empowered a group of technocrats⁹ whose power depended exclusively on his political support. They occupied the core positions in government – Finance, Planning, Central Bank and the Office of the President – and became the government's spokesmen, particularly in Congress. Their technical apolitical discourse and their lack of experience in political manoeuvring created serious tension between the Executive and Congress, and President Barco had to reshuffle his cabinet in order to protect his technocratic team.

In spite of the regions' control over Congress and the prevailing effects of the National Front accord, the Barco administration managed to introduce key state reforms. It legislated and implemented the first major decentralisation effort, which devolved the management responsibility of a series of public goods and services to local governments. Such was the case of water and sewerage, local infrastructure, urban and rural electricity, rural extension services, infrastructure for primary education and health, urban public services and urban planning, among others. This was accompanied by the reallocation of resources in the form of intergovernmental transfers and an increase of the share of the value-added tax to be transferred directly to municipal governments with 45 % earmarked for social services and infrastructure.

In the political arena, it passed a constitutional amendment by which mayors were to be elected by popular vote in local elections, and were to assume executive responsibilities as heads of local governments. This endowed local governments with greater autonomy and limited the centre's influence over local policy-making¹⁰. Other measures aimed at enhancing community participation were the establishment of the practice of referendums for decision-making on key issues, the direct election of local administrative boards - community bodies with delegated executive functions – as well as other measures.

In the economic arena, the Barco administration introduced what was called the *Strategy for Modernisation and Internationalisation of the Economy*. Since its approval was achieved during the last year of the administration, only a few measures were implemented – such as lowering import tariffs - but this effort set in motion Colombia's economic reform during the following administration. Of particular relevance was the fact that for the first time, this reform was conducted by the small group of technocratic policy-makers close to Barco, thus forming an economic change team¹¹. The economic reform's policy formulation – the white paper – as well as the first steps towards implementation, were put in the hands of this team made up of a few ministers and presidential advisors with highly technical skills, and who had been part of the Barco government since his arrival in power. Figure (2.2) shows the location of the economic team in the Gaviria administration.

**Figure 2.2: Government's Economic Team*
(1990 – 1994)**



*Indicative, non comprehensive diagram

2.4.3 The Consolidation of Technocracy in Power: The Gaviria Administration (1990 – 1994)

In 1990, César Gaviria became the youngest president of Colombia at the age of 43. He had been the campaign co-ordinator for the Liberal party's presidential candidate, Luis Carlos Galán, who was assassinated by the drug cartels when he was the most likely winner of the presidential elections. Gaviria counted on the support of former President Barco, in whose administration he was Chief of Staff for several years until joining Galán's campaign. Gaviria and his close team were economists with post-graduate degrees mostly obtained abroad. Nonetheless, he had enough political manoeuvring skills to manage to secure the support of former Galán followers who were also in favour of major reform, as well as that of the traditional leaders of the Liberal party.

Gaviria formed the first echelons of his governments with the youngest generation of highly technical professionals with little previous experience in politics: their average age was in the early thirties. Only a few members of his cabinet stemmed from the ranks of the traditional party elite. He appointed the ex-guerrilla leader of the former M-19 group – now Democratic Alliance movement – Navarro, as Health Minister¹². Gaviria also appointed civilians to posts historically assigned to the military, such as Minister of Defence, and the DAS director.

The Gaviria administration set out to implement a radical reform in Colombia's institutional context, the state and the economy. The economic reform was based on market liberalisation, privatisation, and the modernisation and internationalisation of the economy. This was not set in motion as a response to a perceived acute economic crisis. Instead, it sought to increase economic growth through economic liberalisation with particular emphasis on trade and labour reforms.

In spite of the emphasis on the technical aspects of their policy initiatives, President Gaviria and his economic team were aware of the political implications of their reform agenda. According to Montenegro, the DNP director, their reform agenda was aimed at trying to dismantle the model of elitist pluralism that had led to the state's capture by important business groups. One that had resulted in public policies responding to particular interests, high protectionism, state inefficiency, and its inability to procure policy change (Montenegro, 1997). Hommes, the Finance Minister, who had an open confrontation with one of the most powerful economic groups in the country – Grupo Santodomingo – backed this position.

