

Political Economy, Public Policy, Power Structures, and Human Rights Violations: The case of Internally Displaced Persons in Colombia between 1993 and 2010

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ABSTRACT

Colombia is the second country with most displaced persons in the world, and one of the worst in human rights violations. Despite the popular believe that these human rights violations are due to the internal conflict with guerillas, this thesis found that rather, the largest share of violence, displacement, and human rights violations are due to development and linked with specific economic projects.

Colombia has had three peaks of violence and humanitarian crisis. The first two were due to a reorganization in the power structures of the country. However, the last and worst peak of violence in Colombia is due to a specific economic agenda. It began with the imposition of the neoliberal ideology in the nineties. Neoliberalism made the State weaker which allowed a momentary coalition between the ruling class and the drug dealers who grabbed land from poor peasants and from the State in order to obtain financial gains.

This thesis also studies how national and international elites were able to take advantage of every stage in the US foreign policy, and in the Bretton Woods Institutions policies in order to create new forms of speculative wealth. This process has created around 10 million of hectares of monopolized land, and more than 7 million of victims. The vast majority of the victims are poor and unarmed peasants.

Research findings also suggest that the current peace process will deepen the existing development model, which uses internal violence as a tool for ‘development’. The peace agreement with guerrillas only will be possible under principles of impunity for “the ruling coalition”, legalization of denuded lands based on “property rights” principles, a greater regression in land reform, and the imposition of “Free Trade” and “Market Discipline” for Colombia in its relations with international partners.

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It is needed more than 200 interdependent parameters that a planet has to comply simultaneously in order to support life. This is why the existence of a creator is the best scientific explanation for the existence of life in the universe. As God made possible the unlike chances to create life in the universe, he also made possible the unlike conjunction of variables in the right place and the exact time to help me doing this research. I felt the scary power of God one time resting on my hospital bed, and I can feel his presence in every step I have taken in my life, including this one. This is why I want to thank him first.

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I want to dedicate this research to my loved Colombia. This country is full of honest people that work hard every day for their dreams and their love ones. It is also full of heroes that have gave their lives looking for a better future for the most needed persons. I want to dedicate this research especially to the young people in Colombia. They are a new generation free of the heavy weight of the past, and the only ones who could change the future of Colombia. I encourage them to read this thesis as an example of how deep a country could fall when money prevails over humanity.

Despite the great amount of people that helped me in this research, all the information, analysis, and data presented herein are the sole responsibility of the author and does not commit any other person or institution.

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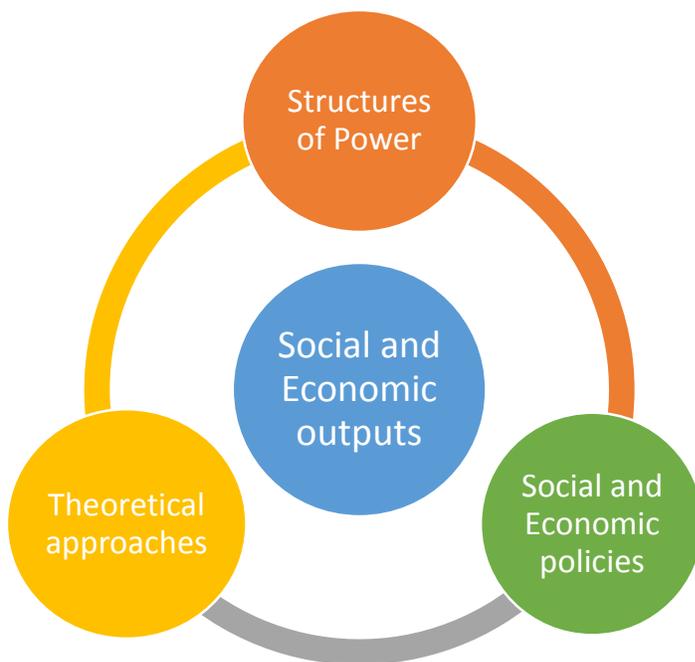
INTRODUCTION

THE HYPOTHESIS OF CONCORDANCE IN DEVELOPMENT

This thesis is about Development. The theoretical discussion about what is development has had a general bias throughout time. It assumes that there is only a right way, or that there is a better way to understand Development. From this perspective, the theoretical discussion is about what is the best way of understanding Development.

However, Development is not only a theoretical or philosophical discussion in order to seek, or being more close to the “truth”. Development is, in fact, a real matter that involves real people, real countries, and real outputs. Therefore, one important discussion is not about what Development is, but rather, what are the different “Models of Development”, how these models are build, and what the social, economic, and political outputs of each model for real people and real countries.

The standpoint of this thesis is a broad hypothesis about Development that I have named “the hypothesis of concordance”. According to this hypothesis, models of Development are different depending on three main determinants: (1) the **theoretical approaches** that are behind each of them (we could say “the ideology”); (2) the **structures of power** that finally decide what the historical paths are going to be followed in a country in the long term; and (3) the **policies** that really make these paths existent in terms of institutions and allocation of resources in the mid-term. These three determinants are interrelated and are determined between each other. Moreover, these three determine and are related with the socioeconomic outputs inside each country. This is, the three determinants of the Development model and its outputs are in concordance.



Source: Author

This could explain differences among countries, as well as general global trends.

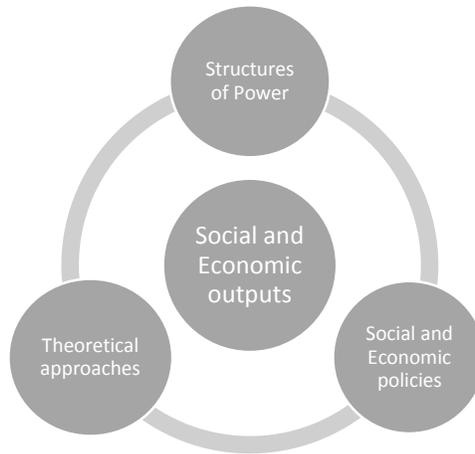
Thus, theoretical approaches that advocate for selfishness as a driver of Development are interrelated to elitist or rentier structures of power, and both are interrelated with policies that allocate wealth in fewer hands. In contrast, theoretical approaches that advocate for cooperation and the “public good” as a driver for Development are going to be interrelated with structures of power and wealth more broadly distributed. According to the hypothesis of concordance, this is true regardless the forms of power or political regimes inside each country.

The same could be said regarding global outputs. Growth of inequality globally can be understood because of the prominence of certain theoretical approaches (or ideologies), and global institutions that impose certain standardized policies in every country over other kinds of theoretical approaches, institutions, and policies.

Consequently, there are not better or worst models of Development. There are just certain socioeconomic outputs that are always the right outputs according with certain power structures, policies, and theoretical approaches that are ruling globally, or inside a specific country. In the same way, there is not a right way of understanding Development, there are only different ways of understanding it and applying it, that are in concordance with the same three main determinants and its results. The role of politics and media in this process is to spread the ruling narratives among people in order to make ruling policies more applicable in easiest ways, given the structures of power and structures of participation inside each country.

A first step to demonstrate the broad hypothesis of concordance is developed in this thesis. It has been studied the case of Colombia in order to explain how a theoretical approach (ideology) based on the “rule of markets” is characteristic of an elitist structure of power inside a country which determines public policies based on a neoliberal agenda. These three are determining certain outputs of Development in Colombia. This model of Development is certainly the right one to the interests of the “Ruling Coalition” in Colombia, that is composed by national and international elites who have been able to keep in power through a combination of tactics such as control of the massive media, State capture, targeted killing, and high levels of violence inside "the oldest democracy of Latin America".

However, a comparative study between countries is needed to demonstrate the hypothesis of concordance in Development as a whole. With this thesis, a broad methodology is proposed in order to identify, characterize and evaluate determinants and outputs of Development as a start point for further research in this matter.



CHAPTER ONE

DRIVERS OF INTERNATIONAL DEVELOPMENT AND COLOMBIAN EXCEPTIONALISM



Pulitzer Prize winner photograph about the Vietnam War. “8 June 1972, a plane bombed the village of Trang Bang, near Saigon (now Ho Chi Minh City) in South Vietnam after the South Vietnamese pilot mistook a group of civilians leaving the temple for enemy troops”.

Source: www.perdana4peace.org

THE FUNDAMENTAL DIVORCE

Since the beginning of capitalism there is a divorce between economic history and economic theory. The main objective of economic theory has been creating a narrative of best practices in economic policy regardless of what have been demonstrated by economic history itself. The fact that economics has to be with the creation and distribution of wealth has made economic science extremely political. Short term recognized economists are the ones who can play a fundamental role in shaping economic policies that serve to the ruling class in particular times. Narratives created by these scholars have had the political function of spreading as publicly beneficial what in fact is only beneficial for the particular interests of a very small portion of the population. These kinds of narratives not only hide the economic reality, but also have denied systematically what the humanity has learned in history.

Scholars' short term success have depended on their capacity to hide inconvenient truths and enlighten convenient lies from the ruling class point of view. Narratives created by mainstream scholars have helped ruling class purposes inside each country at least since the 1700 when capitalism was rising. Later, mainstream narratives created by economic theory became the foundation of mainstream economic policies in a worldwide basis through standardized methods since 1945 onwards. There is no evidence of this as a process of obscure and calculated relationships between scholars and international elites, nor a calculated behavior of scholars to gain wealth and power. However, there is enough evidence of this as a process when representatives of elites have had the ability of picking up the theories and the scholars that are more helpful to them in order to reframe, reshape, and release the same old strategies with brand new wraps and framings.

Scholars get involved in spirals of wealth, fame, and influence, thanks to their linkages and their narratives which are very convenient for the ruling class in each moment of history. Last examples of these practices are in the last financial crisis. According to Carrick-Hagenbarth and Epstein (2012)¹ “in the wake of the financial crises of 2008, Charles Ferguson’s movie, *Inside Job*, helped to bring to the fore a troubling possibility: that prominent academic financial economists, such as those portrayed in the movie, had lucrative connections with private financial firms that they did not disclose to the public even when they were proffering public policy advice on financial matters that could affect the financial fortunes of those financial firms”. This undisclosed “conflict of interests” persisted even after the financial crisis when government wanted to regulate the banking system in order to prevent further crisis in the future. The same two authors found in 2010² that “the vast majority” of the economists who have put forth proposals of financial reform did not identify the affiliations and possible conflict of interests with financial institutions. This “dark” relationships persists today even in the highest position of the State regarding finance and economic regulation³: “There is a [well-documented] relationship between Wall Street, the White house and the government... Timothy Geithner, the current Treasury Secretary, has several counselors that were receiving millions of dollars each year from Wall Street firms... Another member close to the President Obama is Lawrence Summers, the Director of the White House’s National Economic Council. Summers has been found to have received around \$5.2 million during 2008-2009 from the hedge fund D.E Shaw, as well as additional money from other major financial firms”⁴.

This scheme of relationships between scholars, government, and private companies is widespread in several economic sectors such as the food industry, vehicles, and real estate markets, not only in the US but in several countries around the world. This behavior is known as the “revolving door”. According to Epstein and Carrick-Hagenbarth (2010), this demonstrates that problems of the wide spread narrative about mainstream economic development go way beyond the “idealized vision of markets” as Krugman stated in 2009⁵.

This thesis is an effort to recover the importance of economic history over the narratives imposed by mainstream economic theory in the case of Colombia. Hence, this thesis is aligned with “the responsibility of intellectuals” stated by Noam Chomsky in 1967⁶: “Intellectuals are in a position to expose the lies of governments, to analyze actions according to their causes and motives and often hidden intentions. In the Western world, at least, they have the power that comes from political liberty, from access to information and freedom of expression. For a privileged minority, Western democracy provides the leisure, the facilities, and the training to seek the truth lying hidden behind the veil of distortion and misrepresentation, ideology and class interest, through which the events of current history are presented to us. The responsibilities of intellectuals, then, are much deeper than what Macdonald calls the ‘responsibility of people,’ given the unique privileges that intellectuals enjoy”.

The fundamental divorce between economic history and economic theory was broadly used to create tricky narratives about Development and “Progress” since the beginning of capitalism. This divorce remains today, even in more sophisticated and stronger ways.

The economic history of Capitalism

Capitalism is a stage of economic history characterized by the prominence of capital as the main mean of production to create wealth. The academic world recognizes feudalism as the preceding stage. In feudalism, wealth was created mainly by land (and the owners of land) which is another mean of production according to economic theory.

Economic theory has treated labor as a mean of production that always has been in function of the other two (land or capital). This means that labor (and the owners of labor) hasn't been ever the main source of wealth for the economy according to mainstream economic theory. Nevertheless, the economic history has taught us otherwise: that labor has been the foundation and the main source of wealth in all the economic stages. The wealth created by the ruling class in every stage of the economic history was based upon slaves and workers that have been pumping great amount of new wealth to be allocated in the accounts of their masters or bosses.

In this sense, economic stages and production systems (such as feudalism or capitalism) are not characterized by the main sources of wealth creation. Rather, they are different between each other because of their mechanisms to allocate the wealth created by labor into the owners of the other two means of production (land or capital).

Economic history has also taught us that Slavery was not a stage of the economy, nor a system of production, rather it was the foundation of the creation wealth in every stage of the economic history, capitalism included. The path between slavery and employment was a process that took place inside capitalism itself. According to Beckert (2014)⁷, this was one of the main differences

between the stages of “war capitalism”, and “industrial capitalism” inside the same economic system. Moreover, slavery was not only a “stage”, but an essential foundation of capitalism, not only in Europe, beginning in Britain in the first stages, but also in the United States afterwards, using the same methods and even the same raw material: cotton (Baptist, 2014⁸).

In the fifteenth-century “World production still centered on India and China, and intercontinental trade was still dominated by the products of Indian weavers”⁹. Overall, capitalism began in the next two hundred years with the takeover of the networks of trade by Europe, first between Asia and the rest of the world and within Asia, and afterwards with the creation of novel networks of trade between Africa, the Americas, and Europe. According to Beckert (2014: 30) “Europeans became important to the worlds of cotton not because of new inventions or superior technologies, but because of their ability to reshape and then dominate global cotton networks”¹⁰.

This expansion in the international networks of trade did not result from improved techniques of doing international business, but rather from brutal practices of colonial domination. Indeed, “these three moves –imperial expansion, expropriation, and slavery- became central to the forging of a new global economic order and eventually the emergence of capitalism” (Beckert, 2014)¹¹.

The brutal practices inflicted by Europeans to the rest of the world included land grabbing, displacements, slavery work, and thievery of movable wealth (gold and silver) from the Americas, exploitation of African slave labor in economic activities across the Americas, the assertion of sovereignty over land and people with assistance of structured connections with African and Indian rulers (State Capture and monopolization of cloth production)¹², regulations and corporal punishment to enforce production monopolization in India, and privatized violence (“armed private militias”) in order to eliminate (“blow up”) competition and monopolize land in India¹³.

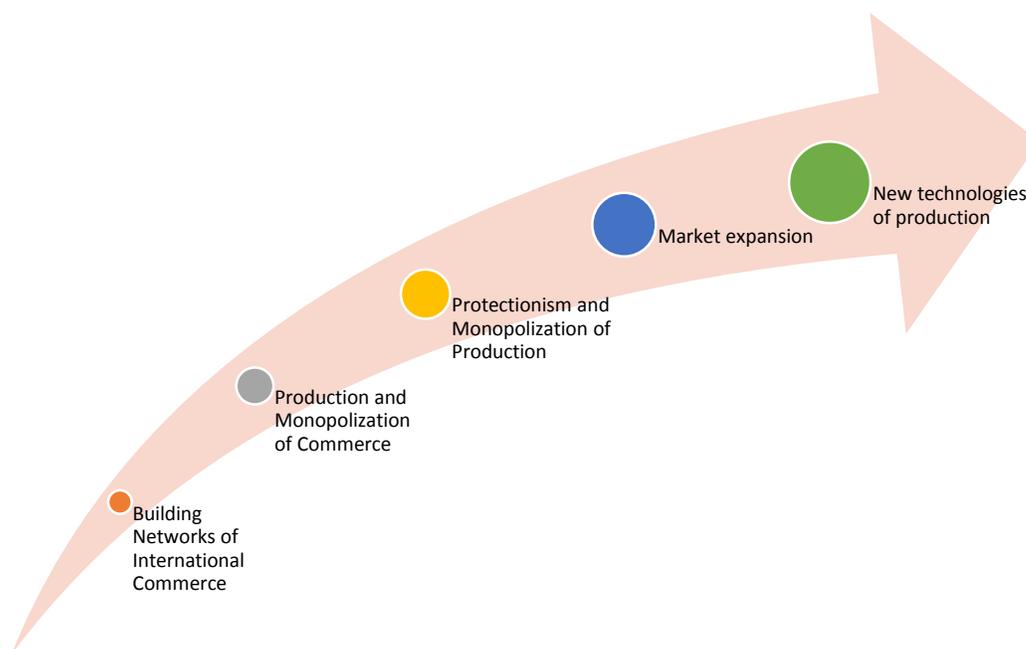
An important feature in the emergence of capitalism was the ability of “rich and powerful Europeans” to divide the world into an “inside” and an “outside”¹⁴. The “inside” encompassed the laws and “institutions” of the modern country, where state-enforced order ruled. In the “outside” these rules did not apply. Rather, the “outside” was characterized by imperial domination, the expropriation of vast territories, decimation of indigenous peoples, theft of their resources, enslavement, and the domination of vast tracts of land by private capitalists.

This separation between the “inside and the “outside” also applied for the economic policies. The “inside” was characterized by newly powerful states fueled by imperial dominance. These states aimed to replace Indian cotton cloth imports with domestically manufactured cloth. Protectionism played a key role in this process mainly in Great Britain, France, and others emerged states such as Venice, Prussia, and Spain¹⁵. Protectionist measures vary from imports duties to consumption prohibitions, death penalties, and industrial espionage (technology transfer). At the same time, the opposite policies were imposed in the “outside”. Imperial expansion enforced dominated countries to buy products made in Europe. Imperial expansion enhanced global cotton markets: “By 1770, it had become clear that markets for cotton textiles in Europe, but even more so in Africa, and the Americas, and of course, Asia, were huge” (Beckert, 2014: 51)¹⁶.

Overall the emergence of capitalism in the first stages followed the following process from European perspective: (1) building networks of international commerce between Africa, India and

the Americas mainly through imperial violence, (2) Monopolization of commerce mainly through State capture and imperial control, (3) Protectionism led by the State in order to monopolize production, and (4) Markets expansion shaped by colonization. Just after this process, innovation in cloth production took place in Britain consolidating the Monopolization of production even in India. (See Graph A1).

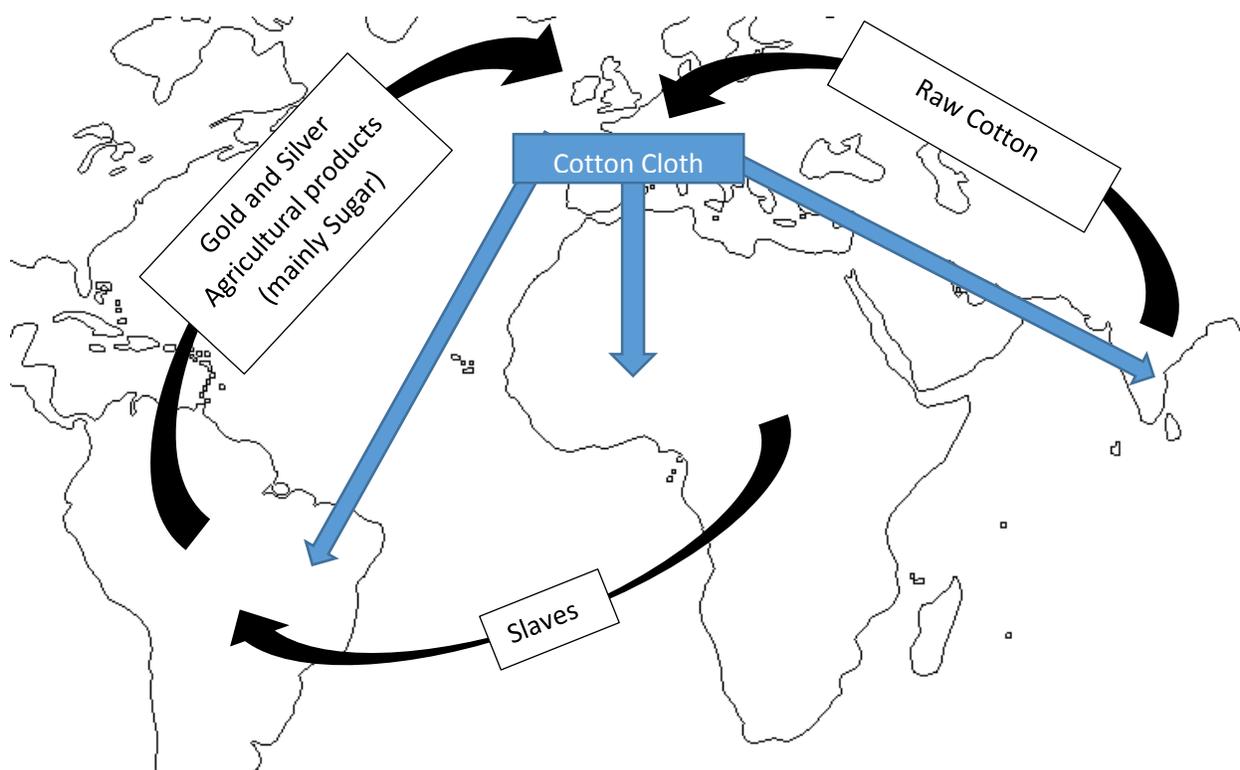
GRAPH A1. HISTORICAL PROCESS FOR THE EMERGENCE OF CAPITALISM FROM EUROPEAN PERSPECTIVE



Source: Author based on Beckert (2014)

By the end of 1700 Europe had enough stolen precious metals from the Americas to purchase raw materials and cotton fabrics in India¹⁷, enough raw cotton and vast territories in India to foster industrial production¹⁸, enough number of slaves from Africa to work in mining and new tropical plantations of sugar, rice, tobacco, and indigo in the Americas¹⁹, a buoyant production of cotton clothes in Europe, territorial and political control over India and Africa, and increasing demand for cotton textiles in Europe, Africa, the Americas, and India (Graph A2).

GRAPH A2. GLOBAL ECONOMIC ORDER IN THE EMERGENCE OF CAPITALISM



Source: Author based on Beckert (2014)

According to Beckert (2014:52), “Imperial expansion, slavery, and land expropriations –war capitalism- laid the foundations for the still small and technologically backward domestic cotton industry in Europe. It provided dynamic markets and access to technology and to essential raw materials. It also became a significant engine of capital formation”. However, mainstream economic theory argues otherwise. Economic theory has shaped other kind of narrative that links capitalism with modernity, technology, and surprisingly even free competition, and labor rights.

In the past and today, the “inside” world governs the narrative of Development according to mainstream economic theory while the “outside” world governs the real determinants of International Development according to the economic history.

Mainstream economic theory about capitalism

Regardless the vast historical evidence about the real determinants of the emergence of capitalism, another narrative has been imposed by the mainstream economic theory. This narrative has to be with technical advances in the cotton fabrics, especially, the innovation of machines powered by non-animate energy rather than humans in 1784²⁰. This innovation meant the final expulsion of Indian factories out of the cotton business. What was developed by trends of local innovations also

meant the final dominance of Britain industrial production, this time thanks to the lower costs provided by the new machines and the beginning of the Industrial revolution.

However, as Beckert states “[this] could not have occurred without the ideas, materials, and markets provided by the recasting of the worlds of cotton during the previous three centuries... Slavery, colonial domination, militarized trade, and land expropriations provided the fertile soil from which a new kind of capitalism would sprout” (Ibid: 57)²¹. Indeed, even Samuel Greg who was the great inventor of spinning machines powered by water frames, was driven directly by the same forces: he secured essential raw materials from slave labor in Jamaica and Brazil, he had the very first idea of these technologies from Indian cotton fabrics, and his demand of cloth fed the slave trade on the western coast of Africa. Greg also owned hundreds of African slaves in the island of Dominica where he had secured his fortune from a profitable sugar plantation. His fortune, based on slave labor, made possible his investments in cotton fabrics. Greg also enjoyed a great deal of protection to his cloth production from the Britain State.

This important part of the story was simply erased from the economic theory. The emergence of capitalism was, according to the common narrative, a matter of individual entrepreneurship fostered by individual innovation.

Industrial Revolution driven by innovation is in the center of this narrative. Mainstream economic theory highlighted productivity as the main driver of capitalism. By 1776 Adam Smith identified division of labor as the main important driver of capitalism. According to Smith, division of labor reduced production costs, rise real incomes, and extend the markets. According to Foley (2006)²², division of labor is “the deep secret of the wealth of nations”. Some years later, in an era of high levels of State protectionism, David Ricardo (1817) laid out the theory of comparative advantage that fostered the mainstream idea of “free markets”.

Within the most barbaric age of colonial imposition, the expansion of market was also covered with moral powers, provided with a natural tendency to kindness and good manners, and was understood as evidence of civilization by the mainstream economic theory. In 1749, Montesquieu (cited by Hirschman, 1982)²³ stated that “It is almost a general rule that wherever manners are gentle there is commerce; and wherever there is commerce, manners are gentle”. He also stated that commerce “polishes and softens barbaric ways as we can see every day”²⁴. In 1792, Thomas Paine also stated that “Commerce is a pacific system, operating to cordialise mankind, by rendering Nations, as well as individuals, useful to each other... The invention of commerce... is the greatest approach towards universal civilization that has yet been made by any means not immediately flowing from moral principles”²⁵. Two years later, Condorcet²⁶ confirmed that “Manners have become more gentle... through the influence of the spirit of commerce and industry, those enemies of the violence and turmoil which cause wealth to flee”²⁷. Despite all empirical evidence, this established the mainstream theoretical approach of the emergence of capitalism and the “market economy”.

There was some scholars that lampooned the moral foundations of Industrial Revolution. The same Adam Smith, for instance, wrote in his two books against Britain’s colonialism and slavery in 1759 and 1776. According to Mazlish (1963)²⁸ Jonathan Swift (1667-1745) “lampooned the probability

of scientific progress”, and Rousseau (1712-1778) assumed scientific progress “but denied its beneficial effect on moral progress”. However, the rhetoric created for the “inside world” prevailed, and today this rhetoric is part of the popular belief and the narratives created and empowered by mainstream economic theory.

Overall, the history of capitalism highlights important determinants of International Development that have been overlooked or simply dismissed by *mainstream* economic theory. Indeed, factors that are highlighted by *mainstream* economic theory were, at best, marginal (if not opposite) for the emergence of capitalism and creation of wealth in its first stages (See Table A1).

TABLE A1. DETERMINANTS OF INTERNATIONAL DEVELOPMENT ACCORDING TO ECONOMIC HISTORY

DISMISSED BY ECONOMIC THEORY	OVERLOOKED BY ECONOMIC THEORY	HIGHLIGHTED BY ECONOMIC THEORY
Role of war, despotism, and human rights violations inflicted by colonial powers as source of “Development”, rather than as a negative impact or a collateral damage given by Development.	Importance of international trade networks	Role of innovation and technology
Role of formal and informal linkages between international merchants and national ruling class	Role of the State: Protectionism and economic intervention (Industrial Policy)	Role of specialization and economies of scale
Role of private armies dominated by merchants and entrepreneurs	Role of labor (especially cheap and non-educated labor) to create wealth.	Role of education
Role of differential narrative and practices of Development “inside” and “outside” colonial countries	State capture, production control, and Monopolies creation using regulations, and political and military control	Policies of “Good Governance.” and “Rule of Markets”

Source: Author.

To unpack the real history of the emergence of capitalism is very useful for this thesis because all its main characteristics, mainly the ones that have been overlooked or dismissed by mainstream economic theory, prevail in today’s Colombian *Development* history.

