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# Introduction

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## INTRODUCTION

At the beginning of this century *Foreign Policy* magazine published in Washington its ranking of “Failed States.” Not surprisingly, Colombia was among the top ten countries described in the publication as in danger of collapse, following an analysis of 12 different indicators. Violence derived from guerrilla and drug wars uncovered the weakness of institutions such as the armed forces and the judicial system. At the same time, an economic recession forced hundreds of thousands of Colombians to emigrate to Europe and North America in search of a better future.

Ten years later, in July of 2012, the *Wall Street Journal* described Colombia as a Latin American Tiger, a country with good economic prospects that should not be ignored by investors. Several articles in the press and academic journals described what happened as a success story or a miracle case.

How could a country that was on the brink of failure become such an attractive place in only a decade? That is one of the many questions that students from the Martindale Center for the Study of Private Enterprise answer, with an impressive understanding of Colombia’s complex realities, in the following pages.

It is true that the most important step to change the downward spiral of this nation of 47 million people was to change the dynamic of internal conflict. After 2002, the administration of Álvaro Uribe pursued policies that tipped the balance in favor of the authorities, forcing the right-wing paramilitary groups to sign an agreement with the government and weakening the two Marxist guerrilla groups, FARC and ELN. Due to the improvements on this front, including a dramatic fall in the number of kidnappings and a substantial decrease in the number of murders, a virtuous cycle began: increasing consumer confidence resulted in higher economic growth, which fueled investments, local and foreign. This strength became evident during the international financial crisis of 2008 when the Colombian economy registered no negative growth throughout the financial year. Moreover, while Latin America’s GDP

contracted by 2 percent in 2009, Colombia’s grew by almost the same amount. Colombia’s success story has inspired many to argue that, with good policies, a country can achieve recovery in a relatively short period of time.

It is true, of course, that many problems remain. The administration of Juan Manuel Santos (2010–2014) has seen its ratings fall due to a lack of progress on several different fronts. Violence is still prevalent. Infrastructure is poor. The informal sector is where a large proportion of the working class find their jobs. Exports are concentrated in a few primary goods. Despite having achieved universal coverage for primary and secondary education, quality is lacking. Colombia also has one of the highest rates of income distribution inequality in the region, and poverty affects one-third of the population.

These challenges—which seemed insurmountable a few years ago—are now perceived differently. Solving them will take many years and require good government, both at the national and regional levels. But there is now a widespread belief that Colombians will succeed if they apply themselves to the task.

In that sense, the essays in this volume provide some useful answers. None of the authors discovers easy solutions to the challenges they are examining because no simple answers exist. However, there is hope—hope that having been able to pull their country from the abyss, Colombians will ultimately figure out how to make things better. That will imply, among other things, achieving peace, diminishing crime, fighting corruption, improving productivity, creating better jobs, and establishing a more equal society. None of these tasks is easy, but Colombians now know that their ambitions are attainable if they do their homework. And *that*—after having lost faith during the early twenty-first century—is no minor achievement.

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