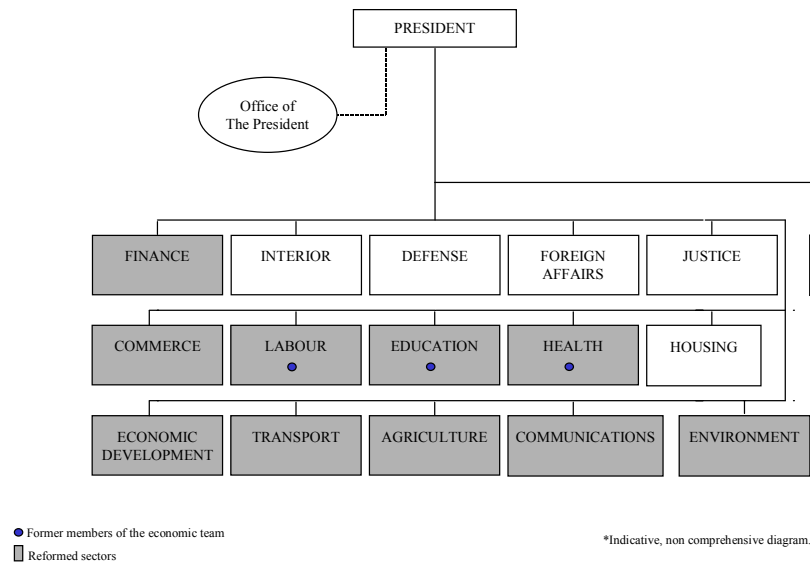
The economic change team's liberalisation initiative counted on the backing of multilateral agencies, such as the World Bank, which had been promoting it for the last decade. Within Colombia, a coalition of strong actors supported trade liberalisation. These included the export sector, politicians, technocrats and some producer groups; as well as some universities and think tanks with high credibility in public opinion which counted among its members a significant number of former policy-makers who still had political influence.

The government presented an initial package of in-depth economic reforms – designed by its economic team – and had them approved in Congress¹³. This set of laws was completed with a series of policy initiatives that were approved by presidential decree. A particularly controversial one was the labour reform – to which President Gaviria had given priority – and which was prepared by his team before taking office in order to have it ready to submit to Congress (Urrutia, 1996). Congress had a tradition of impeding any initiative that could diminish labour rights or go against organised labour's interests, but the academia played an important role in showing levels of unemployment and job instability as a direct result of the existing labour legislation. Thus, the labour reform was approved in spite of organised labour's opposition.

The rather swift approval of the labour law can also be attributed to the fact that the debate around the organisation of the National Constituent Assembly (ANC) was taking place simultaneously, taking public attention away from these controversial reforms. Issues such as the drug cartel crisis and the guerrilla movement further diverted public attention. Opinion polls at the time showed that the electorate backed the Executive's policy and the Executive moved on with its economic liberalisation agenda (Urrutia, 1996).

As had been the case during the Barco administration, the group working on these reforms was small and relatively isolated from bureaucratic pressure. The economic change team started formulating these policy initiatives before President Gaviria took office, thus securing the possibility of presenting them for legislation in due time. Figure (2.3) shows the sectors that were reformed during the Gaviria administration. The small dots show the presence of economic team members who were appointed to positions within these sectors to lead their reform process.

**Figure 2.3: Colombia State Reform
(1990 – 1994)***



During the process of policy formulation that continued once Gaviria had taken office, the strongest opposition to Gaviria's reform agenda stemmed from within the Executive. Particularly from the Minister of Economic Development, Ernesto Samper – a Liberal Party member, but from an opposing faction, who had joined Gaviria's campaign and was to succeed him as president. He led another group of economists¹⁴ who although not being against economic liberalisation in principle, criticised the pace and depth at which Gaviria's economic change team was planning it. This prompted a long and serious struggle between the two government factions, which eventually needed the direct arbitration of the president.