The first common characteristic in both cases is the prevalence of extreme, generalized and massive violence inflicted to the poor people by the ruling class. The European colonialism was the largest genocide of human history with more than 46 million of indigenous killed only in the Americas²⁹, who were more than 80% of the total indigenous population and almost eight times the Jews killed in the Nazi holocaust³⁰ (Stannard, 1993 and Gilbert, 1993). The Colombian case is also the largest genocide in all the history of the Americas since the colonization with almost 8 million of victims, the vast majority of them from the poorest social classes. In both, European and Colombian cases, human rights violations were used as a source for “Development”, and in both

cases the ruling class used land grabbing, displacements, murders, and tortures in order to foster it. In the case of Colombia, these Human Rights violations account for more than 7,000 victims of land dispossession, more than 6 million of displaced people, more than 900.000 people murdered, and more than 9.000 people tortured (National registry of Victims, 2015)³¹.

The fundamental divorce today

States are not passive actors in development, and their actions are not “neutral” regarding economic and social outputs. Active interventions based on Structuralism, Marxist, or Keynesian economics, and other interventions based on mainstream economics have differential outputs in terms of growth, employment, inequality, and social justice.

Last financial crises in developed countries and former crises in developing countries (when those countries were under *Washington Consensus*-type of policies), seems to demonstrate that *the rule of markets* leads to worst economic crises, rather than *long-term equilibriums*.

According to Chang (2003)³² and Reinert (2008)³³, size of States, industry protection, and interventionism are related with results and paths of development and could explain the differences between developed and developing countries. According to Di John (2006)³⁴, these differences could also explain economic, social, and even institutional outputs among developing countries as well. Di-John examines differences in tax composition across middle-income developing countries, and finds that the fact that Latin American economies tax upper income groups much less than East Asia and Eastern Europe have differential policy implications, that have to be with State capacity, State formation, and power relations in society.

One of the branches of the economic theory that has identified specific policies that have shaped the economy is the *Development Economics* and their theories about *Developmental States*. Despite current critics regarding how to define a *Developmental State* (See for example Fine, Saraswati, and Tavasic, 2013)³⁵, Developmental economists have demonstrated how State interventions could make the difference in terms of growth, industrialization, and employment. In particular Robert Wade (2003)³⁶, and Alice Amsden (2004-1)³⁷, focused on the East Asian “miracle” in order to identify successful economic practices from National Governments to fuel innovation, industrialization, economic growth and better rates of employment.

Currently Latin America have become in both, an example of how neoliberal economic policies failed after the seventies, and how democratic revolutions could lead to successful changes, from economic crises to new approaches of interventionism after the nineties in countries like Brazil, Ecuador, and Chile, among others.

Ocampo (2004)³⁸ describes how neoliberal policies, such as liberalization, deregulation, privatization, and “stabilization packages” since the mid-seventies lead to worst economic and social indicators in several countries of Latin America. Indeed, per capita GDP, domestic savings, foreign investments, trade deficits, poverty rates, and inequality were better under the Industrialization by Import Substitution. Amsden (2004-2)³⁹ argues that Prebisch theories about imports substitution could explain the economic policy used by Asian countries. According to her,

while Latin America was changing its protectionist policies, Asia was reinvented imports substitution in high-tech industries. The last region grew more than the former despite that the former had a “much more liberal regime”.

One of the most important critics about mainstream economics have to be with the actual results of the reforms based on neoclassical economic theory. The space between the theoretical results of mainstream economic models, and actual outputs in the countries where these policies were applied have become greater.

Scholars have argued that flaws of neoclassical economics could be found in both, theoretical foundations and assumptions in one hand, and mathematical models in the other hand.

Scholars like Foley (2006)⁴⁰, Schlefer (2012)⁴¹, and Hunt and Lautzenheiser (2011)⁴², have questioned the feasibility of classical and neoclassical economics from their assumptions, their basic rationale, and their logics. Reinert (2012)⁴³ stated that “the international financial crisis is just the last in a series of economic calamities produced by a type of theory that converted the economics profession from a study of real world phenomena into what in the end became mathematized ideology”.

About mathematical models, Nadal and Ackerman (2004)⁴⁴ demonstrate that orthodox economics doesn't rest on solid logical foundations. They identify fundamental flaws in the standard theories of general equilibrium, conventional economic assumptions about consumer behavior, individual choices and the role of money, and flaws in the application of these theories in current debates about globalization, trade, and Development.

However, analyses about the relationship between certain economic theory/ideology and its consequent policy measures are incomplete without studying the question of power. Indeed, the rebirth of classical theory could be explained better by the fact that neoclassical theory is the most applicable tool to push forward structural transformations in order to assist international elites, rather than a response to a close study of the economic theory and its implications in the actual economy.

According to Sen (2013)⁴⁵, “One of the roles of the State that Adam Smith saw was in restraining when the markets get overexcited, and he said maybe prophetically in 1776, that there is a tendency of the financial sector to be moved by a very unsound calculation, and he wanted to restrain the financial sector. So when the deregulation was taking place in this country people often cited Smith, but they didn't read very much Smith, because he was very much against it”. Indeed, neoliberal ideology had a hard time when the same people that pushed for lower levels of State intervention in the eighties, asked for wide rescue packages for the banks in the financial crisis: “Thus, the rhetoric of being pro-market has been cruelly exposed by the huge levels of state intervention in support of private finance over the course of the crisis. This is itself indicative of the role that the neoliberal state has played in promoting the interests of private capital in general and of finance in particular” (Fine, 2013)⁴⁶.

The question about what interests the “rule of markets” serve has been answered with similar patrons by several scholars. Studying the case of Mexico regarding structural reforms and

liberalization of trade, Puyana (2013)⁴⁷ argues that such policies have benefited developed countries and financial elites at the expenses of Latin American industrial firms. Reinert (2008)⁴⁸ has similar conclusions regarding trade “In international trade theory the confirmation that exporting raw materials was ‘bad’ trade finds its best expression in a 1923 article by US economist Frank Graham. Graham provides an example of how and why a country producing raw materials may be better off under autarky or by protecting industry, than under free trade”. The same author will argue five years later that “a necessary ingredient in today’s economic drama is also how the way in which economics was mathematized has contributed to the increasing dominance of Wall Street over the productive sectors” (Reinert, 2013)⁴⁹.

The case of Colombia could show a specific example of modern neoliberalism in practice: how neoclassical ideology has been used to reform the State, to advocate for mainstream economic and social policies, and to benefit “the few”. Also it is important to establish what kind of “political” discourses have been used in order to gain public favorability making these changes.

Di John (2008)⁵⁰, for example, discuss the notion of “State failure” as a tool to legitimize colonial occupation and as a driver of foreign policy: “powerful countries often intervene in poor, weaker states to stem social disorder that potentially threatened their security and trade interests”. Other concepts such as “good governance” (Khan, 2012)⁵¹, growth (Baran, 1970)⁵², property rights (De Soto, 2000)⁵³, social capital (Fine, 2001)⁵⁴, Public – Private – Partnerships (CDIAC, 2007)⁵⁵, the base of the pyramid, (Pralhad, 2009)⁵⁶, and Microcredit (Bateman, 2010)⁵⁷, among others, have been used in order to mislead Development in Colombia in favor of the neoliberal agenda.

Indeed, as Acemoglu and Robinson (2012)⁵⁸ argue, structures of power, and how elites are organized into political arrangements can shape economic and social outputs in a country. This is extremely relevant in the Colombian case, which had been ruled by very close elites until the seventies when drug-trafficking and drug dealers began to be more relevant in the political and economic agenda. How new elites from drug-trafficking and traditional elites found a way to come together overlapping their agenda of Development, and what was the role of the United States and its NATO allies in this process is determinant to explain, not only the outcomes of today, but the paths of policies, ideologies, and human rights violations inside the country in the past and the near future.

COLOMBIAN EXCEPTIONALISM IN TIMES OF WASHINGTON CONSENSUS

The mainstream economic mindset (ideology) has been applied through a set of policies named *the neoliberal agenda*. The compliance of the neoliberal agenda since the eighties created a substantial crisis in almost all South American countries in various levels: Institutional, Economic, and Humanitarian.

Institutional Crises.

In the institutional level, citizens developed deep distrust to national government due to official criminality. By 1996, a great amount of South American presidents were prosecuted in their own countries with charges of corruption, linkages with drug cartels, and human rights violations, between others offenses. (See Table A2).

TABLE A2. PROSECUTED PRESIDENTS IN SOUTH AMERICA DURING THE NINETIES

Name	Country	Presidential Period	Criminal Offenses for which he was prosecuted	Year of Conviction/ Absolution
Carlos Menem	Argentina	1989-1999	Corruption and illegal linkages	2013. Convicted for arms trafficking ⁵⁹
Juan Carlos Wuasmosy	Paraguay	1993 - 1998	Linkages with illegal traffickers and Corruption	2002: Convicted for Corruption ⁶⁰
Gonzalo Sanchez	Bolivia	1993 – 1997, 2000-2003	Linkages with Drug-dealers and Human Rights Violations	2011. Convicted for Human Rights Violations ⁶¹
Alberto Fujimori	Peru	1990 - 2000	Corruption and Human Rights Violations	2009, Convicted for Human Rights Violations. ⁶² 2015 convicted for corruption ⁶³
Alberto Dahik (Vice-president)	Ecuador	1992 - 1996	Corruption	2013. Absolved ⁶⁴
Jamil Mahuad	Ecuador	1998 - 2000	Corruption	2014. Convicted for Corruption ⁶⁵
Carlos Andrés Pérez	Venezuela	1989 - 1993	Corruption	1996. Convicted for Corruption ⁶⁶
Ernesto Zedillo	Mexico	1994 - 2000	Corruption and Human Rights Violations	2012. HR Violations. Recommendation of Immunity by the US ⁶⁷
Luis Alberto Lacalle	Uruguay	1990 - 1995	Corruption	Still investigating

Source: Author, based on press releases

State minimization with all its features (privatization, deregulation, cuts in social expenditure, etc.), makes not only feasible, but also desirable the meddling of private business in public decisions. This makes blurry the separation between “the Public” and “the Private”, and facilitates State Capture by corporations and private interests. After the *Washington Consensus* the definition of corruption (i.e. payments from the private sector and favors from public officials) became more difficult to characterize.

The difference between governmental practices and judiciary rules became larger. According to the dispositions of the new economic order, public officials were pushed to use the government as a tool for increasing private gains. However, the judicial system was still committed with the logics of State intervention and a clear separation between “the Private” and “the Public”.

This created not only an institutional crisis in South America, but also a strong reaction from citizens and social movements. This reaction did not pushed forward an institutional “modernization” to allow “progress” in the terms of the *Breton Woods institutions*. Rather, it was a reaction to strengthen the judicial system and protect the State through a new kind of political leadership.

The case of Colombia was sharply different. In this case, drug-dealers became an important player in the institutional arrangements along the eighties and the nineties. Drug-dealers not only shaped democratic elections in the eighties. They also learned how to adjust to the circumstances during the nineties (See for example Restrepo, 2015)⁶⁸, and even were able to break the organization in order to help the Colombian State and the US government to kill Pablo Escobar in the first presidential period of the nineties (1990 – 1994)⁶⁹. In the next presidential period (1994 – 1998), the Attorney General found that money from the Cali drug cartel funded the winner’s presidential campaign. Despite that the President was absolved of all charges, the campaign treasurer, two National Comptrollers, the Minister of Defense, and several congressmen were convicted.

Thus, as in the other South American countries, crime played an important role in politics, but drug-trafficking in general, and drug dealers in particular were pointed as the cause of all problems. This strengthened the position of the US and its "war on drugs", as well as the role of other international institutions such as the World Bank and the IMF which became even more important regarding the institutional arrangements that took place in Colombia in the years to come.

As a consequence, institutional change in Colombia took the exact opposite path than in the other countries of the region. Modernization of institutions in general, and legal frameworks in particular in the nineties had to include a new set of institutional tools in order to facilitate “doing business”, taking out the risk for public officials of being prosecuted by justice, and following the rules of the New Economic and Institutional Order.

Economic crises

After the debt crisis, Structural Adjustments Programs (SAP) in the eighties and neoliberal reforms in the nineties weakened even more Latin American economies, especially in terms of growth,

employment and social outcomes. As Ocampo (2004:84)⁷⁰ pointed out “Structural economic reforms, together with an increased monetary and fiscal discipline, were successful in many areas, particularly in bringing down inflation, inducing export growth and diversification, and in attracting foreign direct investment. But frustration also resulted from economic growth that remained low and volatile, from increasing dualism of the economy and, particularly, from the disappointing social outcomes”.

TABLE A3. LATIN AMERICA’S GROWTH AND PRODUCTIVITY, 1950 – 2002

	1950-1980	1980-1990	1990-2002	1990-1997	1997-2002
GDP Growth					
Weighted Average	5.5	1.1	2.6	3.6	1.3
Simple Average	4.8	1.0	2.9	3.9	1.7
GDP per capita					
Weighted Average	2.7	-0.9	1.0	2.0	-0.3
Simple Average	2.1	-1.2	1.0	1.9	-0.3
GDP per worker					
Weighted Average	2.7	-1.7	0.1	1.0	-1.3
Simple Average	2.4	-1.9	0.0	0.9	-1.2
Total Factor Productivity					
Weighted Average	2.1	-1.4	0.2	1.1	-1.1
Simple Average	2.0	-1.4	0.6	1.9	-1.1

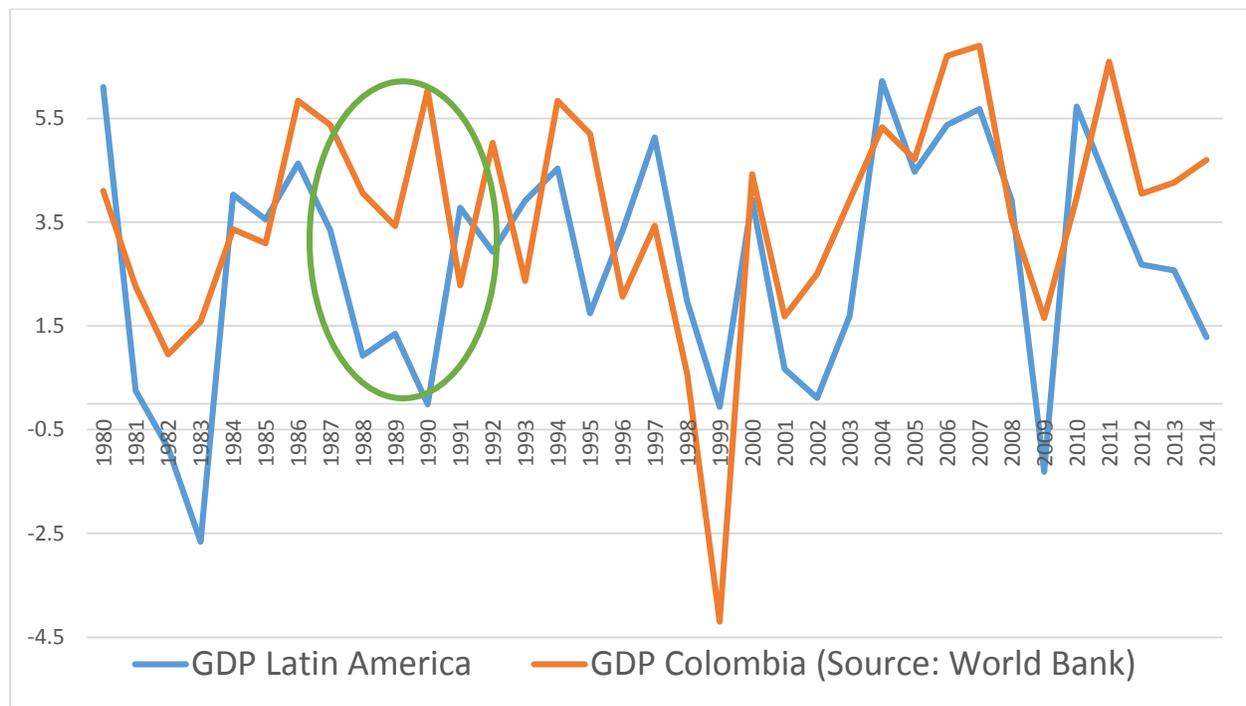
Source: Ocampo (2004)

Indeed, the period of Industrialization led by the State (1950 – 1980) had better economic and social outcomes than the period of Structural reforms afterwards, even when the economy performed better between 1990 and 1997 (See Table A3).

However, Colombia was also exceptional in this matter. In the crisis of the eighties Colombia behaves far better than its Latin American partners. Moreover, since 1984 Colombian economy began to behave sometimes in an opposite direction than the rest of Latin America. By 1990, Latin America experienced a deep economic crisis, but Colombia had a great economic growth. (See Graph B4)

One of the most accepted explanations to this unique behavior was the additional demand created by the drug dealers in Colombia. By the beginning of the nineties, the national income added by drug-trafficking business experienced their most growth (See Graph D8). Their money was spread all along the entire economy, from the industries and business elites to the middle class and poor people. Just after 1994 Colombian growth began to have the same tendency of Latin America again (See Graph A3).

GRAPH A3. GDP IN COLOMBIA AND LATIN AMERICA. 1980 – 2014



Source: World Bank

Hence, while Latin America had been suffered from two deep economic and social crises in the eighties and the beginning of the nineties, Colombia had experienced an outstanding economic performance. By the end of the nineties, social movements and leftist political parties in Latin America had enough support from low and middle classes that could not bear another economic crisis without calling for systemic changes. In Colombia, in the other hand, the crisis in 1999 was the first one in a very long time, so there was not any call for a deep change in the Neoliberal agenda that was imposed from abroad.

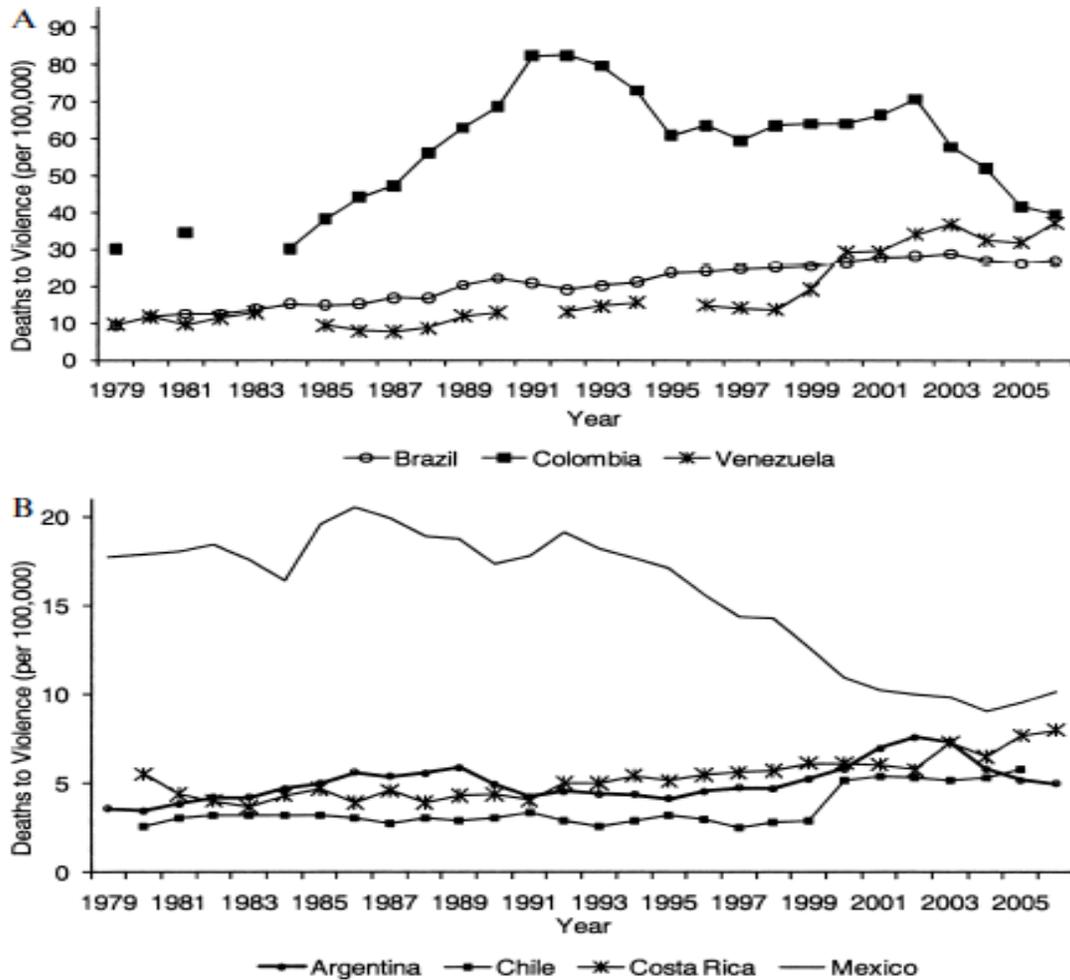
The Humanitarian Crisis

The most important explanatory factor of legal reforms in Colombia is the humanitarian crisis that had its worst expression in 1990. More than an institutional reform, this takes the form of a reaffirmation of the ruling class, an instrument for deepening the internationalization process, and a tool for peace in Colombia.

Latin America was well known around the world by its high crime rates in the nineties, and scholars around the world wanted to explain (and to learn) from the Latin American experience regarding crime and violence (See for example Soares and Naritomi, 2010)⁷¹. As these authors pointed out, mortality rate due to violence in Latin America in the nineties was more than three times the mortality rate of North America, more than five times the mortality of Western Europe,

1.26 times the mortality of Former Communist countries, and almost three times the mortality rate of the countries in the Western Pacific.

GRAPH A4. HOMICIDE RATE IN SELECTED LATIN AMERICAN COUNTRIES (1979 – 2005). A (Higher crime rates), B (Lower crime rates).



Source: WHO, PAHO, and DATASUS, quoted by Soares and Naritomi (2010).

However, Colombia was an exception inside the exception. In fact, violence in Colombia was just out of scale compared with other Latin American countries (See Graph A4). By 1990 the war between the State and the part of the Medellin drug cartel led by Pablo Escobar was in its worst expression. This created most of the murders in Colombia.

Political violence was also out of control. US Foreign Policy included the Military Doctrine of Low Intensity War which boosted the creation of intelligence agencies, death squads, and paramilitary armies in order to targeted-killing persons from leftist political parties, human rights

organizations, and social movements in order to smash every form of rebellion, and all seeds of political change (See Chapter 4).

A new constitution was used in 1991 as a negotiation tool between the State, Medellin drug cartel and guerrillas. The constitution was signed with goals of reducing violence, enhancing democracy, and modernizing institutions. However, this constitution was broad enough to include both, a strong Welfare State in theory, and a minimal Neoliberal State that prevailed in practice (See Chapter 3).

Role of NATO allies and the colonization of Human Rights by Global financial elites

As other Latin American countries, Colombia experienced an institutional and humanitarian crisis during the eighties and the nineties. However, the exceptional economic performance, as well as the way that the ruling class managed these crises allowed an exceptional path of Colombia in regards with its relationship with the U.S. and other international institutions. These exceptional relationships explain why Colombian ruling coalition hasn't been accountable for its high levels of Human Rights violations that have happened during the nineties onwards.

There has been an implicit arrangement between Colombia and the United States. This arrangement implies very explicit policies implemented by the Colombian government according to the guidelines of International Financial Institutions which benefits foreign elites. In exchange, the United States and other NATO allies have accepted authoritarianism, lack of democracy, and deep violations of the most basic human rights by the Colombian Government in benefit of all members of the ruling coalition. This arrangement benefits Colombian and international elites, drives Colombian and international inequality, and fosters trends of financialization in Colombia and abroad.

Democracy in Colombia

According to the Colombian embassy in Washington (2014) "Colombia is Latin America's oldest and most stable democracy"⁷². However, democratic elections have been often manipulated by violence, drug-traffickers' money, or both at least since mid-eighties. This manipulation also has expanded into every level of the three branches of public power: legislature, executive, and judicial.

For instance, the most important executive power in Colombia is the presidency. Four presidential candidates were murdered before the presidential elections in 1990: Jaime Pardo Leal (1987)⁷³, Luis Carlos Galán (1989), Bernardo Jaramillo Ossa (1990), and Carlos Pizarro (1990). Three of the four presidential candidates were from leftist non-traditional political parties. Two of them from the leftist political movement Patriotic Union (UP). In the same period, around 3,000 persons who were members of the UP political party were also murdered because their political beliefs. According to judicial investigations and confessions of intellectual and material authors, all of these candidates were murdered by narco-paramilitaries with the assistance of State agencies, some of them were murdered under orders of top businessmen. (See for example El Espectador, 2013⁷⁴; and Castaño, 2001).

Next presidential elections in 1994, were also determined by drug dealers. In a judicial process named 8000, it was determined by the Prosecutor General’s Office of Colombia that the presidential campaign of the winner had received at least \$4.3 million⁷⁵ from Cali drug cartel (Semana, 1997)⁷⁶. Several high range governmental officials, including a minister were indicted for this crime.

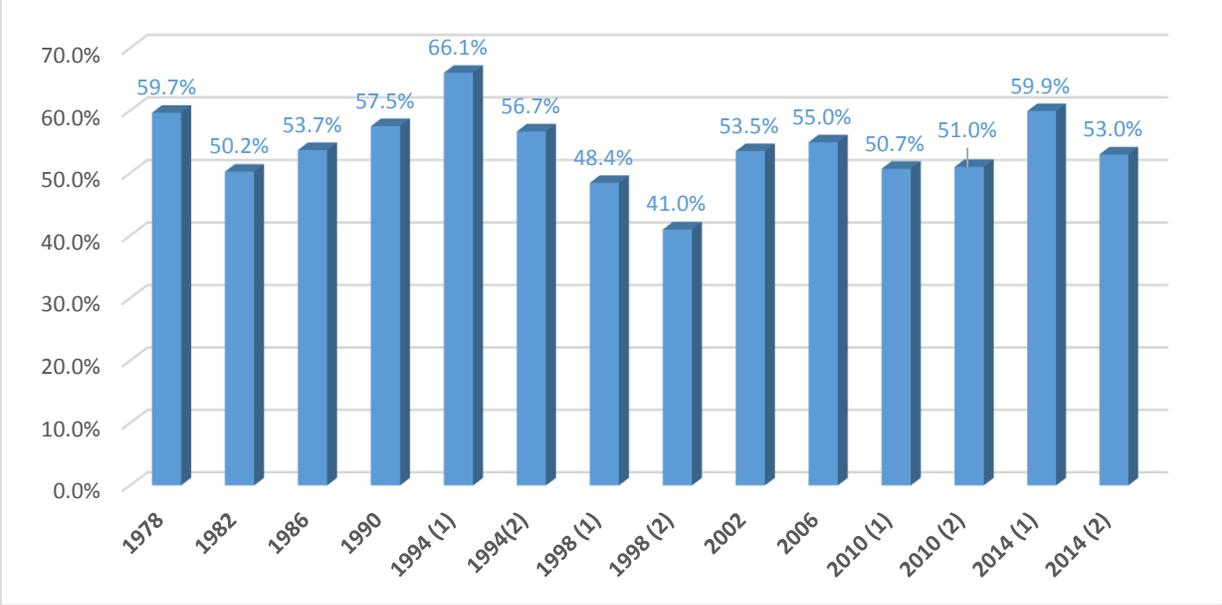
According to Romero et al (2007)⁷⁷, between 1994 and 2002 narco-paramilitaries armies were legalized, fueled by the State, protected by National Armies and expanded their political and economic influence among the whole country (See Chapter 4).

In the last presidential period between 2002 and 2010, the “scandal of parapolitics” demonstrates that voting was deeply influenced by narco-paramilitaries armies. More than 20 high level governmental officials, including the former president⁷⁸, have been prosecuted for their relationships with drug-dealers, illegal armies, or both (La Silla Vacía, 2010)⁷⁹. Even some of the government agencies were used directly to commit crimes against humanity⁸⁰ and to export illegal drugs⁸¹. According to García (2009)⁸², in this period a State agency also developed a software in order to do impersonation of votes under the direction of the presidency.

This historical process has undermined political elections, citizens’ trust and finally, it has delegitimized democracy inside the country. Despite the mainstream narrative of Colombia as an example of Democracy in the Americas, Colombia has been the country with the highest levels of abstention in Latin America (Mendieta-Ramirez, 2011)⁸³.

Elections with less rates of abstention in Colombia are the presidential ones. Nevertheless, since 1978 the rate of abstention has been more than 50%, except in the presidential elections of 1998. In average, the abstention rate in Colombia since 1978 to 2014 has been around 54%. (Graph A5).

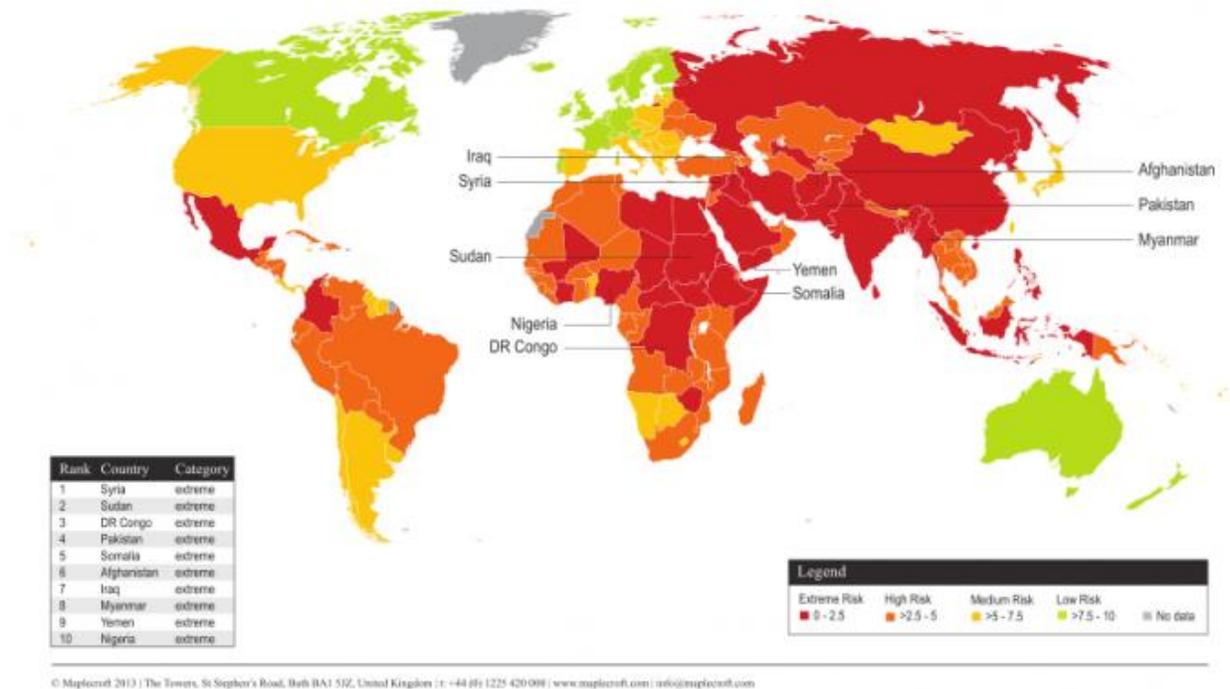
GRAPH A5. Rate of Abstention in the presidential elections. 1978 – 2014



Source: National State Registry⁸⁴

Colombian State agencies and narco-paramilitaries have joined systematically in order to targeted-kill human rights defenders⁸⁵, violate the right to privacy⁸⁶, and attacked NGO⁸⁷, among others Human Rights violations. According to the Human Rights Risk Index, Colombia have the highest risk among South American Countries, and it shares the classification of “High Risk” only with Mexico in the Americas. (See Graph A6)

GRAPH A6. Human Rights Risk Index (HRRI). 2014⁸⁸.



Source: Maplecroft, 2014

According to Reporters without Borders, Colombia is in the place 126 between 180 countries in Human Rights compliance regarding World Press Freedom, which is the worst place of South America and the third in the Americas after Mexico (place 152) and Cuba (170) (See Graph A7).

Despite all this, the U.S. government and its NATO allies don't make important inquiries to improve human rights situation inside Colombia. Rather, their governments have helped to ensure the mainstream narrative of Colombia as an example of Democracy, Freedom, and Improvement. These statements don't follow any relationship with the real situation of people in Colombia, rather they have followed a tight relationship with the openness of Colombia to multinational corporations and the compliance of Colombia to the rules imposed by multilateral organizations. This makes Colombian people even more vulnerable to the logics of Development since the mainstream point of view, which is today related with deeper trends of speculation and financialization of natural resources.

GRAPH A7. Freedom of the press Worldwide in 2014⁸⁹.



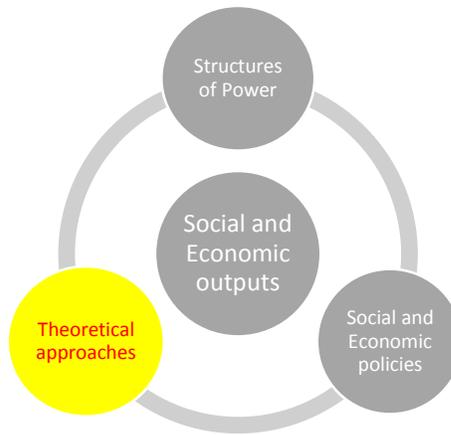
Source: Reporters without Borders (2014).

According to the Nobel Laureate Mohamed ElBaradei, “We need to move from international politics based on geopolitical interests to international policies based on Human Solidarity”⁹⁰. This is an important remark for today’s Human Rights policy given the colonization of Human Rights values by financial interests. The United Nations are funded by National governments. If these governments are captured by financial and economic interests, no National States, nor any program of the United Nations will be entirely effective advocating Human Rights.

After the fall of Berlin Wall, the US led the war against drugs with a special focus in Latin America. This focus has strengthened the power structures in Colombia until today. Between the War against drugs and the War on Terror, the United States signed the “Plan Colombia” in order to strengthen the Colombian State in its war against illegal armies and drug traffickers. However, Colombian government used this aid in order to allocate resources depending on their own priorities without fighting against narco-paramilitaries armies, nor even mention paramilitaries as terrorists. Overall, the US military aid has had an encouraging effect on Colombian conflict and Human Rights violations.

The dominance of economic interests over Human Rights causes States to use human rights discourse in order to violate Human Rights.

Colombia is different in many ways from their other South American countries. First, the rents from drug-trafficking softened economic and social crises in the eighties and the beginning of the nineties. This postponed social and democratic changes in Colombia. Second, Colombia is the only South American country that continues following the leadership of the Bretton Woods’ Institutions in economic policy, and the lead of the United States in politics and in foreign policy. Third, Colombia has the worst rates of human rights violations in the Americas.



CHAPTER TWO

THE ECONOMIC IDEOLOGY



Jurado, Chocó, 1999

Municipality of “Jurado” in the State of Chocó. The Colombian army on the Pacific coast, after an attack by the FARC guerillas on an army base that killed 26 soldiers, a police officer and one civilian “Juradó” is on the border with Panama, and very far from those that govern.

Photographer: Jesús Abad Colorado.

MAINSTREAM ECONOMICS AND ITS PRACTICAL IMPLICATIONS

Production and Growth

According to mainstream economists, the main goal of the economy is to rise production, this is, to have economic growth. According to this, Development is Growth.

When these economists are asked about other goals such as wealth, standards of living, fall in poverty rates, rising education, basic needs, or equality; mainstream economists argue that growth is a necessary output before getting any of these others goals: “you have to produce first, and distribute later”. In fact, mainstream economists have stated that growth will produce the other social outputs automatically. According to them, supply creates its own demand. This have been named *The Say's law*, or the “trickle-down theory”.

With this as a starting point, mainstream economists are focused mainly on the Production Function. According to this, “the principal activity of any firm is to turn inputs to outputs” (Nicholson and Snyder, 2008: 295)⁹¹. Relationship between inputs and outputs is formalized in an abstract production function with this form:

$$q = f(k, l, m \dots) \text{ (Eq. 1)}$$

Notation here is in lowercase because we are talking about inputs and outputs of certain firm. When inputs and outputs are of the *whole market*, capital letters are used.

Thus, in Eq.1 q is the output of certain firm. This output depends on (is a function of) certain inputs, in this case k , l , m , and others. k represents capital, for example the machinery; l represents the hours of labor, and m represents raw materials. Other kinds of inputs are noted with suspension points. The problem of the firm is, consequently, mixing these inputs in the most productive way in order to maximize the quantity of outputs.

However, orthodox economists use a simplified production function where only capital (k) and labor (l) are noted. This simplification has the main goal of showing inputs in two-dimensional graphs⁹²:

$$q = f(k, l) \text{ (Eq. 2)}$$

Orthodox economists are deeply committed with the belief of rising production (i.e. economic growth) as the only, or at least as the most important goal of the economy. This is why it is very important for them to study the changes of production when there is a small change (or marginal change) in any input. This is defined as *marginal physical product*:

$$MP_k = \frac{\partial q}{\partial k} = f_k \text{ (Eq. 3)}$$

$$MP_l = \frac{\partial q}{\partial l} = f_l \text{ (Eq. 4)}$$

MP_k in Eq. 3 denotes the marginal physical product given by a marginal change of capital. This is how much the production changes when capital changes in “one unit”. MP_l in Eq. 4 denotes the marginal physical product given by a marginal change of labor. This is how much the production

changes when labor changes “one unit”. In this simplified production function, these marginal changes can be calculated with the first-order partial derivatives.

According to this production function, adding inputs is going to rise production in the first stages (i.e. the marginal physical product is going to be positive). However, orthodox economists assume a “natural” tendency of losing productivity with each input that is added to the production. For instance, adding labor will create a rise in wages in some point, so the production is going to grow, but in a lesser extent. The same exact thing happens with capital: adding capital is going to create more “output” but in a lesser extent for each “unit” of additional capital. This is the assumption of *diminishing marginal productivity* (the output added by a unit of additional input is always lesser than the output added by the former unit of input, i.e. the marginal productivity is always less than 0).

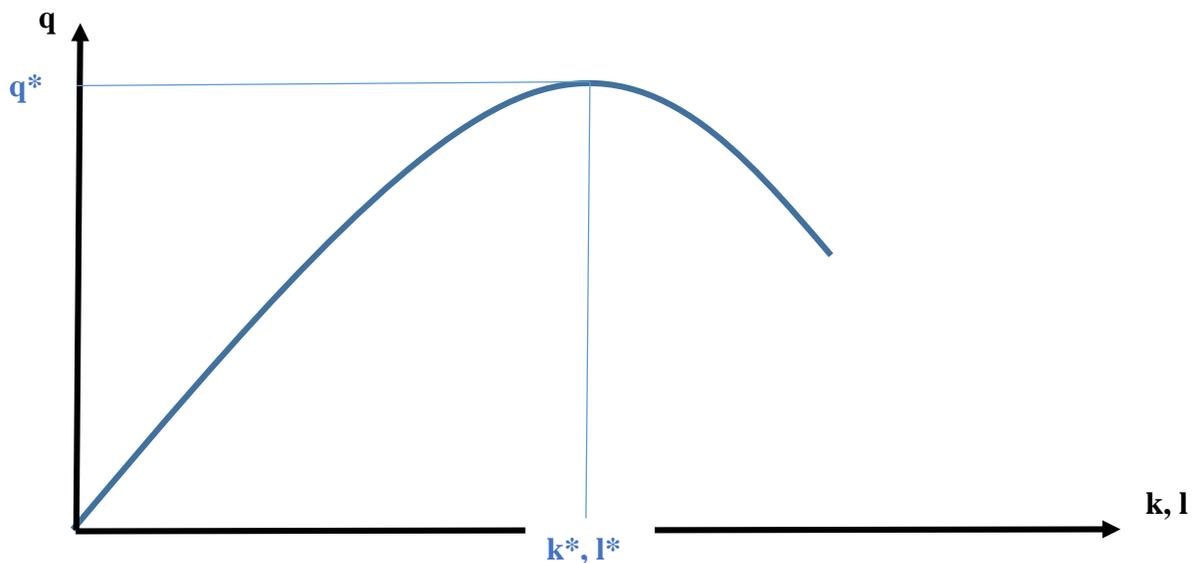
Mathematically this is calculated by a second-order partial derivative of the production function for each input: capital (See Eq. 4), and labor (See Eq. 5):

$$\frac{\partial MP_k}{\partial k} = \frac{\partial^2 f}{\partial k^2} = f_{kk} = f_{11} < 0 \text{ (Eq. 4)}$$

$$\frac{\partial MP_l}{\partial l} = \frac{\partial^2 f}{\partial l^2} = f_{ll} = f_{22} < 0 \text{ (Eq. 5)}$$

Again, this assumption is very important because it creates a specific concave shape in the relationship between outputs and inputs (See Graph B1). This allows orthodox economists to find an optimal point (q^* , l^*k^*) where it is not “rational” to incorporate more inputs in order to create more outputs.

GRAPH B1. RELATIONSHIP BETWEEN PRODUCTION (OUTPUT) AND PRODUCTIVE FACTORS (INPUTS) ACCORDING TO MAINSTREAM ECONOMIC THEORY



Source: Author based on Nicholson and Snyder (2008)⁹³

According to Nicholson and Snyder (2008: 296), marginal productivity is the most important measure for policy makers. However, other important measure is average productivity. In this context, the meaning of “productivity” is mainly related with labor, and it means that a firm is producing the same outputs with less labor hours, or that it is producing more output with the same labor hours: “the term *labor productivity* often means *average productivity*. When it is said that a certain industry has experienced productivity increases, this is taken to mean that output per unit of labor input has increased”⁹⁴. Average productivity is “often used as a measure of efficiency” (ibid, 297)⁹⁵.

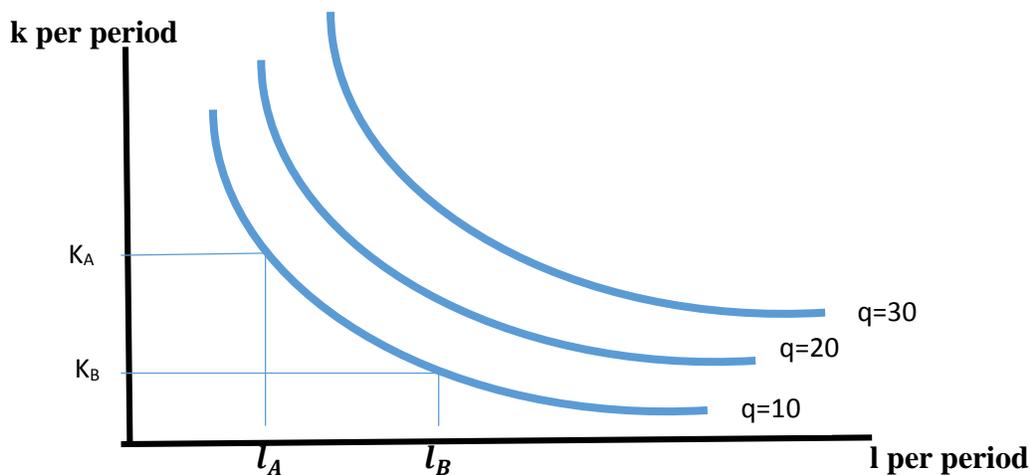
Average productivity also depends on capital because capital can raise the level of output that is produced with the same labor, or it can also substitute labor in order to produce the same output with less labor. Mathematically it is defined as:

$$AP_l = \frac{\text{output}}{\text{labor input}} = \frac{q}{l} = \frac{f(k,l)}{l} \text{ (Eq. 6)}$$

Assumption of “perfect substitution” between labor and capital is also very important for the mathematical model. This assumption alone with homogeneity in productive factors (i.e. there is not any differences, nor types of labor or capital) allow orthodox economists to graph and to calculate specific points of labor and capital where production is optimal. Given this two assumptions, orthodox economists use *isoquant maps* in order to illustrate possible substitution of one input for another in a production function.

In these isoquant maps, each curve represents the same level of output (production). For instance, a firm can decide between a combination of capital and labor equivalent to k_A and l_A , or a combination of k_B and l_B , in order to produce the same 10 units of production (See Graph B2). So, according to this model, there are infinite ways (infinite combination of factors) to produce the same quantity of output.

GRAPH B2. ISOQUANT MAP AND RATES OF TECHNICAL SUBSTITUTION.



Source: Nicholson and Snyder (2008)⁹⁶

Mathematically the isoquant for the level of production q_0 is the one that satisfies the next function of production:

$$q_0 = f(k, l) \text{ (Eq. 7)}$$

This assumes a continuous production function that have infinite combinations of production factors that satisfies the same level of production. This assumption allows orthodox economists to calculate a rate at which labor can be substituted for capital while holding the output constant. This rate is called *marginal rate of technical substitution (RTS)*. Mathematically the RTS for the level of production q_0 is defined as:

$$RTS (l \text{ for } k) = \left. \frac{-dk}{dl} \right|_{q=q_0} \text{ (Eq. 8)}$$

Thus, the decision about which combination of labor and capital is preferred depends on the current level of production, and the marginal productivity of each input which depends on its cost. Moreover, according to this model, the rate in which labor can be substituted by capital is equivalent to the rate between the additional production given an additional unit of labor (MP_L in Eq. 4), and the additional production given an additional unit of capital (MP_K in Eq. 3). Meaning that, if for example the production added by labor is three times the production added by capital, the rate at which labor can be substituted by capital is -3. Mathematically this is:

$$\frac{MP_L}{MP_K} RTS (l \text{ for } k) = \left. -\frac{dk}{dl} \right|_{q=q_0} \text{ (Eq. 9)}$$

If Development is Growth, and growth depends on the production factors (inputs), the most important issues to measure for orthodox economists are (1) how changes in inputs impact the output, and (2) how easy is to substitute one input for another. The first measure is called *returns of scale*, and the second measure is called *elasticity of substitution*.

For the first measure, suppose that all inputs are multiplied by the same number. If the resulting output is multiplied by the same number, the production function has constant returns of scale. In the other hand, if the resulting output increases less than proportionately, the production function has decreasing returns of scale; if the resulting output increases more than proportionately, the production function has increasing returns of scale.

Eq. 10 shows the mathematical definition of returns of scale given the multiplication of all inputs by the same positive constant “t”:

TABLE B1. (EQ. 10). RETURNS OF SCALE BY THE EFFECT ON OUTPUT

Effect on Output	Returns of Scale
$I. f(tk, tl) = tf(k, l) = tq$	Constant
$I. f(tk, tl) < tf(k, l) = tq$	Decreasing
$I. f(tk, tl) > tf(k, l) = tq$	Increasing

Source: Nicholson and Snyder (2008)⁹⁷

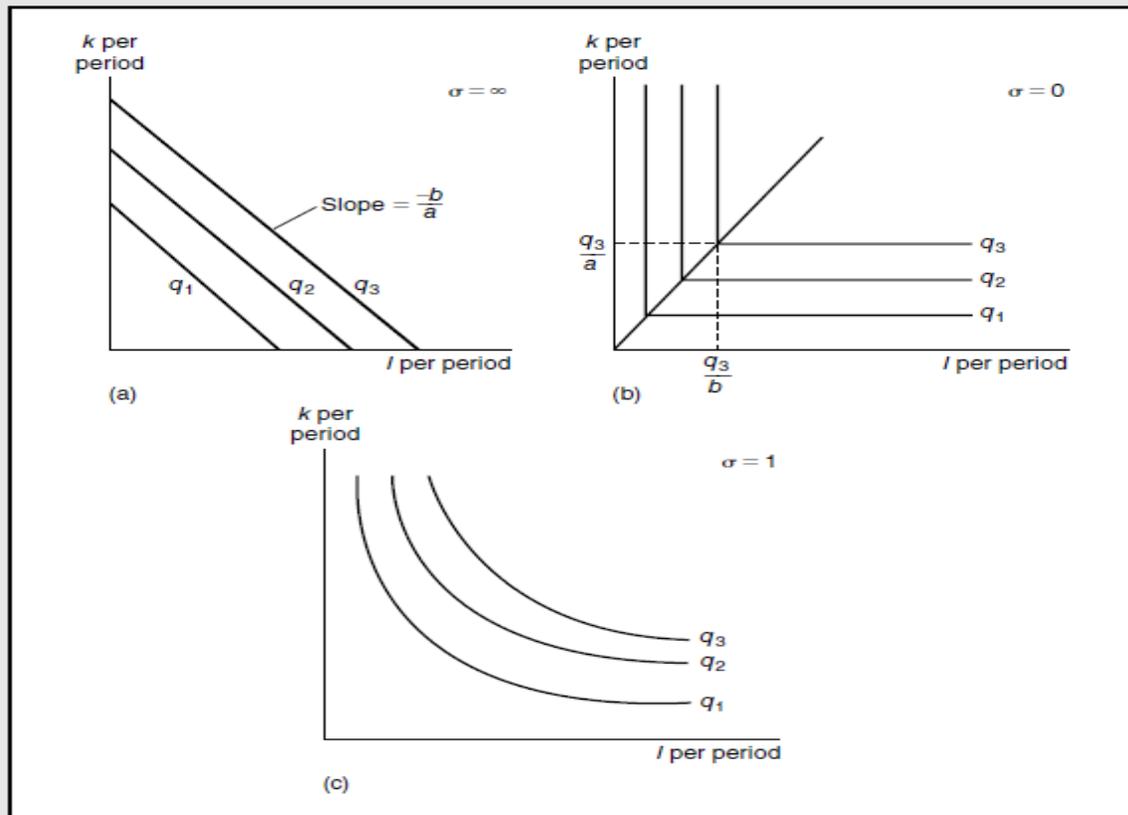
For the second, elasticity of substitution measures the shape of a single isoquant which is the measure of how easy is to substitute one input for another. This is the degree of responsiveness of the isoquant. So, the elasticity of substitution measures how much “the rate of technical substitution will decrease as the capital-labor ratio decreases”⁹⁸. Mathematically, the elasticity of substitution (σ) measures the proportionate change in k/l relative to the proportionate change in the RTS along an isoquant:

$$\sigma = \frac{\text{percent } \Delta(k/l)}{\text{percent } \Delta RTS} = \frac{d(k/l)}{d RTS} * \frac{RTS}{k/l} = \frac{\partial \ln k/l}{\partial \ln RTS} = \frac{\partial \ln k/l}{\partial \ln f_l/f_k} \quad (\text{Eq. 11})$$

If σ is high the isoquant will be relatively flat, so it is not easy to substitute one input for another. If σ is low the isoquant will be relatively sharp, and the substitution between one input and another will be easier. The polar cases are when $\sigma=0$, and when $\sigma=\infty$. Between these polar cases, there is the production function in which $\sigma=1$. This case is named *Cobb-Douglas production function*, and it is the one most used by orthodox economists (See Graph B3).

GRAPH B3. TYPES OF ISOQUANTS VARYING THE VALUE OF σ

Three possible values for the elasticity of substitution are illustrated in these figures. In (a), capital and labor are perfect substitutes. In this case, the RTS will not change as the capital-labor ratio changes. In (b), the fixed-proportions case, no substitution is possible. The capital-labor ratio is fixed at b/a . A case of limited substitutability is illustrated in (c).



Source: Nicholson and Snyder (2008)⁹⁹

The mathematical form of the Cobb-Douglas production function is:

$$q = f(k, l) = Ak^a l^b, \text{ with } A, a, \text{ and } b \text{ are all positive constants. (Eq. 12)}$$

Depending on the values of a and b , the Cobb-Douglas production function will exhibit different degrees of returns to scale (See Table B2):

TABLE B2. RETURNS TO SCALE IN THE COBB-DOUGLAS PRODUCTION FUNCTION ACCORDING TO THE VALUES a AND b

Values of a and b in the Cobb-Douglas	Returns of Scale
$a + b = 1$	Constant
$a + b < 1$	Decreasing
$a + b > 1$	Increasing

Source: Author based on Nicholson and Snyder (2008)

Mainstream economists usually use the Cobb-Douglas because it is linear in logarithms, which allow them to do econometric models more consistently. In this form, a and b are the elasticities of output with respect to each input. This means that a is the change of the output given a change in one unit of capital, and b is the change of the output given a change in one unit of labor. Both can be estimated through econometrics (See Eq. 13). They also use the version of constant returns to scale in order to model aggregate production inside countries.

$$\ln q = \ln A + a \ln k + b \ln l \text{ (Eq. 13)}$$

When methods of production improve over time allowing the economy to produce more with the same level of inputs there is *technical progress*. Technical progress is captured with the variable “ A ” in the Eq. 12. As “superior production techniques” it multiplies both, capital and labor. It also changes over time (t). The term $A(t)$ in orthodox economic models “represents all the influences that go into determining q other than k (machine-hours) and l (labor-hours)”¹⁰⁰. Thanks to technical progress, particular levels of input of labor and capital become more productive over time (See Eq. 14).

$$q = A(t)f(k, l), \text{ with } t = \text{time (Eq. 14),}$$

According to this production function, orthodox economists explain growth as the change of production or output (q) given by the change in time (t) in one unit. So, it is the marginal change of (q) given the change of (t). According to this model, factors of production or inputs change in time only because of the effect that technical progress have on them. Mathematically:

$$\frac{dq}{dt} = \frac{dA}{dt} * f(k, l) + A * \frac{df(k,l)}{dt} = \frac{dA}{dt} * \frac{q}{A} + \frac{q}{f(k,l)} \left[\frac{\partial f}{\partial k} * \frac{dk}{dt} + \frac{\partial f}{\partial l} * \frac{dl}{dt} \right] \text{ (Eq. 15)}$$

$$\therefore \frac{dq/dt}{q} = \frac{dA/dt}{A} + \frac{\partial f}{\partial k} * \frac{k}{f(k,l)} * \frac{dk/dt}{k} + \frac{\partial f}{\partial l} * \frac{l}{f(k,l)} * \frac{dl/dt}{l} \text{ (Dividing by } q \text{) (Eq. 16)}$$

$$\therefore G_q = G_A + \frac{\partial f}{\partial k} * \frac{k}{f(k,l)} * G_k + \frac{\partial f}{\partial l} * \frac{l}{f(k,l)} * G_l \text{ (Eq. 17),}$$

$$\text{But, } \left\{ \begin{array}{l} \frac{\partial f}{\partial k} * \frac{k}{f(k,l)} = \frac{\partial q}{\partial k} * \frac{k}{q} = \text{elasticity of output with respect to capital input} = e_{q,k} \\ \frac{\partial f}{\partial l} * \frac{l}{f(k,l)} = \frac{\partial q}{\partial l} * \frac{l}{q} = \text{elasticity of output with respect to labor input} = e_{q,l} \end{array} \right\},$$

Therefore the Growth function is: $G_Q = G_A + e_{q,k} * G_k + e_{q,l} * G_l$ (Eq. 18).

Which means that economic growth (G_Q), and therefore Development, depend on:

- Growth on technical progress
- Elasticity of output with respect to labor input and capital input which don't change over time (this means that what the additional unit of each production factor add to production keeps the same level over time)
- Growth of capital and growth of labor that change over time depending on the effect that technical progress has on them.

Moral implications of Mainstream Economics

This is not just an innocent model to simplify and to understand better the complicated relationships of the economy. This is the most important model for orthodox economists. Orthodox economists understand the economy through this functions, and they also understand Development as something that entirely depends on these equations. This is not only a mathematical simplification, this is a mindset and a way of understanding life and the relationships between people, enterprises and States, inside and outside the countries. Ramifications of this basic model is used to make policy decisions. This have been used to make the most important decisions, not only private decisions, but mainly public decisions. Ramifications of this model has been also used to justify a wide variety of realities and policies, from sectoral investments and allocation of resources, to the suitability of Free Trade Agreements.

This is why it is truly important to ask about the moral foundations behind these mathematical functions. The answer will tell us what drives the minds and the actions of mainstream economists.