The economic change team saw the relevance of the social sector as a key investment in the country's human capital, but saw its institutional organisation as a welfare-style apparatus which was extremely politicised. They therefore thought that new mechanisms and institutional changes should be introduced in order to promote efficiency through targeting, decentralisation, demand subsidies and the involvement

of the private sector in the provision of services. Budgetary allocations for the social sector during this period were not diminished, but actual expenditure and implementation were delayed in part by the requirements of the new Constitution for institutional change (Consejería Presidencial para la Política Social, 1994).

2.4.4 The 1991 National Constituent Assembly (ANC)

In 1991, in the midst of the Gaviria administration, the National Constituent Assembly (ANC) was elected and started to operate. Its mandate was to draft a new Constitution that was to respond to the political needs and aspirations of Colombian society in the 1990's¹⁵. After a year of work, the ANC issued a comprehensive new Constitution that involved a radical institutional reform as well as reforms in the political, economic and social spheres. The institutional reform included the reform of the Judicial and Legislative branches.

The ANC aimed to establish a real balance of powers between the Congress and the Executive. It focused on reducing patronage and improving the transparency of the political process, as well as diminishing vote buying. For this purpose, it mandated the dismissal of Congress in August 1991 and new congressional elections later on that same year. Other measures included the democratic election of departmental governors, new measures geared at increasing political participation, and community participation in local affairs, as well as an electoral reform.

In the social and economic spheres, the package of policy reforms that were presented by the Gaviria government to Congress was ratified by the ANC, and a new series of policy reforms were added to them by the ANC¹⁶. For the majority of these policy reforms, the ANC only presented a general framework and, in some cases, a series of guiding principles. This left policy formulation in the hands of the Executive and Congress, granting both branches of power a wide margin for manoeuvre to define the final content and direction of these reform initiatives. The new Constitution gave the Executive one year to prepare the reform initiatives and the Legislature one

congressional period to debate them. This contributed to speeding up the reform process in several policy areas, including health.

2.4.5 Policy-Making after the ANC: The Remaining Structural Reforms

Responding to the ANC's schedule requirements, and following its own style of policy-making, the Gaviria administration set out to prepare the series of policy initiatives to be presented in Congress in areas such as social security, education, transportation, sub-national governments regime, decentralisation, the budgetary process, and others. For this purpose, the government formed a series of change teams integrated by officials from the relevant ministries according to the policy initiative. For all policy proposals being prepared, the Finance Ministry and the National Planning Department headed the policy formulation process. Officials from the Ministries of Health and Labour formed the change team for the social security reform.

This strategy was successful in streamlining the decision-making process within the Executive, and made it more expeditious. However, in spite of the ANC's mandate, the legislation process to approve this package of policy proposals proved to be much slower than the approval of the first package of reforms presented to Congress before the ANC. Given that Congress had gained leverage, the Executive's leeway to formulate and legislate policy initiatives without consensus building diminished. This forced the Executive's change teams to use more open political strategies, "market" their policy proposals to legislators and assist members of Congress in charge of presenting the reform bills.

Factionalism and fragmentation remained virtually the same after the ANC. The fragile unity of the newly emerged political forces – stemming from the demobilised guerrilla groups – was broken. The influence of unions, interest groups, and sub-national governments increased. As a result, when the Executive sought the approval of a policy initiative in Congress, it had to bargain in most cases on an individual basis with each legislator (Shugart, 1992). However, the prevailing

intra-party factional politics of the traditional parties helped the Gaviria government secure the needed number of votes for the approval of its policy initiatives, since it could compensate the loss of votes of its own party with a number of votes from the Conservative party – particularly from a new technocratic and pro-modernisation faction, led by future President Pastrana.

Also as a result of the new Constitution, society turned its attention to the policies being discussed in Congress, thus submitting the process to a higher degree of public scrutiny. The politicisation of the policy debate was further increased by the weakening of the Gaviria government, who had lost society's original support in bringing about radical reform, and was facing the lowest levels of popularity due to a perceived mismanagement of the drug traffic issue and an energy crisis. This empowered societal actors such as the unions, which found effective means to influence decision-making and to veto policies counter to their interests¹⁷, in stark contrast to their low profile during the expeditious approval of the labour reform.