First, the main goal for orthodox economists shows a misleading political decision. From the beginning to the end, it is very obvious that the most important thing to these economists is “production”. Not production of wealth, or production of certain kind of specific goods, or social services, it is “production” as an abstract thing. It means that all production is good production. Under this theory, producing toys is equally virtuous than producing nuclear weapons. If a country has enough capital and labor to rise the production of illegal drugs, why not? According to this theory, it is absolutely “rational” that the top 100 arms-producing and military services companies totaled more than \$402 billion of sales in 2013¹⁰¹. It is also “rational” that more than \$300 billion

of illegal drugs have been produced each year,¹⁰² \$97 billion on pornography¹⁰³, and \$722 billion in tobacco sales¹⁰⁴. Combined the sales of these businesses account for \$1.6 trillion of dollars, which is 4.3 times the South African economy, 4.2 times the Colombian economy, 82% of the Indian Economy, 70% of the Brazilian economy, 42% of the German economy, 32% of the Japanese Economy, and almost 10% of the U.S. Economy¹⁰⁵.

These economists don't ask about production of what. They neither ask about production for whom, nor production for what. The goal of the economy is not people, but stuff. Things without interests, or values. Just material things. Everything else (persons, natural resources, governments, etc.) have to move towards creating more material things no matter what. Destroying natural resources, storing tons of garbage, and rising global warming are entirely logical if there is more "output" as the result.

From the first of the mainstream equations, the main goal is production as an abstract term. But, who does benefit from this production? Who are the beneficiaries of the organization of capital and labor? According to mainstream economists, all means of production are set up for nobody. There are not real beneficiaries. Nobody get anything from the productive process. Social class is not only invisible, but also denied.

Second, the things that are invisible for these equations have a strong social and moral weight in real life. The simplification of the production function from equation 2 onwards has had real and important implications. Land is invisible as an input, as well as raw materials, and natural resources. They really don't matter for orthodox economic theory. Making these invisible, orthodox economists deny the existence of commodification and financialization of the economy. For them, everything is production. Nevertheless, the impacts of the international financial trade on commodities (oil, food, gold, and water, among others), land, real estate, and other basic resources have created a lot of havoc around the world. The victims of this "invisible" movement of financial assets are largely the poorest persons.

Third, the role of persons as human beings is pauper in the mainstream economic theory. People is not inside any equation. Just labor. And labor is just useful as an input for production. Nothing more. This means that people who is not labor is useless for the economy, and useless for Development. According to this, housewives, elderly, babies, and other parts of the population don't have any value, and don't create any value for society. According to this theory, spending public or private resources in these people is a waste of money that ought to be minimized.

Labor in mainstream equations is in the same level than capital. Both inputs are equally important for production and can be substituted one for another. So, in general, people worth the same than machinery or money. If people does not have any intrinsic value more than an input for production, you can, and you should use them and abuse them in order to produce more. Poor labor conditions and slavery are not only allowed, but are also encouraged under this mindset.

Fourth, the intrinsic ways of maximizing production (and creating Development) in this model are frankly worrying. According to equations three and four, one of the most important ways of maximizing production is minimizing production costs. Moreover, according to these equations, if these costs fall over time, you can add inputs to your production process without deteriorating

marginal productivity. This means that you can produce more outputs without even worrying about marginal costs. According to the economic theory, costs of inputs will rise naturally over time. Therefore it becomes extremely rational since the economic point of view, to artificially depress prices of raw materials and labor through wars, invasions, or regulations, as it has happened in the last decades.

According to equations four and five, it is very important to keep the marginal productivity of inputs the high as possible over time. So, it is “rational” and appropriate to keep low the costs of labor and capital no matter what. Consequently, if there is oversupply of productive factors (labor, capital, and land) it is going to be better for the economy. This is, if there is unemployment, poverty, and famine among people, people is going to agree of working for very low wages, which is good for growth, and the economy as a whole. No matter if production is being wasted. Things are not made to satisfy needs, stuff are not the means, but the goal. So, no matter if 1.3 trillion of tons of food are wasted every year in the world¹⁰⁶, it is not good for the economy to feed the hungry because hunger makes costs cheaper and production greater.

The average productivity introduced in equation six is an economic goal. This is fundamentally related with making labor to produce more at the same or lesser costs. So, lower wages are positive for growth and development. According to equation nine, the greater division of labor and greater specialization, the better. This is why it is very important monopolization of production in order to create more returns to scale. It is also positive to make production processes extremely cheap and specialized as it is happening in Mexican and Chinese maquiladoras inside export assembly plants.

Fifth, this theory openly encourages unemployment. Mainstream economics promote the substitution of labor for capital, which creates even more unemployment. The assumption of homogeneity of labor states that workers and machines are fundamentally the same. There are not types of workers, special needs, backgrounds, cultural frameworks, family needs. They neither have thoughts, experience, particular skills, or specific education. They are not individuals, but a mass of input that can be easily substituted one worker for another, and increasingly all of them can be substituted for machines. According to equation eight, production process can, and should try to substitute labor for capital in order to maximize the “output”. Rising of demand is not taken to account as a source of growth, the only source of growth, from equation eight point of view, are falling wages and substitute labor.

The way that is stated the issue of returns of scale, from equation 10 onwards, is opposite to the creation of employment. According to this, countries must boost economic sectors with greater returns of scale in order to boost production. However, these economic sectors are the ones which use less labor. For instance, agriculture and industry use more labor than the services sector, however the economy should focus on the service sector because it has greater returns of scale. The most speculative, the better. Some financial operations, such as arbitrage, can create money from nothing, which means infinite returns of scale.

Technical progress is defined from equation 14. It is defined as the improvement of methods of production that allows the economy to produce more with the same quantity of inputs. According

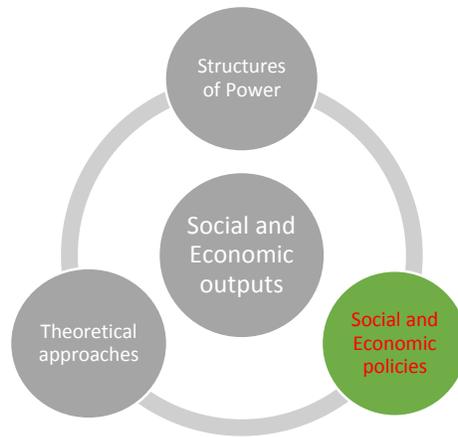
to this definition, technical progress allows the production process to need less levels of capital and labor over time. Moreover, if the growth of technical progress is greater than the growth of labor productivity, this is going to create even more unemployment and famine.

Sixth, technical progress is disengaged from labor. According to this theory, technical progress is the only variable that improves over time. This means that labor does not improve, persons don't evolve. This means that people are seen as inanimate things that don't have anything to add to the production process over time. People's creativity, innovation, and education is just irrelevant in this kind of theoretical framework.

Seventh and last. According to this mainstream mindset, it is economically irrational to distribute the money created by the enterprise among their workers. Workers' demand is not being seen as a source for development, nor growth. According to this, wages are a kind of "losses". The money that workers can spend buying more goods from the company doesn't even exist in the model. In fact, the source of development is the exact opposite: to take the biggest share of money out of the production process. The rationale is that firm owners must have the greatest share possible in order to invest again in the productive process and hire more people in the future. Capital gain and inequality between firm owners and employees are a source for Development. According to this theory, inequality is the main driving force of production because private savings are the only ones that can create additional production over time. There is not an understanding of the intrinsic relationship between supply and demand regarding the allocation or distribution of the resources that come from the productive process.

According to this, peaks of inequality in the world today, are the most significant empirical evidence that the mainstream economic model is working well according to its own definition of Development.

The rationale behind the mainstream economics was also fostered and has been popularized among citizens by politicians and Mainstream media in Colombia. This definition of Development has been applied in Colombia in the period of study of this research.



CHAPTER THREE

POLICIES: LAW AND NEOLIBERAL REFORM IN COLOMBIA



Municipality of Orito in the State of Putumayo. The current of water and oil flows fast after an attack on the transandean oil pipeline on the border with Ecuador. These oil spills cause serious environmental tragedies.

Photographer: Jesús Abad Colorado.

LEGAL REFORM IN COLOMBIA: WELFARE IN THEORY, NEOLIBERAL IN PRACTICE.

Before 1993: Restructuration of Drug-trafficking business

Given the deep crisis in Colombia due to urban and rural violence in the domestic “war on drugs”, a new constitution in 1991 was put in place in order to pacify the country. Pablo Escobar had agreed to “surrender” if the constitution stated the prohibition of extradition. Some guerrillas’ armies were also committed to lay down arms and participate of legal democracy if the institutional framework was modernized through enhancing democracy and giving more participation to new political parties in national and regional democratic elections.

Bretton Wood Institutions were also pushing forward deep legal reforms around the world. These reforms aimed two main goals: enforce the rule of markets and enhance democracy. The first objective included deep legal and institutional reforms to develop the “rule of law”, protect property rights, allow freedom of contracts and market oriented legal systems, protect investors through corporate law, break state monopolies, and constrain State power among others (World Bank, 1996)¹⁰⁷. The second objective included creating “independent bodies” in order to regulate certain public functions, decentralization, regional and local elections, strengthen independent judicial institutions, prioritize education, guarantee the right of free speech, fair comment, and public criticism, rising the rights of women, facilitate social security nets, and ensuring independent, neutral, and transparent democratic elections, among others (World Bank, 2006)¹⁰⁸.

The collection of shared interests between the Ruling Coalition (Mainstream State, Business Elites and International players), guerrillas’ armies and drug dealers brought together an optimal time to make a national agreement around the idea of a new country: more democratic, more participative, and more open to the global economy. These would be the foundations for a lasting peace in the country. This encouraging environment allowed the new president to sign a new National Constitution in 1991 with the participation of former members of guerrillas’ armies. Pablo Escobar also surrendered under his own conditions to be in a jail built by himself just after the agreement was signed.

Despite being a wide agreement between different political parties and interests, The Constitution of 1991 enforced the entire framework given by the World Bank. Not only in the democratic side, but also the “market” foundations.

Thanks to the participation of various social and political sectors, the new National Constitution recognized political minorities, provided a wide bill of rights, and gave specific tools to ensure fundamentals rights (Peña, Parada y Zuleta, 2013)¹⁰⁹. According to the authors “[the Constitution] has a long list of rights, including fundamental rights as well as economic and cultural ones. The Constitution not only enumerate them, but also develop its content, and more important, it states that the State has to ensure that persons meet them”¹¹⁰. The State also recognizes universality of rights (article 13), and expresses that the State will give special protection in order to avoid discrimination.

Constitution also includes and makes visible specific sectors of the Colombian population such as indigenous, African descents, women, and disabled. “Constitution includes political minorities with especial rights, such as ethnic groups (articles 7, 10, 63, 68, and 72), indigenous (articles 171, 246, 286, and 329), and women (articles 40 and 43)¹¹¹”. However, peasants are not included in any especial category or minority.

National constitution forgot the peasants. Peasants are not mentioned in any of the articles of the national Constitution. Along its 380 articles, a similar concept is only named in the article 64 as “agrarian workers” (Ibid: 130)¹¹². Invisibility of peasants in the national Constitution has the same moral consequences that the invisibility of land in the economic theory. The invisibility of land in economic theory erases all the important properties of land as mean of production, as a good, as supporter of natural resources, or as a mean of subsistence for the persons. In doing that, it gives more enhances the concept of land as a financial commodity. In the same way, the invisibility of peasants as persons, owners, or subjects of rights, gives more importance to the worker as a mere mean of production in the labor market. (See Chapter 2).

In theory, the Constitution declares that general interest must prevail. In practice, the Constitution of 1991 ensure that particular interests prevail over general interest. The new Constitution repeats the old constitutional statement of 1936 in the article 58 about agrarian assets: “Private property and every other right that has been acquired is guaranteed under civil law. These rights cannot be ignored or violated by further laws. When the application of any law issued for reasons of public utility results in a conflict with those particular rights recognized by this article, the private interest must yield to the social or public interest”¹¹³.

In fact, according to the Sentence C-126 of the Constitutional Court, there is an eminent domain, which has to be to the inherent faculties of the State as the sovereign on its territory and on the goods inside it in order to keep the legal order, and comply the constitutional function that have been attributed to the same State. However, in practice, actions of local actors test and limit these domains. This happens, for instance, in the case of the expropriation of drug dealers’ assets that are needed to refund peasant who are the legal owners¹¹⁴. According to Le Grand, (1988, quoted by Peña, Parada y Zuleta, 2013)¹¹⁵ “The biggest the geographic space, the more distorted the unifying power of the Civil Code. Thus, the actual power of law is not reflected in the visionary declarations stated in the capital city, but rather in a tangled network of clientele, influences, and interests that build the outputs of real life and distort law to meet their goals”.

The Constitution mentioned property regimes in a very limited way. Consequently, rules on property have the same dispositions of the Civil Code, as always. Furthermore, the foundation of property regulations and real rights is still in the private regime. Access and exchange of property, including land, is regulated by the civil law. Under these principles, State will is submitted to the will of particulars. Consequently, “public policies regarding agrarian sector have no effect in wide parts of Colombian territory” (ibid, 134)¹¹⁶.

Invisibility of land in economic theory is perfectly operational when is combined with invisibility of peasants in the Constitution, and invisibility of property in law reform: “the system that rules private property on realty is a very difficult mixture of private law (such as the ones in the Civil

Code), public law (such as the ones in the national register the registry of public instruments), and a body of notaries that have their own regulations and have the main objective of *giving public faith*. Notaries are not State officials, but public functions were given to them” (ibid, 133)¹¹⁷.

This system of rules has kept unchanged since the colony. The structure of power created by this system of rules is founded in two main institutions: notaries and local offices of registry. This makes easier to local elites to govern the allocation of property rights. In this context, enhancing of decentralization raised the power that the wealthy and local elites had on the regulation of property rights.

Moreover, the special rules about agrarian matters are based on civil law, but with special components of land rights. This creates an incoherent set of rules that create more than one legal framework to define rights. Thus, actors who know the system better and who have enough resources to move the judicial system in their favor are able to abuse the law in order to get private gains. “When several regimes to regulate property coexist, as it is in the Colombian case, the access to goods is open, which means that there are not clear procedures and the state become in a middleman between resources and who wants to access them” (Fitzpatrick, 2006: 996; quoted by Peña, Parada y Zuleta (2013)¹¹⁸.

In the other hand, poor peasants find practical obstacles to access land because of the same reasons. For instance, acquiring ownership has to meet certain formalities. In the case of realty, every kind of title has to be subscribed in the office of public instruments. As the Minister of Agriculture has noted, peasants who want access to land don’t do these procedures.¹¹⁹ There are several causes: one is lack of information, the other one is that peasants have to pay for the legal procedures, functioning of institutions, notarial rights, registry in the office of public instruments, and attorney fees.

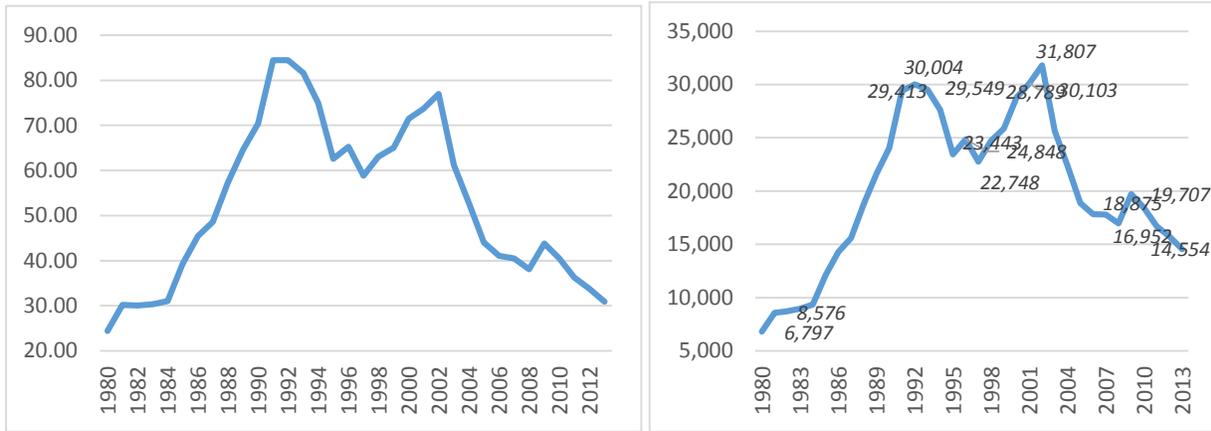
Overall, national constitution did not promote land distribution, rather, it “incentivizes and allows land monopolization” (Ibid, 124)¹²⁰. The Constitution neither made important changes in the regulatory systems regarding land property. In this matter, the Constitution kept the old regulatory structure with many inconsistencies, different regulatory regimes, and based on Private Law and the Civil Code. This created even more power to wealthy landlords and local elites. This cleared the way towards a new counter agrarian reform fostered by violence in Colombia.

1993 – 2002: Institutions and the expansion of narco-paramilitaries armies

In the second half of the nineties, homicides began to grow again. This time, killings were not in the main cities, but rather they were committed mainly in the rural areas. In fact, in nominal terms, this second peak of homicides was even higher than the worst peak of homicides in the former conflict with Pablo Escobar. (See Graph C1).

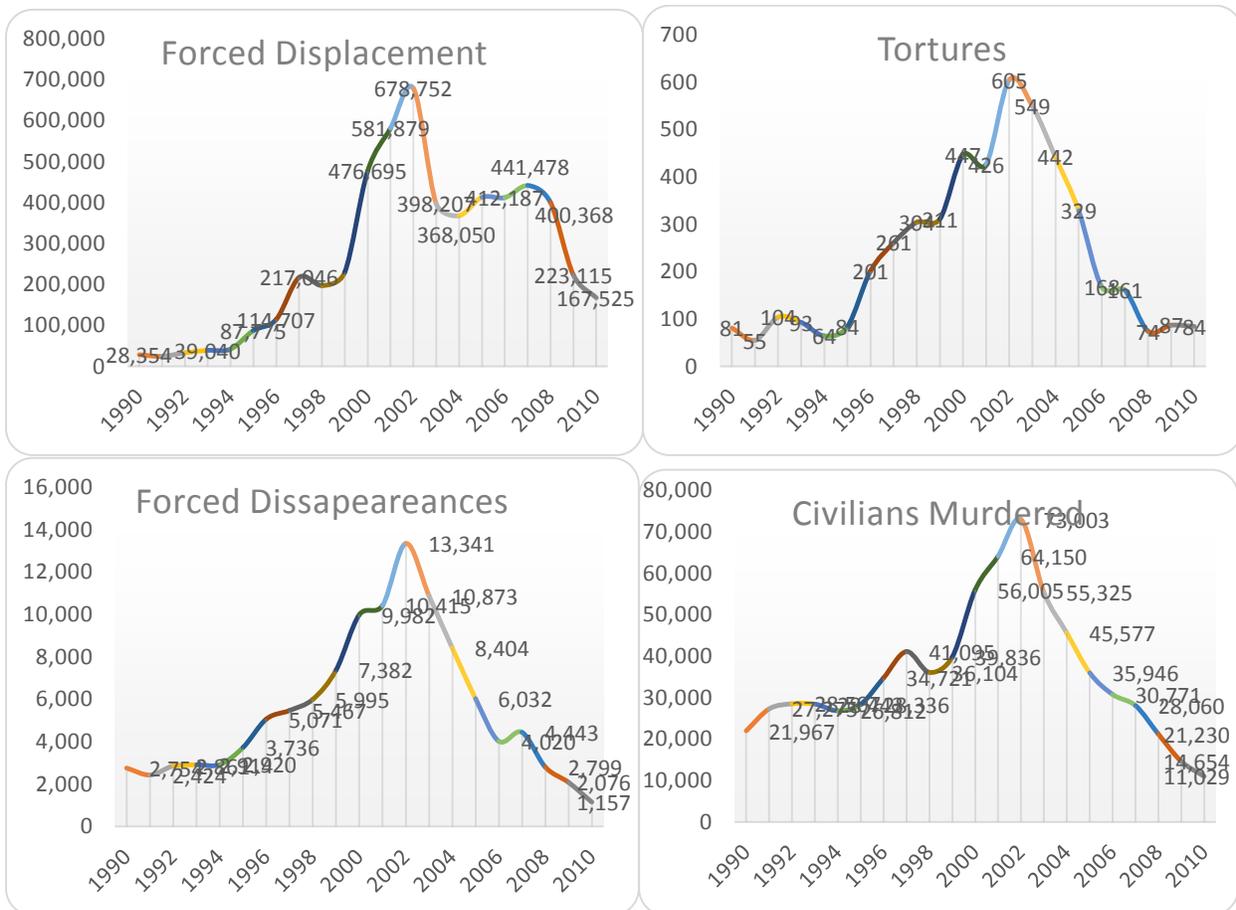
The largest share of this homicides was due to armed structures that foster massive land dispossession. Murders, massacres, and tortures were used to frighten the rural peasants in order to push them out of their lands. Since 1990 to 2002 this kind of human rights violations grew steadily (See Graph C2).

GRAPH C1. HOMICIDE RATE (LEFT) AND HOMICIDES IN COLOMBIA (RIGHT) BETWEEN 1980 AND 2013



Source: National Administrative Department of Statistics (DANE)

GRAPH C2. HUMAN RIGHTS VIOLATIONS ASSOCIATED WITH FORCED DIAPLACEMENT. 1990 – 2010.



Source: National Unit of Victims

While these structures were growing along the country, a set of regulations was put in place in order to (1) change the State structures towards a more neoliberal State, (2) change the priorities of production in the rural areas, and (3) prepare the country for a new set of economic sectors fostered by foreign investment. Overall, in this stage (1993 – 2002) the State was preparing the new *institutions* in the capital city while the armies were preparing the field, so the ruling coalition could take advantage of these institutional changes (See Chapter 5).

Peña, Parada y Zuleta (2013)¹²¹ analyzed the national constitution and other regulations regarding land and agri-business in Colombia between 1991 and 2010. As Polanyi (2001)¹²² asserts in the case of the “Market Economy”, these authors demonstrate that the institutional framework facilitated dispossession and land monopolization in Colombia.

The Development model stated in the new Constitution define as a goal the economic, political, social, and ecological internationalization. Colombia began a process of unilateral Free Trade under this principle and with the Constitution as the legal framework. As a consequence, in the first two years (1992 and 1993) “an explosion of new regulations were put in place in order to shape institutions according to the demands of the international markets” (ibid: 133)¹²³.

Former economic policy was based on the Industrialization by Import Substitution (ISI). This economic policy was based on three sub sectors. In the primary sector there were¹²⁴:

- 1. Crops of Import Substitution (including tropical crops):** Users of modern technology and capital investment. They were organized in economic associations by products. They had a great lobby capacity.
- 2. Non-tradable Crops (crops for internal consumption):** typical crops, traditional technology, peasants’ means of livelihood, extensive in labor force, variety of rural organizations without great bargaining power, nor political influence.
- 3. Livestock Sector (ranching, poultry, and pork):** extensive in land, little labor, traditional technology. They had great power and political influence.

According to IGAC (quoted by Peña, Parada, and Zuleta, 2013)¹²⁵, the new government and the new Constitution facilitated the substitution of the ISI model with a new model oriented to international trade. Exporting tropical crops grew while non-tradable crops fell due to imports and to the openness of multinational retail corporations that trade these goods. This made crops for Import Substitution to disappear.

However, as Peña, Parada and Zuleta (2013) assert, this wasn’t an automatic, nor a natural “market” process. In order to foster this process, an important set of new laws were put in place with the new Constitution as a starting point:

- **Law 16 of 1991:** Created the System of Agrarian Credit and the Found for Agrarian Sector (Finagro). This law was promoted by the Colombian Association for Ranching. This law did not take account the characteristics of peasants and small farmers.
- **Law 89 of 1993:** Defined a portion of Social Security contributions for ranchers. Promoted by ranchers to empower the industrial development, mainly in the milk sector

- **Law 101 of 1993:** This law developed the articles 64, 65, and 66 of the Constitution. This law was targeted to agribusiness sector. This law created an institutional framework to regulate trade, taxes, and technologies. It also created credits and incentives for capitalization.
- **Law 160 of 1994:** Created the System of Agrarian reform and subsidies for land acquisition. This law was promoted as a comprehensive Agrarian Reform by the National Association of Users and Peasants (ANUC). However, the law finally follows the World Bank proposal which was a proposal of “Market Agrarian Reform”. This is to “support deconcentration of agrarian property without State intervention through the markets of land” Fajardo (2010, quoted by Peña, Parada and Zuleta, 2013)¹²⁶. This law was a failure in part due to drug-trafficking, corruption, and money laundry.¹²⁷

Despite that the constitution declares that “agrarian workers” must have progressive access to land, in practice land distribution is virtually impossible. Basics judicial tools for land distribution include the usage of vacant lands, and the expropriation of land for common utility purposes. However, the Constitution doesn’t mention vacant lands as a mean for agrarian reform. In the other hand, the Constitution was very “shy” in the matter of expropriation¹²⁸, and the processes to expropriation are actually unviable. To be genuine, the three branches of public power must be present in the expropriation process. Thus, the constituent left the state in inferior conditions in front of the landowners. With the Legislative Act No 1 of 1999, state power became even weaker. In practice, this act banned any expropriation chance to any unused asset (ibid, 132)¹²⁹.

Market economy regulations and increasing violence were the main features of this period. However, the explosion of violence inside the country had a reaction from the United Nations and other international agencies. These institutions were not able to stop the tendency of increasing violence and land grabbing. However, they pushed for some humanitarian regulations inside the country.

Thanks to international pressure¹³⁰ some regulations were produced in order to assist thousands of displaced people. Law 387 of 1997 recognized the problem of forced displacement and created collective and individual property rights mechanisms regarding denuded lands, as well as ordered plans to assist and help displaced persons to return to their lands. With this law, the National System for Comprehensive Care to Displaced Persons due to Conflict (SNAIP) was created, as well as a registry of abandoned land in order to prevent any land transference or dispossession against owners’ will. However, according to Peña, Parada y Zuleta (2013)¹³¹ “the way in which this law is enforced make even more disperse the obligations of local governments, which made even worst the victims’ situation. Moreover, there was not any reform in order to solve the problem, there were only emergency measures to a problem that became structural”.

2002 – 2010: The Consolidation

Between 2002 and 2010 there was a consolidation of the *Development Model*. Dispossessed lands were legalized, large economic projects were developed in rural areas, and new regulations were used to deepen neoliberal economic processes.

In this period, *Law Making* was characterized by the largest share of congressmen elected by narco-paramilitaries armies. These congressmen worked as a team with other parts of the national congress for the economic and political interests of paramilitaries, and for the economic and political interests of business elites. These interests were largely represented and supported by the National Government all along this period.

These interests included rural land expropriation, economic policies to enhance certain economic sectors, privatization of State enterprises, enhancing money laundering, regressive tax reforms, restraining of labor and social rights, and deepening of the health and pension private model among others (Paredes et al, 2003¹³² and Borrero et al, 2004¹³³).

By 2002, narco-paramilitary armies were controlling a great amount of the national territory, not only in the rural areas, but also in the cities. They also had an important representation in the National congress, the National government, and other National bodies. A lot of mayors, governors, councilors, and other local and State officials were part of their political structure. (See Romero, (2007¹³⁴ and López, 2010¹³⁵)

One of the legal tools that were widely used in order to legalize denuded lands was “the prescription to acquisition”. A lot of peasants left their lands frightened by illegal armies. According to the Civil Code, a person can acquire a vacant land over certain time, and if he comply with other legal requirements. Given the great amount of land that were left vacant due to threats from narco-paramilitaries armies, the prescription to acquisition became an alternative to legalize these denuded lands.

The law 791 of 2002 reduced the times for prescription. This law stated that the new prescription time was five years for realties, and three years for movable property. As we have seen in Graph C2, a lot of displacements were made during the nineties. This law helped the new usurpers to legalize these dispossessions (Peña, Parada and Zuleta, 2012: 137)¹³⁶.

Given the great power of local elites and wealthy landlords to distribute land rights in rural areas, a very large set of regulatory tools have been used in order to monopolize lands. According to the former Superintendent of Notary and Registry (2015), “almost all the regulatory frameworks were used in favor of land dispossession that belonged formerly to the State”¹³⁷. The Superintendence of Notaries and Registry identified more than four types of material dispossession, and 66 types of judicial dispossession.

Some of the types of judicial dispossession are:

- Forced Sales
- Low price Sales
- Impersonation of the Seller

- Falsification of Public Document
- Sales without authorization from the Committee for Comprehensive Care to Displaced Persons
- Massive dispossession by property transference
- Illegal Land Titling by Public Officials
- Titling by Parallel Public Offices
- Updates of Farm Boundaries
- Property Enlargement through extrajudicial statements
- Destruction of Titles to erase the judicial history of the land
- Foreclosures to Figureheads

Dispossessions to poor peasants were joined by laws and public policies that aim to minimize the State, and allocate resources in wealthy landlords.

The Decree 1300 of 2003 ended four public entities: The National Institute for Land Development, The National Institute for Agrarian Reform, the National Institute for Fishing, and the Found for Integral Rural Development. This weakened the State in the rural areas, and made “The State unable to meet the needs of the agrarian sector” (op cit: 144)¹³⁸.

The Law 811 of 2003, introduced the concept of production chain. This law stated that the government will assist building these chains in order to improve productivity. However, this law did not include peasants, nor promotes the distribution of rural assets.

The Law 975 of 2005 was emitted given the peace process with narco-paramilitaries armies. The law was called “Law for Justice and Peace”. This Law gave the management to the assets given by the victimizers to the National Commission for Reparation and Reconciliation. However, the Law doesn’t mention peasants as subjects affected by conflict. This law also includes restorative justice thanks to the pressure of the International community. However, according to Peña et al (2013) it didn’t give any instrument to actually distribute any rural asset, or facilitate access to land property, nor integral reparation.

The Law 1094 of 2006 creates the System for Agrarian Credit. It also reaffirm the integration of the National System for Agrarian Credit comprised of banks and financial institutions which main target are agrarian activities. This law neither mentions small farmers, peasants or redistribution of rural assets.

The Law 1133 of 2007 creates the program *Agro Ingreso Seguro*. This Law was proposed and pushed by business associations and big corporations. It included small and big farmers. However, the program only assisted big entrepreneurs in the implementation. Big entrepreneurs got access to State subsidies and benefits. The minister of agriculture justified the allocation of resources stating that “traditional farmers are not able to capitalize, access technological tools, nor produce in the competitive way that is demanded by international standards” (ibid: 146)¹³⁹.

Finally, the Decree 4430 of 2008 concedes an additional year of grace to displaced peasants so they can pay their financial debts. However, the Decree stated that the creditor has to pay all judicial and lawyer expenses. This law didn’t take account the especial situation of peasants, and

small farmers that were victims of illegal armies. The Constitutional Court in the Judgement T-358 of 2008 gave a solution to the consequences of these measures to vulnerable people. The Court also stated that Banks must give citizens especial conditions according to their current situation of vulnerability.

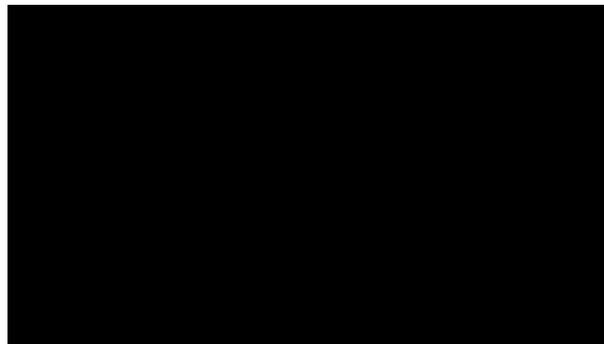
Don't push too hard because it is time for "peace"

In the last part of this period, the judicial branch of the public power set up limits to human rights violations and land grabbing based on the Welfare principles of the Constitution. Courts and judiciary weakened the power of narco-paramilitaries, tried to undermine their influence in formal institutions, and created a new set of laws in order to make more difficult the systematic violation of human rights to poor peasants.

However, paramilitaries and the ruling coalition (See chapter 4), had already met their economic, political, and military purposes. Economically, they had gain enough territorial and armed control to expand lucrative businesses along all the country (See chapter five). Politically they had minimized any form of reform and they had engaged the public opinion in a wide-spread rejection of any progressive idea of development labeling all of them as "insurgent". Militarily, they had helped to bring guerrillas' territorial control at their minimal expression. Therefore, the massive media, and legal Institutions began to disclose all the humanitarian atrocities committed by narco-paramilitaries, their "linkages" with drug-dealers, and began to frame any relationship with them as "illegal" and "immoral".

However, even when a large share of congressmen were prosecuted by law for their linkages with narco-paramilitaries armies, the National Government tried to keep the institutional binding between these congressmen and the wide national reforms that suited the interests of national and international economic elites. In 2006, former president of Colombia publicly stated: "I'll ask to all congressmen who have supported us: while you are not in jail, go to voting the reform to transferences, the capitalization of the State oil company, and the tax reform. That trick that I cannot ask for their vote because it is immoral, so the opposition defeat us to not approving this legislative agenda... No way! We are warriors!" (See video C1).

VIDEO C1. FORMER PRESIDENT OF COLOMBIA GOES PUBLIC TO POLITICIANS LINKED WITH NARCO-PARAMILITARIES



Source: RCN TV Channel, edited and subtitled by the author.

<https://youtu.be/MkY5b9ZYPIU>

This was not the only time that Courts called for the rights of poor peasants according with the principles stated in the Constitution.

Several Judgments of the Constitutional Court declared unconstitutional some regulatory dispositions that affected land property. For instance, The Court has declared unconstitutional the National Development Plan 2002-2006, The Statute of Rural Development, The Law 1152 of 2007, articles from the National Development Plan 2010 – 2014, and the Law 1450 of 2011.

The Judgment T-025 of 2004 not only declared unconstitutional a public policy, but also made an effort towards the protection of Displaced Persons. Thanks to International Pressure, this Judgment also urged the Government to protect the life, honor and property of displaced citizens due to conflict and narco-paramilitaries activities. This Judgment declared that displaced persons were in a permanent “state of unconstitutional affairs” which meant that the state had to adopt exceptional and urgent measures to palliate this phenomenon.

THE IRRELEVANCE OF INSTITUTIONALISM

Institutions have been instrumental to the ruling class and their purposes. In Colombia, institutions have been strong enough and good enough to ensure rents, power, and safety for the *Ruling Coalition*.

The only extraordinary thing that has happened in the last 20 years in Colombia was that it emerged a rising “Group of Power” that worked in the drug-trafficking business. So, the ruling class had to momentarily reorganize itself in order to (1) redistribute the power, (2) re-institutionalize this rising social class (See Chapter 4), and (3) legalize the profits that they got in the process. Institutions were also instrumental to these purposes. Therefore, the problem is not having “strong institutions” or “good institutions”, but rather the problem is who has access to shape these institutions, for what purposes, and for whom (who are the beneficiaries).

Making an implicit alliance between economists and lawyers, Institutional theory has been reframed by the World Bank. In this reframing, the new need for countries is not to enforce the “rule of markets”, but rather “the rule of law”. However, this “law”, and those institutions have among their objectives to “enhance markets”. These premises became the new fashion of International Development. This includes a reorganized set of Frameworks and Policies that have been developed under the names of “Property Rights” “Good Governance”, and “Judicial Reform”.

Some of the most outrageous critics of what has happened in Colombia are strong believers of Institutions, and dedicated followers of Institutionalism. This makes Institutionalism to look like a progressive approach to Development in Colombia. According to Ortega, (2015)¹⁴⁰ “the General Prosecutor in Colombia is elected by the congress through an internal ‘democratic’ process. Then, he freely dispose of 800 positions inside the Prosecutor General’s Office. If you build a little map... you’ll see that it doesn’t exist one important politician in Colombia without a relative in the Prosecutor’s office, in the Attorney General’s office, or in some important Court in the country. I am telling you this without any doubt. So, there are little networks, generally with family links, that allow them to secure impunity... There is a funny document written by Juanita León in which she publishes a leaked document from the Presidential office. In that document there is the list of how the presidential office distributed all positions. People with greater votes are the ones who control the “Aerocivil” which manages all the transportation of cocaine and weapons along the country; and jails. So the people who is found guilty can go to a five stars jail and do whatever they want... ”.

So, institutionalists know that Institutions are formed by people, and also they know that these people take advantage of the institutions in order to gain particular benefits. However, they insist on separating the theoretical concept of “Institutions” from the ones who manage them and take advantage from them.

Colombia is a good example of the irrelevance of Institutionalism for various reasons. First, these arguments are founded in a belief that Institutions make a difference in terms of Development. However, the fundamental characteristics of “Good and Strong” Institutions don’t explain differences among countries. (See for example Khan, 2008)¹⁴¹

Second, Institutionalism just reframes the same neoliberal ideology and serves as a form of deepening the structures that make the economy more unequal and dehumanizing. Property Rights, for example, have been used to extract wealth from poor peasants in order to relocate this wealth in the hands of powerful multinational corporations. For Instance, Colombian Government destroyed more than 2 million tons of rice seeds owned by poor peasants in order comply the new regulations of the FTA and the WTO regarding property rights. Now, Colombian peasants have to buy certified seeds from companies like Monsanto (Solano, 2013)¹⁴².

This also happens in Colombia in a broad range of economic activities. A wide range of natural resources have been monopolized and expropriated from poor peasants using property rights tools in order to give these natural resources to big companies. The largest example is mining, but there are many others that are based on displacement and land grabbing such as ranching, palm oil, and sugar (See chapter five). Moreover, the LGAF, signed between the Colombian government and the World Bank in 2013, is being used in order to legalize those lands that have been grabbed from poor peasants and now are being exploited by big companies.

Third, the argument of bringing “strong institutions” to all regions, specifically to rural areas, in order to solve “Colombian problems” is not congruent with empirical evidence, nor with historical data about Colombia. The deepest humanitarian crises in Colombia have begun in the cities where Institutions are stronger: The war with Medellin cartel, terrorist attacks, and high rates of homicides during the eighties and nineties took place in the main cities of Colombia. The project of United Self-Defense of Colombia (AUC) was founded around Medellin, the second city of Colombia. In fact, the headquarters of the Paramilitaries was in the richest neighborhood of Medellin city, where today there is the headquarters of the local TV channel owned by the mayor office (Tele Medellin). The expansion of paramilitary armed groups in the nineties and the first half of the two thousands were in both, the cities and the rural areas, regardless the “institutions” that surround them. And today’s Criminal Gangs (BACRIM) problem, is a problem of the cities as well. Moreover, one of the last “institutional” problems in the country, named “parapolitics”, was also a national problem with headquarters in Bogotá, the main city of Colombia.

Moreover, what has happened in Choco and the pacific region as a whole give us another good example. According to Lozano (2015), Choco was a peaceful region until the State came with their projects to foster “Economic Development”. This led to great amounts of violence and human rights violations. What has happened in several regions of Colombia where “Economic Development” was preceded by narco-paramilitary activities, massive displacements, and an extractive role of *formal institutions* (Chapter 3 and 4) give us enough counterarguments to the idea of taking “strong institutions” to the regions regardless the characteristics of the ruling class who manage them.

Fourth, Institutionalism doesn’t address the problem of power in global terms. It doesn’t take account of issues regarding International Trade, the role of Bretton Woods Institutions, multinational corporations, or the role of the Financial Institutions and Stock Markets. Therefore, Institutionalists don’t have any real explanation for the global financial crisis of 2008.

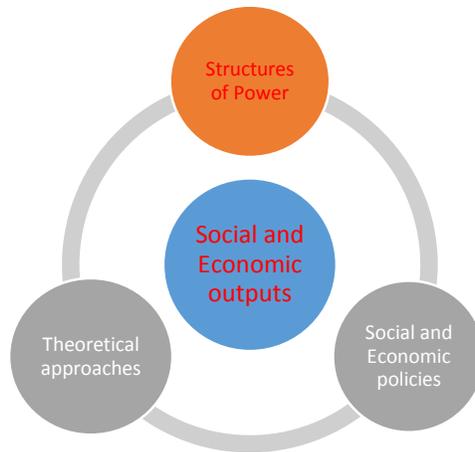
This leads institutionalists to misleading conclusions or to a circular understanding of Development. In the first case, Robinson (2014)¹⁴³ for instance, came to take the side of a former

paramilitary head in order to propose a way out for Colombia “Vicente Castaño understood that we have to use the elites in order to modernize the rural areas. He said ‘we have palm oil crops in Urabá, I have brought wealthy entrepreneurs to invest in those projects’”. What Robinson didn’t say is that Vicente Castaño was a former member of Medellín drug cartel, and a narco-paramilitary head of the Urabá region who killed and displaced a lot of poor peasants in order to build these palm oil businesses.

In the second case, other institutionalists have argued that the problem of Colombia is not only having “strong institutions”, but “good institutions” also. According to this, the main problem of Colombia is that Institutions are captured by illegals, and also that the ruling class doesn’t want to set up good institutions. So, if there is a bad result, it is because the ones that led Institutions did badly, so there were bad institutions. If happens the opposite is because the ones that led the institutions did well, so there was a good result, therefore there were “good institutions”. This leads to a circular argument where simply “good institutions” are the ones that “do things satisfactory”, and “bad Institutions” are the ones that “do things badly”.

In fact, history has demonstrated that Institutions are always good for the purposes of the ones who have led them. This happens not only in Colombia, but all around the world. For Instance, the ones who broke developed countries and impoverished a great amount of their citizens in the last financial crisis were awarded with a financial rescue from the U.S. government in the first stage, then they were awarded with top economic positions in the Obama administration in the second stage, and today they are still unaccountable for their crimes. Thus, the problem again is not having “good” or “strong” institutions, but rather it is a problem of power: Who do manage Institutions?

As we have argued in this chapter, the matter of who manage Institutions, which is a matter of power, has to be with the narratives and propaganda that is spread among citizens about the Development Models. In this issue we can certainly distinguish between two kinds of narratives. The ones that hide the interests of a tiny portion of the population behind fuzzy concepts such as “growth”, “markets”, and “Institutions” as beneficiaries, and the ones that have “human faces” within the theories, policies, and programs of Development. This is the real difference, and “Institutions”, law, “markets”, “growth”, and “propaganda” are and always have been instrumental to the real beneficiaries.



CHAPTER FOUR

STRUCTURES OF POWER AND HUMAN RIGHTS VIOLATIONS



Tierralta, Cordoba, Colombia. A group of AUC (United Self-defense Forces of Colombia) paramilitaries prepare to march to the area where they will hold a dialogue with the government.

Photographer: Jesus Abad Colorado.

POWER AND POLITICAL ECONOMY: A THEORETICAL FRAMEWORK AS A START POINT.

What has happened in Colombia between the seventies and today can be understood through a dynamic model of political game. In this model, an unstable equilibria rose when Drug Dealers became a new “group of power” during the seventies and the eighties. This model is coherent with the *social conflict view* when modeling institutions. According to this theory, “Institutions [are] a result of economic agents’ conflicting preferences, [which] are not necessarily efficient” (Acemoglu, 2015)¹⁴⁴. According to North (quoted by Acemoglu, 2015)¹⁴⁵, “there is a persistent tension between the ownership structure which maximizes the rents to the ruler (and his group) and an efficient system that reduces transaction costs and encourages economic growth”.

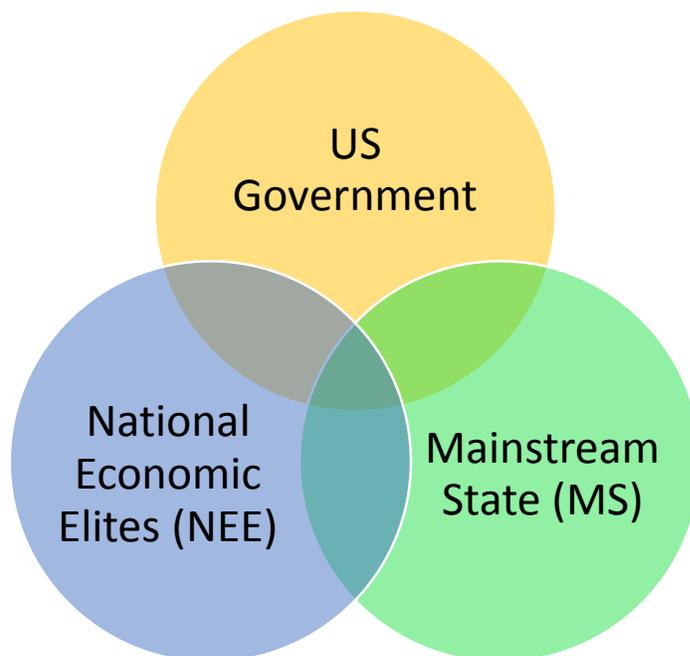
In the case of Colombia, this means that it existed (and still exists) an inefficient ownership structure which maximizes the rents of the ruler and his group, so there were a persistent tension with the other “groups of power”. However, these *tensions* became unbearable with the rising power of drug dealers since the seventies. As a result, new “coalitions” were needed in order to look for a stable long-term equilibrium.

According to this framework, there is typically a conflict of interest among various groups and individuals over the choice of the “economic rules of the game”¹⁴⁶. The *political power* makes these conflicting preferences to “reconciled”. Therefore, the group with *political power* is defined as the one that make their *preferences* count. This political power could be “De jure” (allocated by political institutions), “De facto” (emerges from the ability to engage in collective action regardless the means), or both. Therefore, whose preferences prevail depends on (1) the distribution of the “political power” among these “groups of power”, and (2) the *coalitions* that could assure *the ruler (and his group)* to prevail in the long term (Acemoglu, 2015).

RULING COALITION AND POLITICAL POWER IN COLOMBIA. SIXTIES AND EARLY SEVENTIES

According to this framework, we define *the ruler and his group* (or ruling coalition) at the beginning of the game (around early sixties) as the one formed by powerful national entrepreneurs (or national economic elites - NEE), powerful countries with economic interests in Colombia represented by the US government, and the politicians, media, and government officials who represented the interests of the former both (namely mainstream State MS) (See Graph D1)

GRAPH D1. DEFINITION OF THE RULING COALITION IN COLOMBIA AND ITS INTERSECTIONS IN EARLY SIXTIES



Source: Author.

This ruling coalition kept enough *political power* in the sixties and early seventies to shape the *economic and political rules of the game*¹⁴⁷ over the other groups of power formed by leftist armies (namely guerrillas), leftist political parties, and progressive social movements (this is represented by a coalition named GPS from now on). According to Acemoglu (2015)¹⁴⁸, *De facto political power* can be defined as “the ability to engage in collective action, use brute force, paramilitaries, armies, or other channels such as lobbying or bribery”. All of these channels were used by the ruling coalition as well as *De jure political power* as it was defined above, in order to neutralize the interests of the other groups and shape *the economic and political rules of the game* inside the country. (See Graph D2).

GRAPH D2. CONFLICTING INTERESTS BETWEEN MAIN GROUPS OF POWER IN THE SIXTIES AND EARLY SEVENTIES



Source: Author.

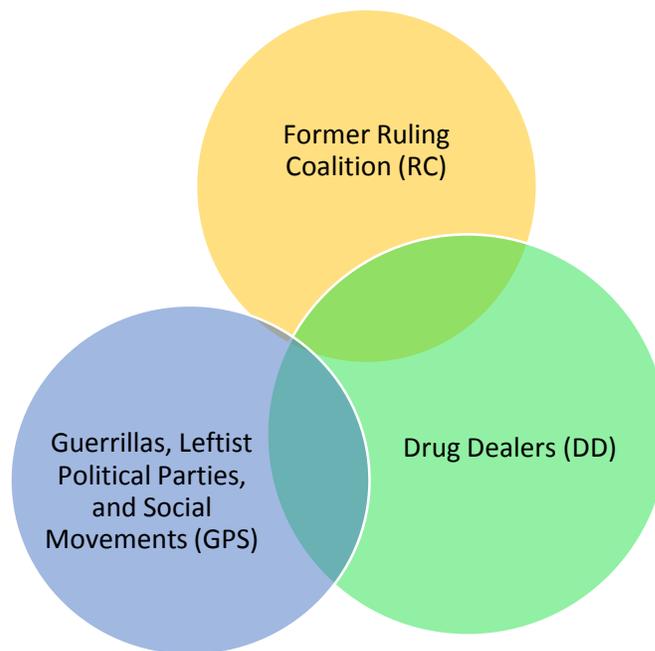
RISING CONFLICTING INTERESTS IN THE SEVENTIES AND EIGHTIES

A rising *Group of Power* was formed inside Colombia in the seventies and eighties. This *Group of Power* (namely drug dealers) was able to accumulate great sums of money due to the export of drugs that have been considered illicit until today. These manufactured products were exported to developed countries, mainly to the United States.

This group also was able to do arrangements and coalitions with people who were part of the ruling coalition. Specifically, they did economic, military, and political arrangements with people from the National Economic Elite and the Mainstream State in order to protect and enhance their business. Drug Dealers also did the same kind of arrangements and with the same goal with all the members of the other *group of power*: Guerrillas, Leftist Political Parties, and Progressive Social Movements. By late eighties the new *Group of Power* was in an economic and political position that was able to dispute a place inside a new *ruling coalition*.

However, the new equilibrium in the seventies and eighties was unstable due to the conflicting interests among, and within each *Group of Power*. Therefore, new coalitions have to be formed in order to build a new *stable equilibrium*. See Graph D3.

GRAPH D3. MAIN GROUPS OF POWER IN COLOMBIA AND ITS INTERSECTIONS. SEVENTIES AND EIGHTIES



Source: Author.

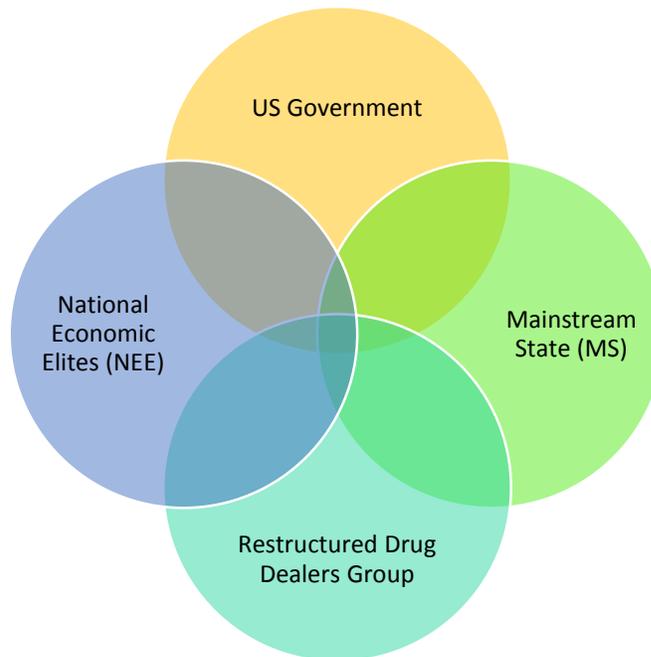
Conflicting interests within and among “Groups of Power”

- **Inside the Drug Dealers** there were “differences of opinions” regarding whether they must form long-term coalitions, and about with which *Group of Power* drug cartels must form these coalitions. A part of the Medellin Drug Cartel believed that a long-term coalition was only possible with GPS *Group of Power*, other part believed that GPS was in fact, competitors, so they had to form long-term coalitions with the former *Ruling Coalition*. The last group of Drug dealers believed that they didn’t need any coalition at all, so they could be the new ruling class by themselves keeping some linkages with the other two *groups of power*.
- **Inside the former Ruling Coalition** there were also conflicting economic interests due to the conflicting economic interests between the *U.S. Government* and the *Drug Dealers*. Money from Drug exports undermines the US balance of payments and might give certain levels of economic and political independence to Latin America that they were not able to bear. Therefore, the other two groups of the *Ruling Coalition* (National Economic Elites and Mainstream State) had to decide whether they wanted a coalition with the *U.S. government* or with *Drug Dealers*.
- **Members of GPS group** of power were divided in the decision of whether they should make economic and political coalitions with Drug Dealers, attack Drug Dealers in order to

capture or have a greater participation in the Drug-trafficking business as an independent “Group of Power”, or not to rely in Drug-trafficking as a source of funding at all.

The first to reach agreement as a group was the former *Ruling Coalition*. Overall the historical process was developed making momentary coalitions in time in a process of a three steps “game”. First, the Ruling Coalition was able to exploit the internal conflicts inside the *Drug Dealers group*, so the Ruling Coalition worked as a team with a part of the Drug Dealers in order to eliminate the other part: those who wanted a long-term coalition with the *GPS group* (before 1993). Second, the *Ruling Coalition* momentarily engaged in a coalition with the restructured *Drug Dealers group* in order to maximize profits (See chapter five), and minimize the *political power* of the *GPS group*. In this stage the usage of *De jure* and *De facto* tools was optimized (between 1993 and 2002). See Graph D4.

GRAPH D4. RULING COALITION IN COLOMBIA BETWEEN 1993 AND 2002



Source: Author.

Finally, the *Ruling Coalition* institutionalized and legalized the profits obtained in the former stage, and minimized the political and economic power of the *Drug Dealers group* by eliminating the main heads of the restructured *Drug Dealers group* between 2002 and 2010. This process led to a new long-term equilibrium where the *Ruling Coalition* ended with even more political and economic power than the beginning of the process. This chapter describes this process in each stage without going beyond basic quantitative analyses. However, this also could be modeled beginning with a *Markov Perfect Equilibria of dynamic political games*¹⁴⁹ in further research.

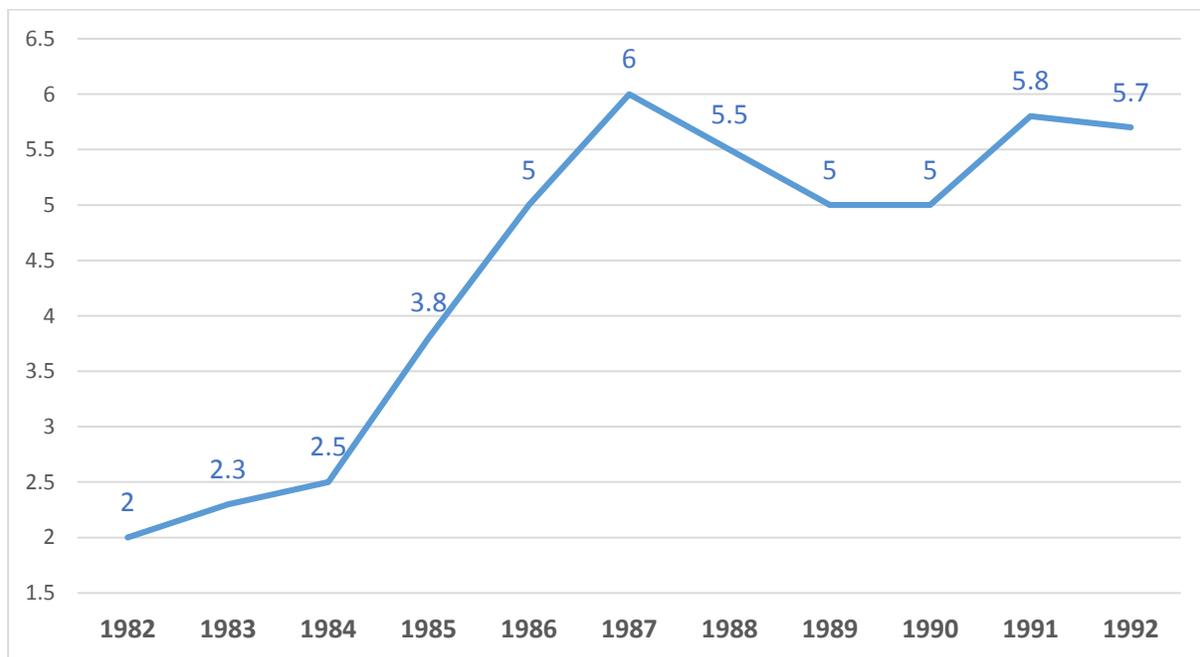
CONFLICTING INTERESTS AND COALITIONS AMONG AND WITHIN GROUPS OF POWER IN COLOMBIA

DRUG DEALERS AS A RISING “GROUP OF POWER” IN COLOMBIA

Drug dealers became an emergent social class in Colombia in the seventies and eighties. Their influence spread among businesses, politics, government, and people. They were able to change “the rules of the game” and had strong political and business connections with Mainstream State (MS) and National Economic Elites (NEE).