The first generation reforms – related to the economic adjustment – were formulated and legislated during Gaviria's first years in office, when he counted on a strong popular mandate for reforming the state and had enough time to implement and consolidate policy changes. The social reforms – or second generation reforms – were legislated during the second period of Gaviria's government, with no time left for their implementation, and during a particular time in which Congress enjoyed recently acquired leverage due to the new Constitution. This not only reflected the complex preparation for implementation this set of policies required, but the fact that their processes of formulation and legislation were more lengthy and controversial than those of the first set of reforms. Since it cannot be argued that the first generation reforms were less controversial, it may be concluded that the determinant factor was the political context in which both groups of reforms were legislated.

2.4.6 Technocracy Delimited: The Samper Administration (1994 – 1998)

In August 1994, the Liberal Party's candidate, Ernesto Samper, was elected president after winning slightly more than 1% over his rival in second-round elections – having lost the first round. This weak mandate, and the drug money political scandal that soon besieged his government¹⁸, forced Samper back to old power-sharing politics. Also following his more political profile, he focused policy-making on the construction and maintenance of a large and heterogeneous coalition of political support – with the marked presence of the traditional political leadership. As a result, his government's composition reflected the 50%-50% arrangement similar to the coalition governments of the National Front accord, and budget allocations and public project implementation followed clear *criteria* of political survival¹⁹. He did, however, maintain the technocratic profile of the economic ministries, where he appointed two respected economists – Perry and Ocampo – Finance Minister and DNP director respectively.

Although stemming from the Liberal party too, the Samper administration represented a departure in ideological stand from the preceding Barco and Gaviria administrations. During his term as Economic Minister under the Gaviria administration, Samper headed – along with Finance Minister Ocampo, who was then Agriculture Minister – the most visible resistance to President Gaviria's policy agenda stemming from within the Executive. At the time, his faction opposed the radical liberalisation measures promoted by Gaviria's economic team on the grounds that the country could not undergo policy and institutional change at such a speed, and that the reforms' content did not reflect society's participation. Therefore, during his administration, he sought to slow down the reform process and, in a great departure from their top-down technocratic process, to search for consensus building around policy initiatives. As a result, interest groups such as unions, professional associations and the bureaucracy, recuperated the leverage they had lost in previous administrations, and regained access to policy decision-making.

President Samper's economic team did not resemble the small, isolated and powerful group of technocrats who worked close to President Gaviria. Instead, although the Minister of Finance and the Planning Director still held the most influential positions, their leeway for manoeuvre was severely limited by the participation of other cabinet ministers – as well as many presidential advisors – who were given voice and veto power in cabinet meetings. This made policy-making slow and even erratic, as was the case of the health reform's initial implementation process.

It was in this political context that the reforms formulated and legislated during the second period of the Gaviria administration were implemented. These included, among others, decentralisation, education, social security and health. Furthermore, President Samper's visible opposition to some of these reform initiatives during the previous administration was not only a clear precedent of his intention to modify them during their implementation, but also sent confusing signals about his administration's support for them. This had serious repercussions in both the speed and scope of these reforms, with health being no exception. However, while reforms such as decentralisation and trade liberalisation were drastically modified and in some cases halted – with some attempts at reverting laws that had already been approved in Congress – the Samper government moved ahead with the social sector reforms – including health – with the expectation of gaining political dividends by showing an emphasis on the social sector over economics.

2.5 Summary and Main Points

This chapter has described the main characteristics of the political context in which the Colombian health reform was initiated in the early nineties. In Colombia, the Executive has important policy-making powers. While some policy initiatives need to be approved by Congress, many others remain the domains of the Executive. This situation, even when modified by the ANC, played a key role in the state's ability to bring about policy change. This ability was reinforced by the creation, started in the late 1980's, of pockets of efficiency within government

agencies – particularly in the economic institutions such as the Central Bank, the Ministry of Finance and the National Planning Department. Groups of technocrats stemming from these institutions, with the political backing of top decision-makers, worked in the form of change teams, and as such, played key roles in the state's capacity to formulate and pursue policy reforms – particularly in the economic sphere. During the early nineties, and as part of a major state reform that touched the economic and social spheres, change teams were also formed in social sectors such as health and pensions, and were empowered to develop and pursue policy reform.