Drug dealers’ power strengthened with their rising impact on the national economy. According to Rochs (2000), and Steiner, (1998; quoted by the Observatory of Human Rights of the Vice-residency of Colombia, 2008:42)¹⁵⁰, drug-trafficking accounted for 2% of the GDP in 1982, by 1992 it has grown to 5.7% (See Graph D5).

GRAPH D5. PRODUCTION OF ILLEGAL DRUGS AS SHARE OF GDP. COLOMBIA 1982 – 1992.



Source: Author based on Vice-presidency of Colombia, 2008.

In 1987 Forbes launched its “list of international billionaires”. For the first time, people from Colombia were listed. With over \$2 billion, the magazine showed Pablo Escobar Gaviria and Ochoa brothers. According to the report, their main economic activity was cocaine¹⁵¹. Only 25% of drug dealers chose investing money in “productive” economic sectors. Rather, 75% of them invested their money in informal and speculative sectors such as land, ranching, and real estate¹⁵². Incomes from drug dealers had important impacts on formal GDP. But, their most important

effects were in informal economy and in the currency with the public. This, drove the aggregate demand in all social classes. According to former president of Central Bank in the State of Antioquia, Colombian incomes by drug trafficking were greater than \$16 billion which was more than 3% of total GDP and around 40% of the currency with the public in the country¹⁵³.

National Economic Elites (NEE) took advantage of this prosperous business mainly in two ways: investing money directly in drug-trafficking with a big profit in the short term, and selling broken firms to drug dealers with big rents. According to Velasquez (2013)¹⁵⁴, who was a close worker of Pablo Escobar, “the most ‘prominent businessmen’ of those times sold their broken businesses to Pablo Escobar in order to launder money, everyone assisted drug-trafficking, and drug dealers were applauded and venerated, not admired, but venerated. Pablo Escobar and Ochoa brothers were gods in the city of Medellin”.

These transactions were part of strategies to launder illegal money. Pablo Escobar, who was one of the associates of the Medellin Drug Cartel, disclosed in an interview that profits from drug-trafficking were laundered mainly in “ranching, real estate, and industrial businesses”¹⁵⁵. This version was corroborated by Diego Londoño White in the judicial process against Medellin Cartel. According to the files of the Attorney General’s Office in this process, Diego Londoño White was one of the cartel’s figurehead, and one of the most important linkages between Medellin Drug Cartel and traditional wealthy families in Medellin who sold overvalued properties to members of the Cartel through companies owned by Diego Londoño White such as “Londoño White CIA”, and “Sierra Blanca Investments S.A”. He also made these launder operations trading cattle. Diego Londoño White was also shareholder of larger Colombian companies such as Bavaria and Avianca.

For instance, according to the current president of Proantioquia, which is the main private foundation of the State of Antioquia, the main shareholders of the biggest firms of Antioquia made an alliance in order to avoid the squeeze sell out of shares to members of the Cali drug cartel. This was called the “shares castling” which consisted in crosslink the share ownership among them and their enterprises. This founded the Antioquia Entrepreneurial Group (GEA). According to Aubad (2012), “there are a lot of businesses such as casinos or soccer clubs and others that laundered money in Antioquia. However, there is not any evidence of that in the entrepreneurial foundations of Antioquia. This means that big enterprises, the ones that are the foundation of the creation of wealth in Antioquia didn’t have any relationship with drug dealers. You cannot say the same about the other Colombian cities”¹⁵⁶. However, Fabio Rico Calle who was one of the *shares castling* thinkers, one of the *GEA* builders, and president of *Colcafé* for 20 years and *the National Chocolates Company* for other 20 years¹⁵⁷, was put in jail accused of money laundry when he was selling a farm with to drug trafficker and paramilitary head (El Tiempo, 2007)¹⁵⁸.

But their linkages were not only in the business sector. Drug cartels also made connections with representatives of the Mainstream State (MS): public officials, politicians, massive media and even the church. Before 1991, the only position held by democratic elections was the presidency. After the presidential elections, the president pointed out all the other important positions in the regions including Governors and Mayors. Therefore, Drug traffickers could take over all the country’s executive branch by capturing the Presidency.

After destroying the biggest cocaine laboratory in the world named *Tranquilandia*, which was in the forest of Caquetá and Meta states, and after reviewing its accounting lists, Rodrigo Lara Bonilla, former minister of Justice who was killed by the Medellín Drug Cartel, stated that “Mafia is now inside all levels of the country, not only in politics, but also in the economy”. Lara (1984, quoted by Reyes, 2007)¹⁵⁹. For instance, the editorial of the Executive Intelligence Review stated in 1990 that “Colombian politician Alfonso López Michelsen, has based his entire political career on the premise that politics must be sharply cut off from all connection to morality. He has aid so, repeatedly. Which simply means that he wishes to conduct an *immoral policy*. And so, his current role is to take the point for “laundering” not just the profits of illegal drugs, but the very sordid criminals who have built their power and fortunes out of the cocaine and marijuana trade, into legitimate society. In that pursuit he has won the support of such individuals as former U.S. Secretaries of State Henry Kissinger and George Shultz, not to mention the influential quack ‘economist’ Milton Friedman” (EIR, 1990:3)¹⁶⁰. Alfonso López Michelsen was the president of Colombia between 1974 and 1978.

Another example was the Colombian president between 1982 and 1986. According to a judicial statement, Jorge Luis Ochoa who was head of a Drug Cartel, funded both presidential campaigns of Belisario Betancur with money and logistical support. Belisario Betancur was elected president in 1982. According to the same judicial statement, cartel’s figurehead Diego Londoño White was his campaign manager in Antioquia in 1978, member of the Campaign Coordinating Committee in 1982, and manager of Medellín Metro between 1982 and 1987. Diego Londoño White was put in jail in 1993 for his linkages with the Medellín Drug Cartel¹⁶¹. Then, he was murdered just few days after he was released from prison in 2002¹⁶². These accusations were never probed truth, and former president Betancur led the war against Pablo Escobar in its first stages.

Media and the church also benefit from the drug-trafficking business According to one of the most important representatives of the mainstream media in Colombia, Juan Gossain, “there were cocktail parties offered to drug traffickers in Bogota, there was a cocktail party almost every night... political parties struggled to have the name of Pablo Escobar as a Congress candidate. There is a word to describe that: it was an *accomplice* behavior”. (Gossain, 2013)¹⁶³. Former president Cesar Gaviria also stated that “the Rodriguez Orejuela brothers [members of Cali Drug Cartel] didn’t live hidden, they were completely in the surface, they had a bank, they had a public relations specialist who was a distinguished and famous journalist” (Gaviria, 2013)¹⁶⁴. In 1983 the weekly magazine “Semana” published a famous section editorial where Pablo Escobar was termed as “a Paisa Robin Hood” because of his social investments and housing projects for the most needed persons through his program *Medellin without slums* (Semana, 1983)¹⁶⁵. In the other hand, an influential member of the Catholic Church, priest Garcia Herreros, explained in his daily TV program that “yesterday I was receiving a beautiful farm for social work from Pablo Escobar. Don’t think that Father García Herreros is also corrupted: when ‘God will’ is done, there is not corruption” (García, 1990)¹⁶⁶.

Linkages with members of the *Ruling Coalition* (See Graph D1), as well as with the GPS group (See Graph D3) were needed to keep the drug-trafficking business running. Linkages with businessmen and National Economic Elites were needed in order to launder money, linkages with

public officials and members of the Mainstream State were needed to move products inside and outside the country and avoid extradition, and linkages with guerrillas were needed in order to keep transporting raw materials and manufacturing finished products inside and outside forest cocaine laboratories. These coalitions allowed drug traffickers to become a rising social class with increasing economic and political power.

However, as it has been stated before, this was an unstable equilibrium given the conflicting interests among each “group of power”. Three conflicting interests were determinant in the reorganization of these *groups of power* and its coalitions in the next 20 years: strategic decisions of guerrillas’ armies, the conflicting economic interests of the U.S. government, and the conflicting interests within the drug-dealers group.

CONFLICTING INTERESTS IN MOTION: FORCE OVER MIND IN GUERRILLAS STRATEGIC DECISIONS

Conflicting interests created a divorce between the military and the political side of the leftist movement. As a result, FARC guerilla decides to break the dependent relationship with the leftist political movement, and to overlay military strength over political and ideological strategies. This meant to focus on enhancing funding in order to spread their territorial control using the military. Looking for funding, they began to target not only rich people, but everyone as a source of funding through kidnapping, extortions, and illegal taxes, among others. Among new guerrilla’s victims were landowners, small farmers in rural areas, drug dealers, middle class persons, and even former supporters who owned something in the territories where FARC had any presence. This “strategy” undermined any former social or political support, and created powerful people among their strongest rivals.

According to the researcher Miguel Suarez (2014)¹⁶⁷, “1982 is an historical inflexion point in the history of paramilitary armies, not because their own history, but because the history of FARC guerrillas”. According to this researcher, this is due to the 7th guerrilla conference of FARC held in 1982. In this conference, they not only changed their name from FARC to FARC-EP, but also they changed all their growth strategy. In this conference they subscribed a Strategic National Plan. This Plan “imposed a path of faster and greater funding concentration in order to achieve a particular kind of strengthened army, as well as the consolidation of the Territorial Strategic Plan”¹⁶⁸.

This plan was named “Bolivar campaign for a new Colombia”. According to their new objectives, the new FARC-EP adopted a “new operating pattern” in order to spread and take control over greater territories. “For instance, developing this new pattern, they began something called the telethon of kidnapping” in the zone of Magdalena Medio near from Puerto Boyacá. So, they began to kidnap medium ranchers because there were not big landowners in that zone... what is curious is that these medium ranchers had done some organizational and political processes with the communist party. In Puerto Boyacá, for example, there were 10 councilors, eight of them were from the communist party. So, they destroyed their own political bases. FARC went against people who knew the rationale behind guerrillas’ armies, people who knew the rationale of the connection

between political and military work...” (Ibidem). Therefore, the military logic was over political logic in order to meet certain rates of growth in the military. According to VerdadAbierta (2012)¹⁶⁹, this plan included to enhance their army up to 28,000 more men in 48 new units by 1993. According to Suarez (2014) “The non-compliance of any of the growth rates would mean the non-compliance of The Strategic Plan as a whole” (Ibidem). In 1982 FARC had around 3,000 men in 27 units (VerdadAbierta, 2012). So, their plan meant to grow more than ten times in just eleven years.

Powerful landowners and drug dealers also became victims of FARC’s National Strategic Plan. Some of them became their most outrageous enemies in politics, the military, or both. Some of the victims were: Jesús Castaño Gonzales who was murdered by FARC in 1981. He was father of the Castaño brothers who were members of the Medellín drug cartel. Alberto Uribe Sierra was murdered by FARC in 1983. He was father of the politician and former director of the Governmental Aviation Agency, Alvaro Uribe Vélez. Gonzalo Rodríguez Gacha, head of Medellín drug cartel, also had several problems with FARC guerrilla. According to former Guerrilla head Ely Mejía Mendoza (aka Martín Sombra), guerrilla heads began to use airplanes and other assets owned by Gonzalo Rodríguez Gacha when he had cocaine laboratories in the State of Caquetá (South of Colombia). Therefore, he began to set up his own armed group in order to defend his business¹⁷⁰. Then, when he lived in Magdalena Medio region, FARC stole him a cocaine shipment. As a result he took over ACDEGAM (an armed self-defense group) and declared war on FARC guerrilla.

But FARC was not the only group that gained powerful enemies because of its funding strategies. The guerrilla group M-19 kidnapped Fabio Ochoa Restrepo’s daughter in 1981. Fabio Ochoa was also member of the Medellín drug cartel. Therefore, the Ochoa brothers called for a meeting to all the members of the cartel. More than 200 people met and agreed to found the largest paramilitary group of that time called “Murder to Kidnappers” (MAS). MAS had around 2,230 men in arms and more than \$400 million of Colombian pesos in funding. After kidnapping more than 25 people of the guerrilla side, Fabio Ochoa’s daughter was released after 92 days of being kidnapped. However, this paramilitary group continued to expand to the States of Caquetá, Magdalena Medio, Arauca, Casanare and Valle. In its expansion, MAS perpetrated a set of human rights violations such as tortures, disappearances, and murders to both, guerrillas’ members and their political supporters. According to reports of the Attorney General’s Office, more than 59 people from the State military worked with this paramilitary group. (VerdadAbierta, 2015)¹⁷¹

Overall, victims of guerrillas’ armies set up private armed groups with the assistance of State armies. Some drug traffickers already had linkages with State forces, such as the case of the Castaño brothers (See Ronderos, 2014)¹⁷². Others began to make agreements with the National Army. In both cases, the National Army was fueling these kinds of paramilitary groups thanks to the change in their military doctrine, “from the national security military doctrine... to the military doctrine of Low-intensity warfare” (Suarez, 2014).

Low-intensity warfare implies to attack leftist movements from several flanks at the same time. They attacked guerrillas’ armies directly with the State military (the military side) while attacked political supporters with paramilitary armies at the same time (the political side). According to

Suarez (2014), this is because “they knew that the real problem was that guerrillas had support of the masses” (Ibidem). Suarez explains that “Mao stated that ‘the army and the party have to be as the fish moving in water, being the fish the military side, and being the water the political support. So, they wanted to attack the army and also to dry the river with the paramilitary’”. From this time on, paramilitary’s armies and State military began to work as a team against the political and the military side of leftist movements.

This doctrine of Low-Intensity Conflict (LIC) was imported from the U.S. military. This began in Reagan administration (1981 – 1989) and was applied in several countries of the Americas including Central and South America countries. There is not a clear definition of Low-Intensity Conflict (LIC). The definition given by the Pentagon is deliberately broad and ambiguous: “It is, first, an environment in which conflict occurs and, second, a series of diverse civil-military activities and operations which are conducted in that environment”. Therefore, “it embraces drug interdiction in Bolivia, the occupation of Beirut, the invasion of Grenada, and the 1986 air strikes on Libya. Also included are a wide range of covert political and psychological operations described as ‘special operations’, ‘special activities’ and ‘unconventional warfare’” Klare and Kornbluh (1988)¹⁷³.

However, LIC does have some specific characteristics. According to Klare and Kornbluh (1988), the doctrine of Low-Intensity Conflict (LIC) was developed to destroy specific political targets regardless whether they were part of any army, or whether they were legally elected or not “For U.S. policy makers and war planners, LIC has come to mean far more than a specialized category of armed struggle; it represents a strategic reorientation of the U.S. military establishment, and a renewed commitment to employ force in a global crusade against Third World revolutionary movements and governments”.

LIC doctrine also meant offensive intervention in the Third World instead of defensive operations against Soviet troops: “it is, moreover, an outlook that calls on the United States to ‘take the offensive’- in contrast to the passive stance of ‘deterrence’- to overcome the revolutionary peril. Indeed, LIC has become the battle cry of the late Reagan era –a clarion call for resurgent U.S. intervention abroad”.

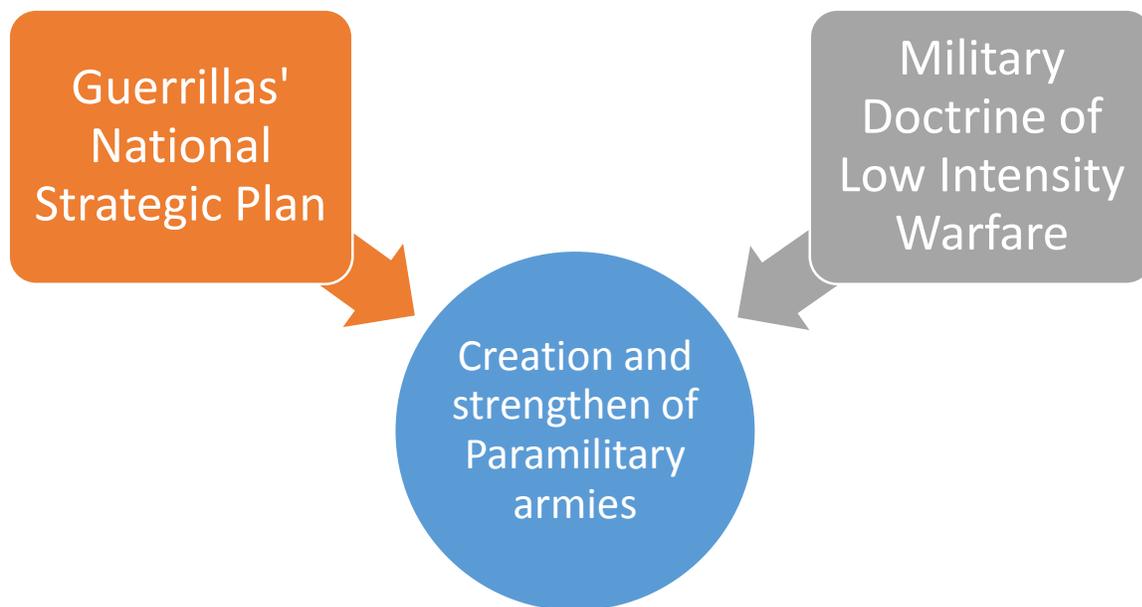
LIC implies wars in the third world using a mixture of cover an uncovered strategies, which also meant enhancing the U.S. military budget instead of diminish it “LIC begins with counterinsurgency, and extends to a wide variety of other politico-military operations, both overt and covert... These initiatives have been accompanied by a major overhaul of America’s war-making capabilities. To provide Washington with an enhanced capacity for counter-guerrilla and “unconventional” operations... the Reagan administration has ordered a 100 percent increase in the Pentagon’s ‘Special Operation Forces’ (SOF) the Army’s ‘Green Berets’, the Navy’s ‘SEALs’ and other elite commando formations. For covert operations... there is the supersecret ‘Delta Force’, the 160 Army Aviation Task Force (‘The Night Stalkers’), and other paramilitary ‘assets’ controlled by the Central Intelligence Agency. And, for more demanding military engagements, there are the four new light infantry divisions (LIDs) established by the Department of the Army since 1984”.

Finally, it implies the combination of two very different tools, one widely formal and legal such as military aid and diplomacy, and the other one widely informal and illegal such as paramilitary forces which are also called *proinsurgency operations*: “the ‘LIC pie’, as Pentagon insiders call it, is largely divided between counterinsurgency and proinsurgency operations... in other words, LIC doctrine is meant to be applied in countries such as El Salvador, Nicaragua, the Philippines, Angola, Cambodia, and Afghanistan, where the United States is either trying to bolster a client government against a revolutionary upheaval or fostering a counterrevolutionary/insurgency against an unfriendly Third World regime”

Using paramilitary force and targeting persons because of their political beliefs is not only against Human Rights and International Law, but also it is used regardless any nation’s legislation, including the U.S. law (Chomsky, 1989)¹⁷⁴. As the U.S. is not accountable by any national or international government or agency, this meant that the doctrine of LIC and its methods were virtually unstoppable.

Overall, conflicting interests within leftist movements and the economic and political interests of the U.S. in cold war times created two turning points in the strategies of both, guerrillas’ armies and State army. In the guerrilla group it was the National Strategic Plan. In the National Army side it was the military doctrine of Low-Intensity Warfare. Both Strategies collate in one point of the Colombian history, which drove the creation and strengthen of paramilitary armies. In one hand, Guerrilla strategy fostered self –defense armies and drove their relationships with the State. In the other hand, the change of military doctrine allowed and deepened this symbiotic relationship against the leftist movement as a whole, not only in the military, but also in the political arena. (See Graph D6).

GRAPH D6. CONFLICTING INTERESTS AND THE CREATION OF PARAMILITARY ARMIES IN COLOMBIA



Source: Author, based on Suarez (2014).

Given these developments, any coalition between *Drug Dealers group* and *GPS group* was virtually impossible by 1990.

CONFLICTING INTERESTS IN MOTION: ROLE OF THE U.S. IN BREAKING LINKAGES BETWEEN DRUG DEALERS AND RULING COALITION

One of the members of Medellin drug cartel went public in politics. Pablo Escobar founded the political movement *Civismo en marcha* (Civics Up). He made what the former Colombian president Andrés Pastrana called “the fundamental mistake of his life”¹⁷⁵, which was doing politics by himself instead of using figureheads to represent his interests. Pablo Escobar was elected as Chamber Representative in 1982 with 16,650 votes. As congressman he organized a forum in Congress against the extradition agreement that was signed between Colombia and the United States. His political statements were full of nationalism, rejection of U.S. intervention, and certain identity of class with the poorest people.

Rising of *Drug Dealers* as a new group of power in Colombia did not represent any strategic value for the U.S. government. Moreover, Drug-trafficking could undermine economic dependence of Colombia and other Latin American countries, foster revolutionary movements, and have an unnecessary and negative cost on the U.S. Balance of Payments. The U.S. government already had a predominant role inside Colombia’s *Ruling Coalition*, and any other agent inside this “group of power” would change the balance of power of each member. Moreover, drug dealers didn’t need anything from the U.S. government, nor the other way around. Thus, any change in this balance of power would be in the “wrong direction” from the U.S. perspective. Heads of Drug cartels already had disclosed their preferences and it seems that none of them had a positive discourse towards the role of the U.S. government in Colombia. Rather, they explicitly had called to independence, nationalism, and rejection of any U.S. intervention. Therefore, the best move for the U.S. was to undermine the linkages between *Drug Dealers* and the other members of the *Ruling Coalition*.

According to declassified FBI files, the U.S. government was following Pablo Escobar even before he got into the Congress (VerdadAbierta, 2012)¹⁷⁶. According to these files, the FBI was targeting Pablo Escobar as a person, instead of Medellin drug cartel as a criminal organization. This was the same behavior of the *Mainstream Media* in the last half of the nineties, which related the person of Pablo Escobar with the peril of Drug-trafficking and violence, instead of talking about drug cartels as a whole with all the other organizations surrounded them. This is a coherent behavior given (1) Pablo Escobar’s social discourse, (2) his linkages with leftist political and armed groups, and (3) the doctrine of LIC that the U.S. was applying all over the world in order to specifically target this kind of rising political and military risks.

According to these declassified files, FBI intelligence activities against Pablo Escobar included wiretapping, covered agents, and infiltrations in his organization. These operations disclosed that Pablo Escobar wanted to take money out of the United States and other South American countries. Pablo Escobar kept money in several U.S. banks and U.S. firms in order to laundering it.

Another declassified file dated in 1984 mentioned that Pablo Escobar was accused of cocaine trafficking in a federal Court of Miami. From that time on, Pablo Escobar began to be classified as an international fugitive. However, according to this FBI file, the main problem for federal authorities was that the drug dealer had legal immunity for being congressman.

In the same year, the minister of Justice, Rodrigo Lara Bonilla disclosed the illegal activities of Pablo Escobar, and the newspaper *El Espectador* disclosed a picture of Pablo Escobar when he was in jail accused of drug-trafficking. After a big struggle in the Colombian congress between Pablo Escobar and the Minister of Justice, Rodrigo Lara Bonilla was murdered in April 30 of 1984 (*El Espectador*, 2012)¹⁷⁷. A bulletproof vest provided by the United States Embassy in Colombia was found next to his body (Bowden, 2001)¹⁷⁸. In October, Colombian congress promoted a debate against Pablo Escobar for being the intellectual author of this murder. This debate was aimed to cancel the legal immunity of Pablo Escobar, so he could be extradited to the United States. Then, the Colombian President Belisario Betancur announced that he will extradite any Colombian citizen related with drug-trafficking.

This escalated into a civil war promoted by Pablo Escobar who founded a terrorist group named *The Extraditable Persons*. The watchword of this group was: “we rather prefer a grave in Colombia than a jail cell in the U.S.”. This group hired an army of young people from city slums to become hitmen and terrorists. This army, headed by Pablo Escobar, declared a war against the Colombian State. In 1986, Pablo Escobar murdered the director of the newspaper *El Espectador* (*El Tiempo*, 2010)¹⁷⁹. After this last murder, all the *Mainstream Media* in Colombia reacted against Pablo Escobar.

This was the turning point in the relationship between Pablo Escobar and the Mainstream State as a “group of power”. During the second half of the eighties, People from *National Economic Elites* increasingly turn against Pablo Escobar too. These differences were extended when *The Extraditable Persons* began to kidnap powerful family members from political and media elites in order to push government to drop the extradition agreement, and also when they began to kidnap members of wealthy families who belonged to the *National Economic Elites* in order to fund their criminal operations against the State.

In their criminal crusade against extradition, *The extraditable Persons* kidnapped persons linked with important figures of the media and politics such as Andrés Pastrana Arango (1988), son of the former President Misael Pastrana Borrero and candidate to Mayor for Bogota city; Carlos Mauro Hoyos (1988), Attorney General of Colombia (*El Espectador*, 2012)¹⁸⁰; Diana Turbay Quintero (1990), journalist and daughter of the former president Julio Cesar Turbay Ayala; Francisco Santos Calderón (1990), Redaction Manager of *El Tiempo* Newspaper (*El Tiempo*, 1990)¹⁸¹; and Marina Montoya Pérez (1990), sister of the General Secretary of the Presidency, among others.

Among family members of Business elites, *The Extraditable Persons* kidnapped Álvaro Diego Montoya, Julián Echavarría¹⁸², Gustavo José Toro Gonzales¹⁸³, Manuel Santiago Mejía, Martín Restrepo Echeverri, Diego Chavarriaga, Gerardo Arboleda Gonzáles, Jesús Alberto Martín Mora,

Juan Carlos Calle, Gustavo Gómez Cuartas, Diego Correa, Humberto Vélez, and Edgar Vélez¹⁸⁴, among others.

It is important to highlight that Medellín drug cartel proposed agreements to the Colombian government even before the conflict escalated into a Civil War. In fact, there were made two proposals before war escalation. Drug dealers' proposal included disarticulation of the drug-trafficking businesses, repatriation of capitals, retirement from politics, and cooperation with the national Government in order to eradicate drug use in Colombia. In exchange drug dealers asked for the non-extradition and a negotiation in order to settle their legal situation.

According to El Espectador (2015)¹⁸⁵, the first try was in 1983 when the struggle between Minister of Justice and Pablo Escobar had begun. The second try was just after the assassination of the Minister of Justice in 1984. Both attempts were in the presidency of Belisario Betancur. According to Carlos Jimenez Gómez, who was the Attorney General in that period, the document of the agreement was given to the President with a copy to the U.S. Embassy, because according to the executive branch "There is no chance of doing any negotiation with heads of drug-trafficking business without the U.S. support". In the last chance the agreement was dropped because the information was leaked to the press, disclosed to the public, and there were made judicial processes against the public officials who were part of the negotiations. There were other two agreement proposals in 1989 when the war already has begun.

Mainstream State and *Drug Dealers* began a war fostered by the pressure and leverage of the United States¹⁸⁶. In this war, Escobar used terrorism and hired murderers from Medellín slums against police and citizens¹⁸⁷. This scaled into a bloody period in Colombia between the latest eighties and the beginning of the nineties.

In fact, there are two peaks of extreme violence and human rights violations in the Colombian history until the nineties. The first one was called the period of *The Violence* between 1946 and 1965. According to Gómez (quoted by Bello, 2008)¹⁸⁸, in this period there were 180,000 people murdered in 19 years (around 9,473 murders per year). *The Violence* was due to a power struggle between two political contenders: liberals and conservatives, who used governmental as well as private (paramilitary) armed forces in order to kill to each other. *The violence* was settled through a political agreement between the two contenders in which they agreed to share the national political power in equal proportions. This agreement was called *The National Front*.

The other peak was this one, from 1984 to 1994 (See Graph C3). In this period there were killed 232,356 people in eleven years (about 21,123 persons per year). As we have seen, this period of violence was due primarily to a power struggle between a rising social class (*Drug Dealers*) that wanted to be part of a *Ruling Coalition* in order to allow and enhance their business.

However, escalation of war was not due to a war between the *Ruling Coalition* and all *Drug Dealers*, rather it was due to a war between the *Ruling Coalition* and just a little portion of one of the drug cartels led by Pablo Escobar. Despite various settlement proposals made by *the Extraditable Persons*, members of *Ruling Coalition* didn't want to reach agreement. All proposals included to "disarticulate their drug-trafficking businesses". According to the files of the Attorney's General Office in the judicial process against Medellín drug cartel, this meant to tell

the truth about routes, laboratories, and political, institutional and business connections. These connections extended over the whole economic and institutional spectrum of Colombia, including linkages with important members of the *National Economic Elites* and *Mainstream State*.

Under our dynamic model of political game, it was “rational” the election between the two alternatives. General violence against the entire Colombian population presented less harm to the *Ruling Coalition* than a wide judicial process in which members of *Ruling Coalition* would result negatively affected in a direct way. As a result, violence continued rising, no settlement with Pablo Escobar was made until 1991, and members of the *Ruling Coalition* flew abroad, mainly to Miami, in order to avoid that this generalized violence reached them. This last feature was named “the Antioquia’s exodus” by *Semana* magazine (*Semana*, 1990)¹⁸⁹

CONFLICTING INTERESTS IN MOTION: DIVIDING AND CAPTURING THE DRUG-TRAFFICKING BUSINESS

The most important conflicting interests to understand what happened in the next 20 years (1990 – 2010) may be the ones within the *Drug Dealer’s* group of power.

There was a growing feeling of power and leadership among members of drug cartels regarding their role in Colombian “institutions”. According to (Ross, 2013)¹⁹⁰, “In a process of reciprocity, given the massive support of people who fawned them as leaders, they began to feel that they had the rights, and that they were the real leaders of the country. I heard a lot of this from medium drug-traffickers: ‘we are the ones who create the money, we are the ones who are making the Colombian fortune. It is not cattle, nor coffee, nor agricultural products anymore, we are sending the big exports, we create the wealth that is being enjoyed by everyone, and we are the real engines of Colombian economy’. This was a justification that they really believed”.

However, according to the files of the Attorney General’s Office regarding the judicial process against Medellin drug cartel, all members of this group were primarily interested in the financial rents of the business. Nevertheless, there were three groups of very influential persons inside the organization who wanted a bigger role in Colombia. The main difference among them was the strategy. This is the issue of choosing with which “group of power” would be the best to set up a winning coalition.

1. Carlos Lehder, one of the heads of the Medellin drug cartel, thought that *Drug Dealers* could govern Colombia without any further help. Between 1982 and 1985 Carlos Lehder¹⁹¹ founded the political movement “Civic National Movement of Latin America” gaining two seats in the Colombian congress. He described his political movement as “a rightist movement which was both, anti-imperialist and anti-communist”. His political movement was directly against *National Economic Elites* and *Mainstream State*. So, he wanted to fight against everyone: the *Ruling Coalition* as a whole and the *GPS group* as a whole as well. In one interview he stated that “Cocaine is the atomic bomb owned by Latin America... This means that soft stimulants such as cocaine and marihuana, and the market provided by the people in the U.S., are fueling and building up revolutionary movements all across Latin America”¹⁹². In other interview he stated “If this monarchical oligarchy

fears Adolf Hitler, I will disguise as Adolf, but we won't let them sell us to the imperial power anymore, and no citizen will go abroad anymore"¹⁹³. He was also engaged in the foundation of several paramilitary groups in order to targeted-killing guerrillas' members and supporters (Romero et al, 2007)¹⁹⁴. After killing a worker of the organization, Lehder was handed over to the Colombian authorities by their own partners. He was the first founder of Medellin drug cartel who was extradited in 1987 (Vásquez, 2013)¹⁹⁵.

2. According to Velásquez (2013)¹⁹⁶, Pablo Escobar didn't trust any of the members of the *Ruling Coalition*. Indeed, he used his money to buy politicians and journalist of his own, instead of doing alliances with established organizations. Members of *National Economic Elites* were just instrumental for his businesses. According to Alvarez, (quoted by Semana, 1994)¹⁹⁷, he thought that traditional wealthy families were despicable, he boasted about how many of the traditional wealthy were working in his businesses, and with it he reaffirmed one of his strongest beliefs: "In this country everyone has a price. Here the so called "good wealthy persons" are the more bandits. No one has any moral authority to tell me which thing is good to do and which isn't. These people is going to be afraid as hell when they know what is happening with all these coca gangs in Colombia... The more wealthy persons we have working with us, the better, because we are going to be less disturbed. However, they have to be humble because this is the only business where *the whites* work for *the blacks*".

Pablo Escobar thought that the only reliable group to do a lasting coalition was with guerrillas and leftist political parties. This is why Velásquez (2013) defined Pablo Escobar as "a leftist". However, FARC's National Strategic Plan undermined any chance of doing a broad coalition with all *Drug Dealers* group. According to Alvarez (op cit), he used to give anti-oligarchy discourses, he compared himself with the leftist political leader Jorge Eliecer Gaitán, and stated several times that he was being attacked by his political enemies because "they cannot bear someone poor getting into the Power". He also did some joint operations with other guerilla groups such as the military takeover of the National Justice Palace with M-19 guerrilla. However, he was always involved in illegal businesses, and he didn't have any political education, nor any ideological training.

His relationship with leftist political movements was a political and ideological relationship driven by a clear economic interest. According to Velásquez (op cit), when M-19 guerrilla kidnapped Martha Nieves Ochoa who was sister of one of his business associates, he had to choose "What could I do? If I had to choose between a business partner and guerrillas, I choose the partner", Pablo Escobar stated. That kidnapping fostered a big meeting between drug traffickers who founded the paramilitary group *Death to Kidnappers (MAS)*, which killed several members of M-19 guerrilla first, and other guerrillas' supporters afterwards. MAS was the only counterinsurgency group that he actively founded by himself regardless all the problems that guerrillas' armies were giving to the organization in the south of the country where they had several business operations.

3. Castaño brothers, Gonzalo Rodríguez Gacha, and other important heads of the Medellin drug cartel thought that the most reliable group to make any coalition were members of the

Mainstream State. Some of these drug traffickers were victims of guerrillas' armies. Moreover, Guerrillas' armies increasingly became competitors of drug dealers in rural areas (El Espectador, 2015)¹⁹⁸. As a consequence, they undertook the creation of private armies with the assistance of State military forces that were functioning under the LIC doctrine and a U.S. policy of "peace by strength" under Reagan administration (The White House, 2014)¹⁹⁹.

In the mid time, this portion of the Medellin drug cartel strengthened their relationships with politicians and other State agencies. Gonzalo Rodriguez Gacha stated in an interview: "I have taken to my farm "La Chihuahua" great personalities of both political parties and I have served them well. So, I don't think I will be bothered by them, I am friend of both, the conservatives and the liberals"²⁰⁰.

Castaño brothers were not only creating paramilitary armies in order to undertake a political warfare against leftist political and social movements, but also they were collaborating with State intelligence forces in order to targeted-killed leaders from leftist political parties. Working as a team, paramilitary armies from the rightist wing of Medellin drug cartel and States agencies assassinated four presidential candidates before the elections of 1990: Jaime Pardo Leal in 1987 (VerdadAbierta, 2011)²⁰¹, Bernardo Jaramillo Ossa in 1990, and Carlos Pizarro in 1990. Two of them of the leftist political movement Patriotic Union (UP) who had made a peace agreement with the National government. All of these candidates were murdered by narco-paramilitaries with the help of State agencies (El Espectador, 2013)²⁰². Around 3,000 persons from the same political party were also murdered in the largest political genocide in Colombian history (Dudley, 2008)²⁰³.

The first break-down inside Medellin drug cartel that was showed to the public was in the stage of war intensification in 1990. It was sent a letter to the media from *The Extraditable Persons* where they (1) criticized Escobar's violent methods against State security forces, (2) Pointed out Escobar as the head of the Medellin drug cartel, (3) blamed Escobar for declaring war to Colombian State, and (4) demanded to Escobar a ceasefire. (El País, 1990)²⁰⁴. This created three demagogic discourses in the public narrative: (1) Medellin drug cartel was Pablo Escobar as a person, (2) Colombian violence was due to Pablo Escobar as an individual, and (3) Drug-trafficking and violence in Colombia ends when Pablo Escobar is finished. All these narratives were fostered by *Mainstream Media* in Colombia and remain until today in the public mind.

However, rightist narco-paramilitaries undertook military actions against the population in the name of Pablo Escobar (Vasquez, 2013). They committed terrorists' attacks in the cities in order to undermine any political negotiation between Pablo Escobar and the State, and they were also perpetuating tortures, displacements, disappearances, murders, and other collection of human rights violations against poor peasants in several rural areas where they had paramilitary and drug-trafficking operations. These military operations committed by narco-paramilitaries prevent Pablo Escobar to make any agreement with the State, and also avoided any coalition with guerrillas' members who were being attacked by narco-paramilitaries in the regions.

This pushed Pablo Escobar to do a public interview with a Mainstream Media in 1988: “[the issue of the massacres] is the only thing that pushed me to do this interview, I want to say to the people of Colombia, to the people who know me and support me that I didn’t do any of that. Those accusations are built by people with certain interests against me. All people in Antioquia state know that I don’t have any economic interest or otherwise in the regions where these massacres have been committed. I don’t have any interest in Urabá, Córdoba, nor in the region of Puerto Boyacá”. (Ruiz, 1988)²⁰⁵. This interview was not showed to the public until 25 years later. Interestingly enough, these are the exact regions where the national paramilitary project began to grow just a few years later (See Video D1 in the next section).

The break down between Pablo Escobar and the Castaño brothers became evident among the members of Medellin drug cartel in 1991. According to Velasquez (2013)²⁰⁶, relationships inside Medellin drug cartel began to get difficult because Pablo Escobar was not agree to fight against leftist political parties, however the rightist wing of the cartel was working with Colombian State agencies in order to massively targeted-killing important leftist political leaders (Castaño, 2001)²⁰⁷. According to Velasquez (Ibid.), the presidential candidate from the UP political party, Bernardo Jaramillo Ossa, went to talk with Pablo Escobar about his assassination, because he knew that the Medellin drug cartel was planning the operation. According to Velasquez (2013), Pablo Escobar told him “If you want to live don’t worry about the drug cartel, you have to be careful about the Colombian intelligence agency (DAS). They are the ones that are going to kill you. You have to drop them as your bodyguards” When Castaño brothers realized this help it started certain “Cold War” between them and Pablo Escobar (Ibid).

When Pablo Escobar killed two of his associates, the Cali drug cartel -that was his competition-, and a large part of Medellin drug cartel joined together and founded the group *Persecuted by Pablo Escobar (PEPES)* in 1992. PEPES was founded in order to kill Pablo Escobar. PEPES started to kill Pablo Escobar’s associates and support structure by using methods which were outlaw. Bowden (2001)²⁰⁸ stated “I came across the DEA’s cable traffic back and forth from Bogotá to Washington which documents the knowledge of DEA agents that LOS PEPES were intimately involve with the [State Military Force] The Search Block. Ambassador Busby himself wrote a cable to Washington where he details the fact that their own intelligence showed that there was a connection between LOS PEPES and the search block. In fact, the ambassador Busby have gone to president Gaviria to complain about this and to demand that these connections ceased and desisted... officially the United States was not involved in the efforts of LOS PEPES, but if you look at what they were doing in Colombia at the time, it was clear that they were working hand at hand with LOS PEPES whether they were intendent to it or not”. According to a former member of PEPES, Carlos Castaño Gil, “there was a strategy, wide, perfect, outlined by the United States, by these agencies in which each one did what each one had to do” (Ibidem).

Pablo Escobar was killed in December of 1993. After his dead, PEPES forced Pablo Escobar’s family and associates to meet with them. In these meetings PEPES took assets, businesses, national influence, and share in the drug-trafficking from the losing party²⁰⁹. By 1995, Rodriguez Orejuela brothers (heads of Cali drug cartel) were captured and extradited.

Therefore the rightist wing of Medellin drug cartel took over all the drug-trafficking business, and spread all over the country under the costume of counterinsurgency armies with the assistance of the State, and under the name of United Self-Defense Armies of Colombia (AUC). Overall, the Paramilitary armies created by drug-traffickers in the eighties became the foundations of Narco-paramilitary Units inside the AUC since the beginning of the nineties until 2006. These paramilitary units later turn into criminal gangs since 2006. In Table D1 it is showed how the same drug-trafficking groups have remained over time in the case of the three main narco-paramilitaries armies founded with the assistance of State officials since the eighties. One common feature of all these armies is that they kept into the business of illegal drug-trafficking.

TABLE D1. NARCO-PARAMILITARIES ARMIES IN TIME.

DRUG DEALER'S PRIVATE/PARAMILITARY ARMY (1981 – 1993)	NARCO-PARAMILITARY UNIT IN THE AUC (1993 – 2006)	CRIMINAL GANG (BACRIM) (since 2006)
Death to Kidnappers (MAS) - (1986)	Magdalena Medio and Cundinamarca Unit	The “Urabeños” / “Clan Usuga”
The “Tangueros” (1987)	Córdoba, Norte and Catatumbo Unit	The “Urabeños” / “Clan Usuga”
Self-defense Armies of Puerto Boyacá (1984)	“Mineros” Unit	The “Urabeños” / “Clan Usuga”

Source: Author based on chief prosecutors reports. Attorney General’s Office.

Former members of drug cartels since the seventies until 1993 became narco-paramilitary heads between 1993 and 2004. And the heads of “criminal gangs” as they are called from 2004 until today, were members of narco-paramilitaries armies before.

According to former Colombian president Andres Pastrana (1998 – 2002), “If we had done a deep investigation regarding Medellin cartel, Cali cartel, and all the other cartels, today we wouldn’t have the Medellin cartel in its mutation to paramilitary armies, which may be what is doing the most harm today to the Colombian people”²¹⁰.

In the same direction, a former member of Medellin cartel stated “When Pablo Escobar died everyone was happy and everyone was saying that violence and drug-trafficking was over. Rather, that was the point when it really began. ‘Paramilitaries’ has never existed. They are only drug-trafficking groups with a flag and a hymn. They took over Colombia and brought coca plantations to Colombia because we didn’t have coca plantations in Colombia. When Pablo Escobar was alive we had to bring the coca paste from Peru and Bolivia. Colombia became producer of coca paste under paramilitaries. Then, Carlos Castaño became the Colombian King... Carlos Castaño managed a part of the army, he entirely managed DAS, and he also controlled the B-2 agency of the army, and the Brigade 20”²¹¹.

The mainstream rhetoric shows that what happened in Colombia in the eighties and early nineties was a war between the State and drug cartels, the last one personified by Pablo Escobar. As an American movie, at the end good and honest people won over bad and corrupt people. This rhetoric

includes the idea of the State and Its institutions winning the war on crime and drugs in the early nineties. According to this narrative, the killing of Pablo Escobar meant the triumph of State and Institutions over the criminals.

However, empirical evidence suggest otherwise. First, the *U.S. government, National Economic Elites, and Mainstream State* did a coalition with the right wing of the Medellin drug cartel (represented by the PEPES) in order to kill Pablo Escobar. Second, the restructured Medellin drug cartel was able to consolidate its former drug-trafficking business plus the part of Pablo Escobar and the part of the Orejuela brothers. Third, getting stronger, the restructured drug cartel was able to consolidate a national military and business project named AUC. Fourth, former Medellin drug cartel mutated into a stronger organization named the AUC, and now they are divided in what is called “Criminal Gangs” (BACRIM).

THE DIVORCE BETWEEN DEVELOPMENT NARRATIVES AND REALITIES IN COLOMBIA

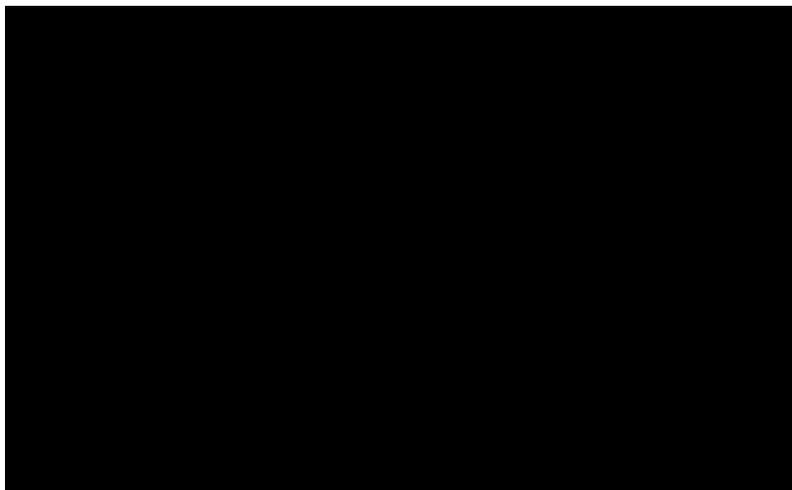
As it happens in International Development (See Chapter 1), there is a divorce between narratives and realities in the case of Colombia. There are three main narratives that surround political decisions and public opinion today: (1) after killing Pablo Escobar, Guerrillas became the main problem of Colombia due to an extensive expansion of guerrillas during the nineties. (2) High rates of violence and human rights violations in Colombia are (mainly) due to the conflict between guerrillas and the State, and (3) Between 2002 and 2010 the country experienced the highest levels of development, safety, and strengthened of Institutions in the early history of Colombia. These three narratives are revised in this section under empirical evidence.

AFTER KILLING PABLO ESCOBAR, GUERRILLAS BECAME THE MAIN PROBLEM OF COLOMBIA DUE TO AN EXTENSIVE EXPANSION OF GUERRILLAS DURING THE NINETIES

After the killing Pablo Escobar and incarcerating the Rodriguez Orejuela brothers, mainstream media sold a narrative of triumph of the State over the drug-trafficking business, and pointed out guerrillas as the main problem of Colombia. This allowed *Drug Dealers* to be invisible to the public view in the next decade. However, as we've seen in the former section, drug-dealers didn't disappear, they just mutated into military organizations named paramilitaries.

The difference with the past is that heads of *Drug Dealers* group didn't have their own political and economic project, rather they worked as a team with an important portion of government officials, politicians, and economic elites. The result was an expansion of narco-paramilitaries armies without precedent in the Colombian history between 1991 and 2002 (See Video D1)

VIDEO D1. EXPANSION OF PARAMILITARY ARMIES BY STATES. 1991 - 2002



Source: Author based on reports of the Attorney General's Office.

<https://youtu.be/xeDPR7qYOUA>

In 1991, narco-paramilitaries armies were only in Antioquia and Córdoba (two of the 32 States of Colombia. By 2002, they had reached the highest level of expansion to 22 of the 32 States of the country. As it can be seen in Video D1, the paramilitary expansion followed a strategic plan stated by its head Carlos Castaño Gil. According to him, the plan was to “march towards the North, and then going to the South” (Castaño, quoted by Valencia, 2007)²¹².

According to Valencia (2007: 16)²¹³, the new model of paramilitary expansion was implemented for the first time in the Urabá region. Paramilitary groups consolidated first in the States of Córdoba and Antioquia. Specifically in those municipalities which were part of the Urabá region. In this first stage they joined together in the so call “Peasants Self-Defense Armies of Córdoba and Urabá” (ACCU).

Urabá is a strategic region which includes municipalities of the States of Antioquia, Córdoba, Chocó and Tapón Del Darién. According to Valencia (Ibid), Urabá was the first “laboratory” of the narco-paramilitary expansion. Success of this “first laboratory” was due to various factors.

First, this is a strategic region to export and import products. It has been used historically by drug cartels because of its geographical position which gives access to the Pacific and the Atlantic through Panama Canal (See Graph D7).

GRAPH D7. MAP OF URABA REGION



Second, the assistance of entrepreneurs and the State was particularly strong. Urabá is the region of banana production in Colombia, which is one of the most important exports items in the whole country. Guerrillas’ armies, particularly EPL and FARC were in the region in a political alliance with banana unions. FARC extortions and unions strikes were a common feature. Entrepreneurs

called for a radical solution to both problems. This made the region particularly open to a paramilitary project.

The National Government authorized the creation of “Associations for Communitarian Surveillance– CONVIVIR” in September of 1994, based on article 42 of the Law 356 of 1994. At the same time, Alvaro Uribe Vélez was elected Governor of the State of Antioquia for the period 1995 -1997. His State policy for Security and Coexistence highlighted that “this state drives Associations for Communitarian Surveillance– CONVIVIR as a kind of citizens’ organization in order to contribute to his own safety... the difference with Self-defense groups is that CONVIVIR have a legal origin, state accountability, and they have to follow the law, Self-defense groups in the other hand was born and operate outlaw... these associations have to be born with a degree of permanence that exceeds the prolongation of the armed conflict with guerrillas” (Government of Antioquia, 1995)²¹⁴.

According to the former president of Colombia Ernesto Samper Pizano (1994 – 1998), “CONVIVIR had a valid principle, that helpless citizens could have communication systems and small weapons in order to organize their own defense always in coordination with State armed forces. The problem was that in the period of president Uribe, when he was Governor, he used CONVIVIR as warfare instrument, therefore CONVIVIR ended in paramilitary groups, groups with a punitive role that never was thought to them” (Samper, 2015)²¹⁵. The Antioquia Government helped to create several armed CONVIVIR around the state of Antioquia and beyond. Just in one of the States of the Urabá region 18 CONVIVIR were created between September of 1995 and October of 1996. This accounts for more than one organization every month. (See Table D2).

TABLE D2. CONVIVIR FOUNDED IN THE STATE OF CORDOBA. SEPTEMBER 1996 – OCTOBER 1996.

N°	Name	Legal Status
1	ASOCIACION CONVIVIR AMIGOS POR VALENCIA	3439 DE SEPTIEMBRE 25 DE 1995
2	ASOCIACION CONVIVIR RENACER DE PUERTO LIBERTADOR	3438 DE SEPTIEMBRE 25 DE 1995
3	ASOCIACION CONVIVIR EL PROGRESO LTDA DE AYAPEL	1334 DE OCTUBRE 24 DE 1995 (LICENCIA DE FUNCIONAMIENTO)
4	ASOCIACION CONVIVIR NUEVO RUMBO LTDA DE MONTELIBANO	1335 DE OCTUBRE 24 DE 1995 (LICENCIA DE FUNCIONAMIENTO)

5	ASOCIACION CONVIVIR HORIZONTE LIMITADA DE TIERRALTA	1732 DE DICIEMBRE 19 DE 1995 (LICENCIA DE FUNCIONAMIENTO)
6	ASOCIACION CONVIVIR RADIOCOMUNICACIONES AGROPECUARIA DEL SINU LTDA DE LORICA	1732 DE DICIEMBRE 19 DE 1995 (LICENCIA DE FUNCIONAMIENTO)
7	ASOCIACION CONVIVIR NUEVO AMANECER DE MOMIL	0505 DE FEBRERO 16 DE 1996
8	ASOCIACION CONVIVIR LA ALBORADA DE PLANETA RICA	0504 DE FEBRERO 15 DE 1996
9	ASOCIACION CONVIVIR COOPERAR DE SANTA LUCIA (MONTERIA)	1636 DE ABRIL 22 DE 1996
10	ASOCIACION CONVIVIR CONSEJEROS DE TIERRALTA	2361 DE MAYO 24 DE 1996
11	ASOCIACION CONVIVIR EL TRIUNFO DE PLANETA RICA	2669 DEL 6 DE JUNIO DE 1996
12	ASOCIACION CONVIVIR CAMPO VERDE DE SAHAGUN	3040 DE JUNIO 21 DE 1996
13	ASOCIACION CONVIVIR PROTECCION DE SAHAGUN	3688 DE JULIO 15 DE 1996
14	ASOCIACION CONVIVIR EL PORVENIR	3039 DE JULIO 21 DE 1996
15	ASOCIACION CONVIVIR SALVAR DE MONTERIA	4936 DE SEPTIEMBRE 26 DE 1996
16	ASOCIACION CONVIVIR EL AMPARO EN TIERRALTA	4937 DE SEPTIEMBRE 26 DE 1996
17	ASOCIACION CONVIVIR LA CANDELARIA DE PLANETA RICA	5014 DE SEPTIEMBRE 30 DE 1996
18	ASOCIACION CONVIVIR EL AGUILA DEL CORREGIMIENTO LAS PALOMAS-(MONTERIA)	5605 DE OCTUBRE 31 DE 1996

Source: Attorney General's Office, Unit for Justice and Peace.

Third, after the political agreement between the State and the Popular Army of Liberation (EPL), this guerrilla became a political movement named “Hope, Peace, and Freedom” (EPL). However, their demobilization was viewed as treason by the Revolutionary Armed Forces of Colombia (FARC guerrilla). As a result, FARC began to commit massive murders and targeted-killings to people who belonged to EPL. As a consequence, EPL people began to look for protection in Self-Defense armies and State officials, giving them intelligence information and assistance against FARC. This information was very helpful to gain control over the region. This gave paramilitaries an additional element of intelligence which helped them to prevail over guerrillas.

In 1993 paramilitaries extended toward the North of Colombia to the States of Guajira and Magdalena. The first great expansion was made one year later in 1994. In 1994 paramilitaries extended downwards taking almost all the north part of Colombia into the states of Boyacá, Cesar, Norte de Santander and Santander.

According to the judicial reports of the Attorney General’s Office regarding the process for Justice and Peace, Salvatore Mancuso founded his own armed group in 1992. However, in 1994 he joined forces with Carlos Castaño in order to create one organization named the Peasant’s Self-Defense Group of Córdoba and Urabá (ACCU). This allows the organization to set up a new strategy of expansion. ACCU used their own military equipment and combatants in the Urabá region in order to get into other regions in a coordinate way with the Self-defense armies that already existed in each municipality.

According to Mancuso, CONVIVIR was an important tool to expand the paramilitary project over the country in those years. Carlos Castaño and Salvatore Mancuso divided work, so “Castaño brothers would take care of the illegal part, while Mancuso founded legal cooperatives” (Valencia (2007: 15)²¹⁶.

As Samper has stated, Convivir were used as warfare tool, and their characteristics went far beyond little organized groups with small weapons. According to CINEP (2007)²¹⁷, “It was found in the consulting committee of the Superintendence that between January and December of 1996 this entity approved CONVIVIR to buy 422 submachine guns, 373 pistols 9 mm, 217 shotguns, 17 Mini Uzi machine guns, 70 rifles, 109 pistols, and 41 restricted weapons, which can range from Galil rifles to machine guns M-60, rocket launchers, grenades, rockets and mortars”

According to the dossiers of the General Attorney’s Office, the security cooperatives (CONVIVIR) were a determining factor in the narco-paramilitary expansion, especially in the States of Meta, Casanare, Boyacá, Antioquia, Vichada, and Córdoba.

Salvatore Mancuso stated in court that “Narco-paramilitary expansion wouldn’t have been possible without the assistance of the State”. This version is confirmed by the reports made by several Chief Prosecutors of the Prosecution Units for Justice and Peace. Moreover, the assistance of the State went beyond the legalization of these armed groups through CONVIVIR armies.

Dossiers of the Attorney General’s Office have allowed to establish certain features regarding the paramilitary expansion. Generally, Narco-paramilitary incursions in new territories were:

1. Carefully planned from narco-paramilitary headquarters in the State of Córdoba by Carlos Castaño Gil. They planned their military incursions with geopolitical information, information about strategic Development Projects, and Intelligence about important persons who lived in the regions
2. Accompanied by acts of extreme terror and violence, including tortures, dismemberments, sexual violence, and other human rights violations that implied the complicity of State armed forces
3. With joint armed forces with several men and from several territories that traveled long distances in order to meet the territorial objective without being bothered by any State official in the route.

This only could be possible with the assistance of various agencies and organizations, public and private.