Nevertheless, these reform proposals faced resistance at various stages of their policy process. The first and most important one was the Executive itself, where opposing views and ideologies on economic reforms confronted each other in the 1980's and early 1990's, and did so again on social reforms throughout the 1990's. Another policy node was Congress. The interaction between the Executive and Congress was a complex one, due to the characteristics of interest representation in Colombia and the configuration of the legislative chambers. For many congressmen, incentives to participate in policy process formulation were more related to the patronage resources they could tap into, than to having influence over the end result of policy decision-making. The high levels of party fragmentation and factionalism reduced the veto power of the opposition, but also severely hampered the Executive's efforts at consensus building.

Other groups that intervened in the process of policy-making such as producer associations, unions, think tanks, the media and interest groups had varying levels of influence, depending on their own political resources and the political circumstances. However, with very few exceptions, they all shared serious impediments in influencing policy-making due to lack of representation of their own membership, fragmentation and poor institutional mechanisms for interest participation.

The political context played a key role in the process of health reform. A social mandate called for the drafting of a new Constitution and a profound reform of the state, political institutions, and the economic and social spheres. The Gaviria administration saw in this a window of opportunity to pursue, with the backing of Congress, at first a series of economic reforms and later on, a set of social-sector reforms, which included education, housing, social security, and health.

However, while the Gaviria government had enough time in power to implement its first set of reforms, it only managed to formulate and legislate its social-sector reforms. The implementation of the latter occurred in a very different political context and under an administration with a different ideological stand. The policy-making strategies of the Samper administration were a radical departure from those of the Gaviria administration. Samper emphasised consensus building and a slower pace for policy change. The political management of these strategies was complicated by a political crisis that severely weakened the government, reducing its capacity for action and changing its policy priorities.

These circumstances gave enormous power to Congress and different interest groups, such as unions and business groups, who were thus able to obtain important concessions – such as salary increases, privileges, and modifications to policy content. While these political circumstances hampered the state's capacity to pursue policy change, major policy changes were nevertheless implemented in the case of the health sector reform – if at a much slower pace than first envisioned. The health reform was to become one of the most visible results of the Samper administration.

Footnotes for Chapter 2

¹ Among the mechanisms trying to reverse the power imbalance between the Executive and Congress included in the 1991 constitution, is a new prerogative by which Congress may veto these appointments.

² The idea of the pendulum pattern is borrowed from the analysis of Mexican politics of Cornelius and Craig (1998), and is presented here to stress the similarities between the two countries: In spite of both being formal democracies, the political elites in both countries established power-sharing rules with similar results in the “sway” between conservative and liberal governments in power. The only difference being that, as it will be discussed in Part III, while Mexico’s power-sharing rules and elite rotation were established within the framework of a single party, in Colombia they were established within two.

³ This was the case of the Revolutionary Liberal Movement, which in spite of obtaining a significant number of votes for Congress, was excluded from power-sharing in the 1960’s.

⁴ The Turbay government (1978 – 1982).

⁵ In the business sector, some of the most influential groups have been ANDI, FASECOLDA, ASOBANCARIA, FENALCO, ANIF, SAC, Santodomingo Group, Ardila Lule Grupo and Sarmiento Carvajal Group.

⁶ Colombia had an economic growth averaging four points during the 70’s and 80’s and avoided the cycles of depression and hyperinflation that were common in other Latin American countries during that period.

⁷ A policy reform that was supported by the education and health unions since it facilitated their unification in one central and national body, thus strengthening their negotiation power *vis-à-vis* the state.

⁸ Due to the effects of the Latin American economic crisis, which were being felt at the time, and the Betancourt government’s mismanagement of the political crisis generated by the M-19 guerrilla group’s invasion of the Palace of Justice, which ended in a massacre.

⁹ This group of public officials can be described as technocrats because they were assigned senior positions due to their technical skills, but in those positions they were expected to pursue political manoeuvring in favour of their policy agenda. See Dominguez, 1997.

¹⁰ In the health sector, it passed Law 10 in 1990, which reorganised government functions within the sector by granting municipalities the responsibility for primary health care as well as first-level hospitals and health centres. The same law assigned responsibility for second-level hospitals to departmental governments, as well as the co-ordination of health campaigns. The central government was left the responsibility of policy formulation, the establishment of national minimum health standards, and the management of third-level hospitals. Central-level institutions were either reformed, as was the case of the Ministry of Health, or dismantled, as was the case of the National Hospital Fund, and the National Health Institute - which was converted into a research institute.

¹¹ The team was formed by María Mercedes Cuellar, Minister of Economic Development - previously director of the DNP also during Barco’s government; Luis Fernando Alarcón, Minister of Finance; Luis Bernardo Flórez, Director of the National Planning Department - previously Finance Vice Minister and Deputy Director of DNP also under the Barco administration; as well as the directors of the Central Bank and the Administrative Department of the Presidency.

¹² Who, in turn, appointed many of his rank and file to positions in the Ministry of Health.

¹³ This first set of reform initiatives included the exchange-rate regime (Law 9, 1991 (January)); foreign trade (Law 7, 1991 (January)); financial matters (Law 45, 1990 (December)); taxation reform (Law 49, 1990 (December)); harbour privatisation (Law 1, 1990 (January)); labour regime (Law 50, 1990 (December)); housing subsidies and finance (Law 3, 1990 (January)); and government indebtedness (Law 51, 1990 (December)).

¹⁴ As in the case of Gaviria’s team, Samper was backed by a technocratic team, led by Ocampo (a PhD in Economics from Yale University and previous Director of Fedesarrollo, the most important economic centre of studies in Colombia), and including the previous Barco Director of the National Planning Department (Flores), as well as Guillermo Perry (a former Minister of Energy and PhD in Economics).

¹⁵ The 1886 Constitution and its subsequent amendments up to 1968, were based on the assumption that the political horizon in Colombia was exclusively composed of two catch-all

political parties. The peace process that was started in the mid-1980's aiming at ending the guerrilla war, recognised the need to open institutional political representation to other forces and groups that had been excluded. During the 1990 congressional elections, a student-led movement forced the insertion of an additional ballot asking voters whether they wanted a constitutional reform. The "yes" vote won 90% and led to the National Constituent Assembly during the Gaviria administration.

¹⁶ Among others: social security, public services, education system, higher education, the provision of electricity services regime, economic and social planning, the budgetary process, financial regulation, central bank, intergovernmental transfers and decentralisation, telecommunications, civil service, transport sector and public works, and territorial organisation.

¹⁷ This was particularly the case during the approval of legislation regarding the social sector. A case in point is the attempt at decentralising education, which ran counter to the interests of the teacher's union (FECODE), which called a two-month strike and forced the government to change its position.

¹⁸ Once Samper was elected though not yet in office, allegations that the Liberal campaign had been financed with money from the Cali drug-cartel were made public. By the end of his first year in government, the Defence Minister – Samper's closest ally during the campaign – was imprisoned along with another dozen Liberal congressmen as a result of the investigations carried out by the General Prosecutor. In such a situation, President Samper decided to form a coalition government, in order to achieve a clear majority in Congress, since this was the only branch of government that could conduct an eventual political trial against him. This resulted in the most serious political crisis in Colombia since the early twentieth century, but President Samper managed to complete his term and the Congress declared him not guilty.

¹⁹ A large number of appointments in the bureaucracy, as well as in the higher levels of government, were made according to political interests and commitments. In a similar manner, public projects were developed in regions where loyal congressmen had their political base. Government agencies were once more captured by local interests and political leaders. Pork barrel resumed in Congress, but pressing for larger quotas in budget allocations and with a more visible political use of social programs (Salazar, 1997).