In 1995 narco-paramilitary armies expanded towards the west coast to Chocó. So, in 1995 paramilitary armies had control over all the Urabá region in the three states. They also expanded to the center of the country towards Cundinamarca.

The second great expansion was made in 1997 to the south of the country in the States of Bolívar, Caquetá, Casanare, Guaviare, Meta, and Sucre. In 1998 they consolidated their presence in the South where there was a historical presence of guerrillas' armies in Putumayo and Tolima.

This second expansion also obeys to another strategic reorganization. The First National Conference of leaders and commanders of Self-defense Armies were made in April 18 of 1997. In this conference the Castaño brothers, who were commanders of the Self-Defense Armies of Cordoba and Urabá (ACCU), led a proposal by which it was determined to “group the different Fronts of Self-defense armies into a single National Movement named United Self-defense armies of Colombia – AUC. This National Movement comprised the Self-defense armies of Cordoba and Urabá with its 20 Fronts established in the north zone, the Self-defense armies of the Eastern Plain which were in the South of the country, the Self-defense armies of Ramon Isaza, and the Self-defense armies of Puerto Boyacá which operated in the zone of Magdalena Medio” (AUC, 1997)²¹⁸. Therefore, between 1997 and 1998, existing paramilitary groups (including Convivir) joined together in a National Paramilitary Project with a unified command. (Valencia, 2007: 13)²¹⁹

Finally, in 2001 they went to Arauca (east) and Atlántico (west).

Overall, this expansion process was fundamentally funded by the drug-trafficking business, as it was recognized by the paramilitary head Carlos Castaño Gil (Valencia, 2007: 14). However, it also counted with strong financial support of *National Economic Elites* and their enterprises from the beginning (See Chapter 5).

From 1993 onwards the National Government used the “war on drugs” label in order to go after the most basic links in the drug-trafficking business chain: the coca plantations, instead of the heads of the drug cartels. In the mid-time, heads of drug cartels were embraced by the *Ruling Coalition* and its Institutions inside new models of collaboration between legal armed forces, U.S.

assistance, the National Government, entrepreneurs, and legalized armed groups named paramilitary armies or private security cooperatives - Convivir.

HIGH RATES OF VIOLENCE AND HUMAN RIGHTS VIOLATIONS IN COLOMBIA ARE (MAINLY) DUE TO THE CONFLICT BETWEEN GUERRILLAS AND THE STATE

Despite the official narrative of Colombia as an “exemplary democracy”, Colombia has have three times more disappeared persons than the three dictatorships of South America combined (López, 2010:78).

However, the largest number of human rights violations is in the area of forced displaced persons. According to the internal displacement monitoring center (IDMC, 2014)²²⁰, which monitors only displacements due to conflict and violence, Colombia is the second country with most displaced persons in the world after Syria (with at least 6.5 million displaced persons), and followed by Democratic republic of Congo (with 2.96 million of internally displaced persons) (See Graph D8). The registry of victims of Colombia registers that there has been more than 6.8 million acts of displacements with at least 6.3 million of displaced persons in Colombia. This means that Colombia has a tight difference with Syria in terms of internally displaced persons.

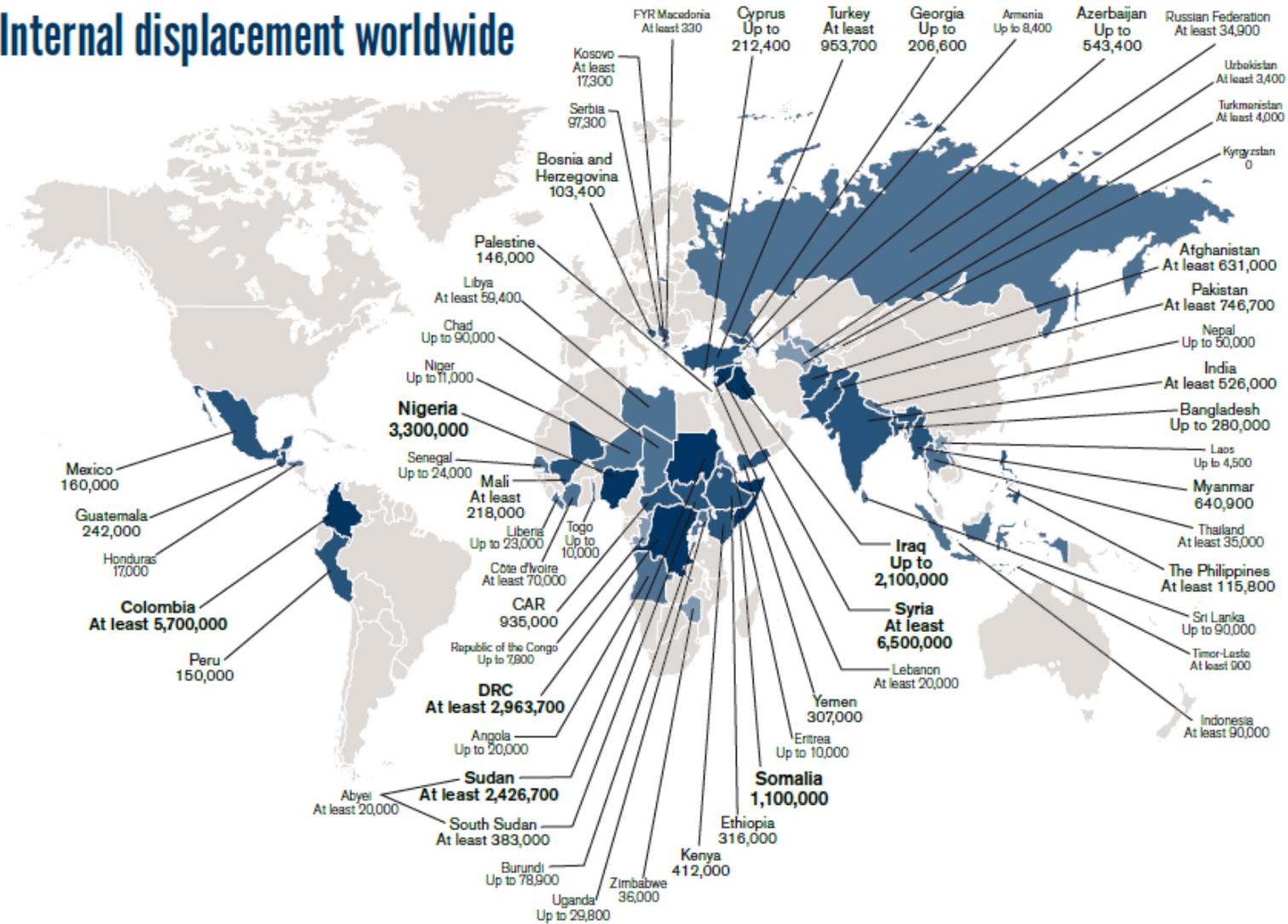
The label of “conflict and violence” as the main driver of displacement in Colombia is very problematic. Violence in Colombia has been very attached to legal and illegal economic projects. Violence and human rights violation have been also related with a specific “Model of Development” that foster internal displacement as a tool to relocate land and natural resources in the hands of drug dealers, retired army officers, multinational corporations, and big businesses inside Colombia. Hence, one of the main discussions that this thesis wants to put on relevance is whether displacement (and other human rights violations) in Colombia are due to conflict, or simply are an instrument to “development” from the “neoliberal” perspective.

According to the UN report (2000), “displacement in Colombia is not merely incidental to the armed conflict but is also a deliberate strategy of war. Indeed rarely is there direct confrontation among armed groups (that is, the paramilitaries, guerrilla groups, and the armed forces/police). Rather, these armed groups attempt to settle their scores by attacking civilians suspected of being associated with the “other” side, and they do so with such severity as to leave those whose physical security is threatened with no choice but to flee”²²¹.

Moreover, human rights violations “add value” to some economic activities inside Colombia. This means that there are economic and financial gains that are possible only by the fact that there are displacements and human rights violations which they wouldn't be possible otherwise (See Graph E1).

GRAPH D8. Internally displaced persons due to conflict and violence by Country.

Internal displacement worldwide



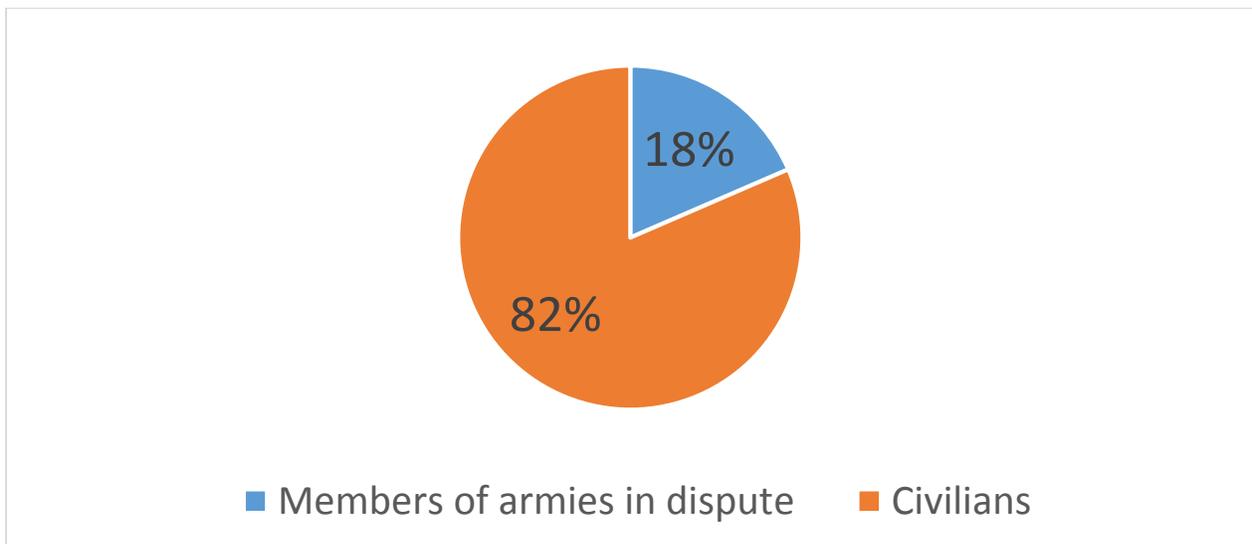
Source: IDMC (2014)

Indeed, some ideas fostered by mainstream media in Colombia have dictated the political agenda in Colombia in the last 30 years. However, some of these ideas contradict empirical evidence.

First, there is the idea that violence in Colombia is due to the conflict between guerrillas and the national government. So, victims of the conflict are mainly members of the armies in dispute. Civilians have been showed only as “collateral damage”: small incidents that rarely happen. Empirical evidence have showed otherwise. War in Colombia has been perpetrated mainly against civilians. These civilians are generally poor people who live in city slums and rural areas. Armed actors are the ones that suffer the less.

According to the Group of Historic memory, victims were rarely members of armies in conflict, rather they were civilians, mainly rural farmers who were living in the areas of “further development”, which means in land for future “economic projects”. Indeed, the Group for Historic Memory has counted around 220,000 persons who were killed in armed actions in Colombia between 1958 and 2002, more than 81% of them were civilians. This is 4.41 civilians killed for every member of armies in dispute (See Graph D9).

GRAPH D9. Persons killed in Colombian “Internal Conflict”. 1958 – 2002.



Source: Group of Historical Memory (GMH)²²²

Second, there is a popular believe in which the rise of civilians victims of “the conflict” is related with the expansion of guerrillas. Accordingly, expansion of the armies that are against guerrillas (paramilitaries and national army) is related with “pacification” inside the regions. Again, empirical evidence shows otherwise. As we can see in Graph D10, it is exactly the opposite: trends and location of human rights violations follow similar tendencies to narco-paramilitary presence.

GRAPH D10. PARAMILITARY PRESENCE AND HUMAN RIGHTS VIOLATIONS BY TYPE AND STATE*. 1994, 1997, AND 2002

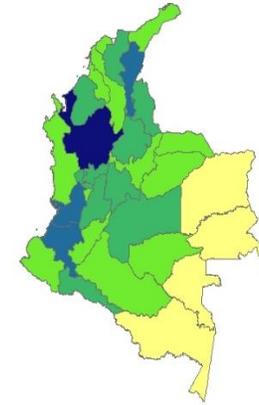
1994

PARAMILITARY PRESENCE

DISPLACED PERSONS

TORTURES

MURDERS



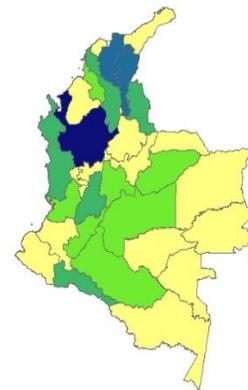
1997

PARAMILITARY PRESENCE

DISPLACED PERSONS

TORTURES

MURDERS



2002

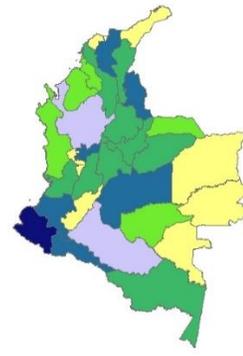
PARAMILITARY PRESENCE



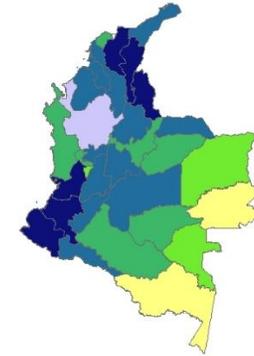
DISPLACED PERSONS



TORTURES



MURDERS



RANGES

PARAMILITARY PRESENCE

	With Paramilitary Presence
	Without Paramilitary Presence

DISPLACED PERSONS

	0 - 1,006
	1,006 - 2,817
	2,817 - 5,545
	5,545 - 13,576
	13,576 - 82,070
	> 82,070

TORTURES

	0 - 2
	2 - 8
	8 - 21
	21 - 45
	45 - 71
	> 71

MURDERS

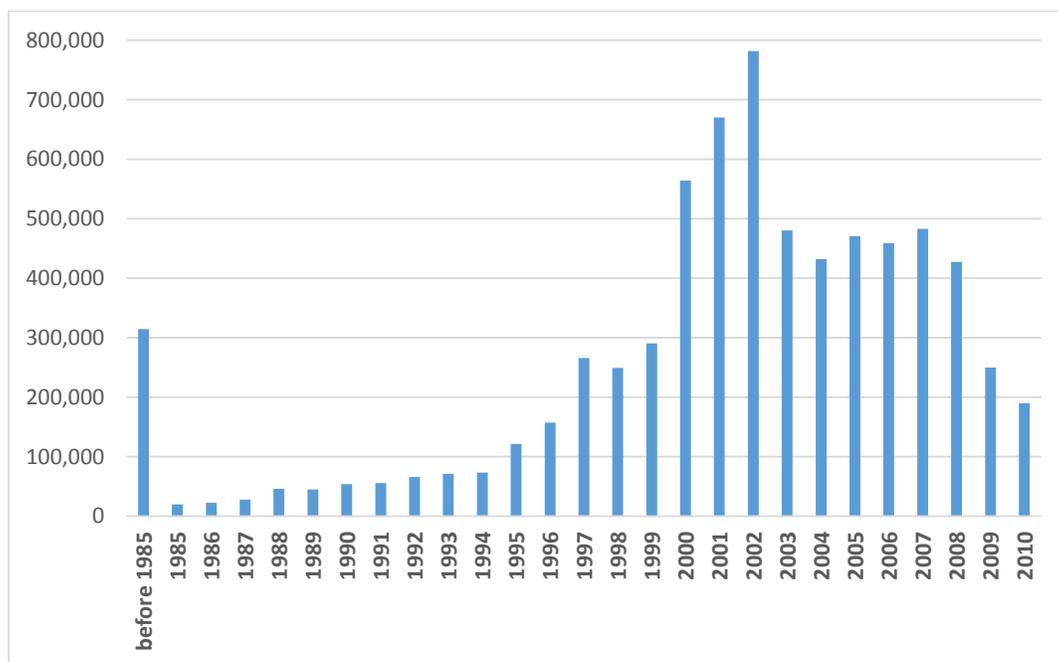
	0 - 21
	21 - 420
	420 - 1,105
	1,105 - 2,593
	2,593 - 15,931
	> 15,931

Source: Attorney General's Office, and *National Registry of Victims

The *demagogy* of “victims of conflict” has been used to institutionalize the idea that victims are not due to the “war on drugs” anymore, but rather that they are now due to the conflict against guerrillas. Therefore, the idea of the guerrillas as the main problem of Colombia was generalized with an idealized propaganda of the triumph of the State over the drug dealers. In the public opinion guerrillas’ armies became both, the main driver of violence and the main drug-trafficking group. Empirical evidence shows that neither of these ideas is true.

Extracting the victims of the “war on drugs” in Colombia, the largest growth on “victims of the conflict” corresponds exactly with the golden years of paramilitary expansion. “Victims of the conflict” had an annual growth of 99.8% between 1993 and 2002, more than three times the annual growth of “victims of the conflict” between 1985 and 1992. Moreover, the largest share of “victims of the conflict” corresponds exactly with years of expansion of narco-paramilitaries armies (between 1993 and 2002), and with the process of consolidation between 2002 and 2010. The number of dropped fell dramatically only after the extradition of paramilitary heads in 2008²²³. (See Graph D11).

GRAPH D11. VICTIMS OF THE “CONFLICT” IN ALL THE TYPES OF CRIMES BY YEAR. BEFORE 1985 - 2010

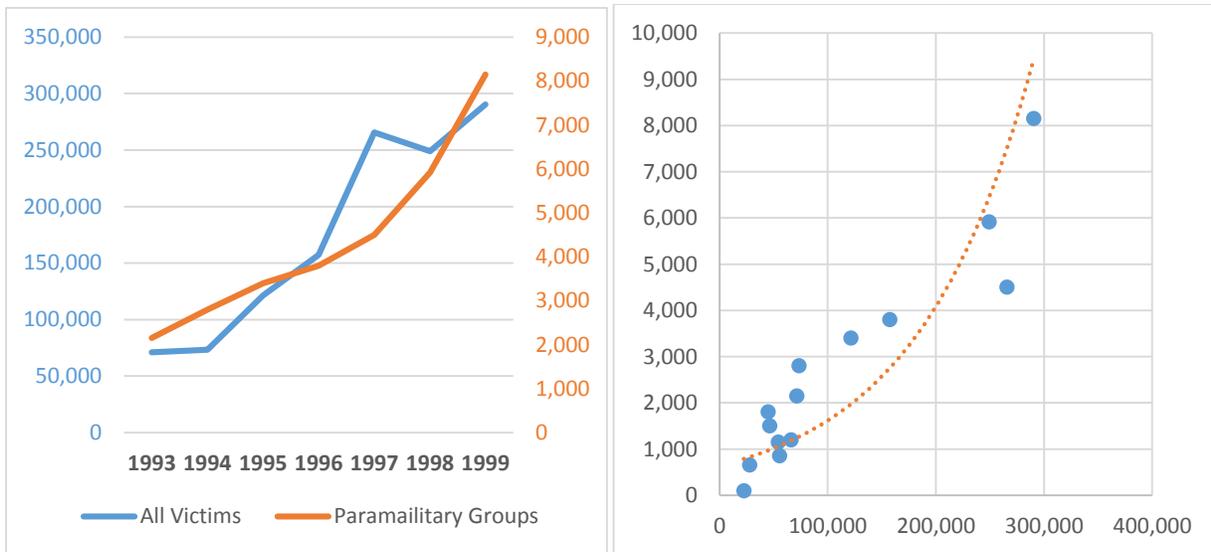


Source: Author based on National registry of Victims. June 2015.

Indeed, rising in the number of victims have been tightly related with the rise of narco-paramilitaries armies. According to the Minister of Defense (quoted by the Observatory of Human Rights of the Vice-presidency of the Republic, 2000:2)²²⁴, in 1986 there were 93 narco-paramilitaries groups in Colombia. By 1990 these groups had grown to 1,150. Between 1993 and 1999 paramilitary groups continued growing from 2,150 to 8,150. This expansion on paramilitary

groups is closely correlated with the expansion in the number of victims (with a correlation of more than 94% between 1986 and 1999). This relationship can be seen in the Graph D12 for this stage²²⁵.

GRAPH D12. NUMBER OF NARCO-PARAMILITARY GROUPS AND NUMBER OF VICTIMS* BETEEN 1993 - 1999 (LEFT), SCATTER RELATIONSHIP BETWEEN VICTIMS* AND PARAMILITARY GROUPS. 1986 - 1999 (RIGHT)



Source: Author based on the Observatory of Human Rights of the Vice-Presidency of the Republic (2010), and National Unit for Victims (2015)*

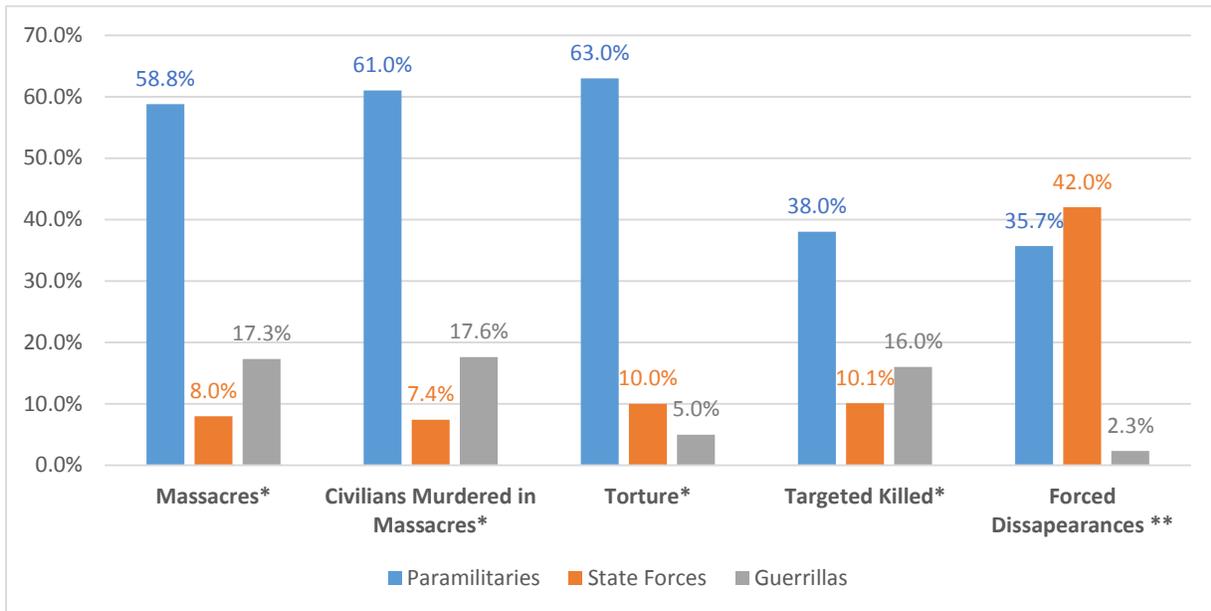
Third, National Government and mainstream media have argued that violence against civilians has been perpetrated mainly by guerrillas’ members. However, according to the Group for Historical Memory, all kinds of Human Rights violations in each type of violence has been mainly perpetrated by narco-paramilitaries armies, except in ‘Forced Disappearances’ where the main perpetrator has been State armed forces (See Graph D13).

As it has been noted in the Dossiers of the Attorney General’s Office, Narco-paramilitaries armies under the names of ACCU at the beginning and AUC afterwards, followed a similar patron of behavior in each region where they installed their presence and control.

First, heads of ACCU or AUC met to discuss the strategic meaning of the regions, and the geopolitical situation of the entire zone²²⁶, and made agreements with heads of local paramilitary armies (the ones that were formerly formed) in order to assist and facilitate such incursions in the regions.

Second, paramilitary armies got inside the regions in great numbers (typically more than 2000 men in arms without counting the men for logistical support). In such military incursions they identified themselves as ACCU or AUC in order to show their military strength.

GRAPH D13. VICTIMS BY TYPE OF VIOLENCE AND BY PERPETRATOR IN COLOMBIA.



*Data between 1980 and 2012

** Data between 1997 and 2013

Source: Group of Historical Memory (GMH)²²⁷

Third, they committed a series of human rights violations, mainly targeted killings, massacres, tortures, and threats to social, religious, and political, leaders.

Fourth, they stole and transported out of the zone the belongings of peasants and local shopkeepers, mainly cattle, money, and shop products. Sometimes they also burned homes. Finally, they distributed “black lists” of people that have been “sentenced to death” in order to foster massive displacements. Generally, State armed forces assisted these military incursions by action or omission.

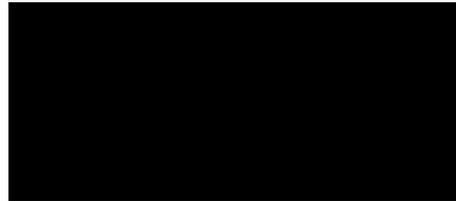
Therefore, the reunion of human rights violations committed against civilians weren’t random or accidental. Rather they followed a logic according to the strategic goals of the narco-paramilitaries armies in each region, and its “geopolitical” situation. In almost all cases, paramilitary armies not only had intelligence regarding social, and political leaders, but also they had geopolitical, strategic and economic information about each region. This information was gathered thanks to the assistance of illegal forces (such as former paramilitary forces), and legal forces such as governments, military, intelligence agencies, and officials agencies. Hence, the State assistance went far beyond military assistance.

This is why the type, number, and occurrence of human rights violations widely vary along the national territory. However, as one of the main strategic objectives was the appropriation of land and natural resources, human rights violations always were instrumental to foster great amounts of forced displacements (See Video D2)

VIDEO D2. RELATIONSHIPS BETWEEN PARAMILITARY EXPANSION, HUMAN RIGHTS VIOLATIONS*, AND INTERNALLY DISPLACED PERSONS* (1993 – 2002).

Range Murders	
0	
1 - 171	
171 - 342	
342 - 20,600	

MURDERS*

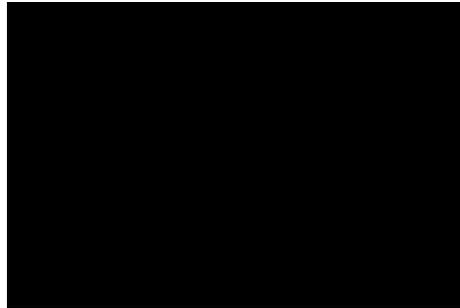


<https://youtu.be/Kc1X7WK8Rck>

Range Forced Dissapearances	
0	
0 - 21	
21 - 51	
51 - 2,826	

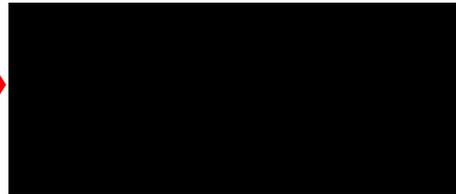
INTERNALLY DISPLACED PERSONS*

PARAMILITARY PRESENCE

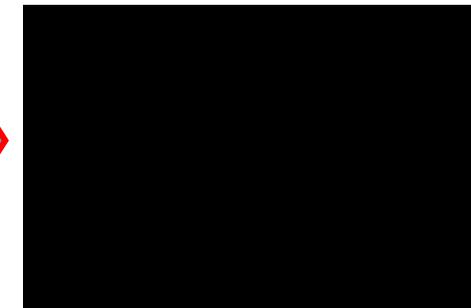


<https://youtu.be/Kc1X7WK8Rck>

FORCED DISSAPEARANCES*



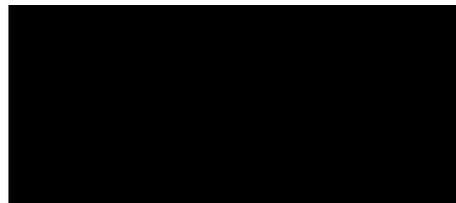
<https://youtu.be/sTcxJeWZYGy>



https://youtu.be/64G_X6anA-c

Range Tortures	
0	
0 - 2	
2 - 13	
13 - 142	

TORTURES*



https://youtu.be/64G_X6anA-c

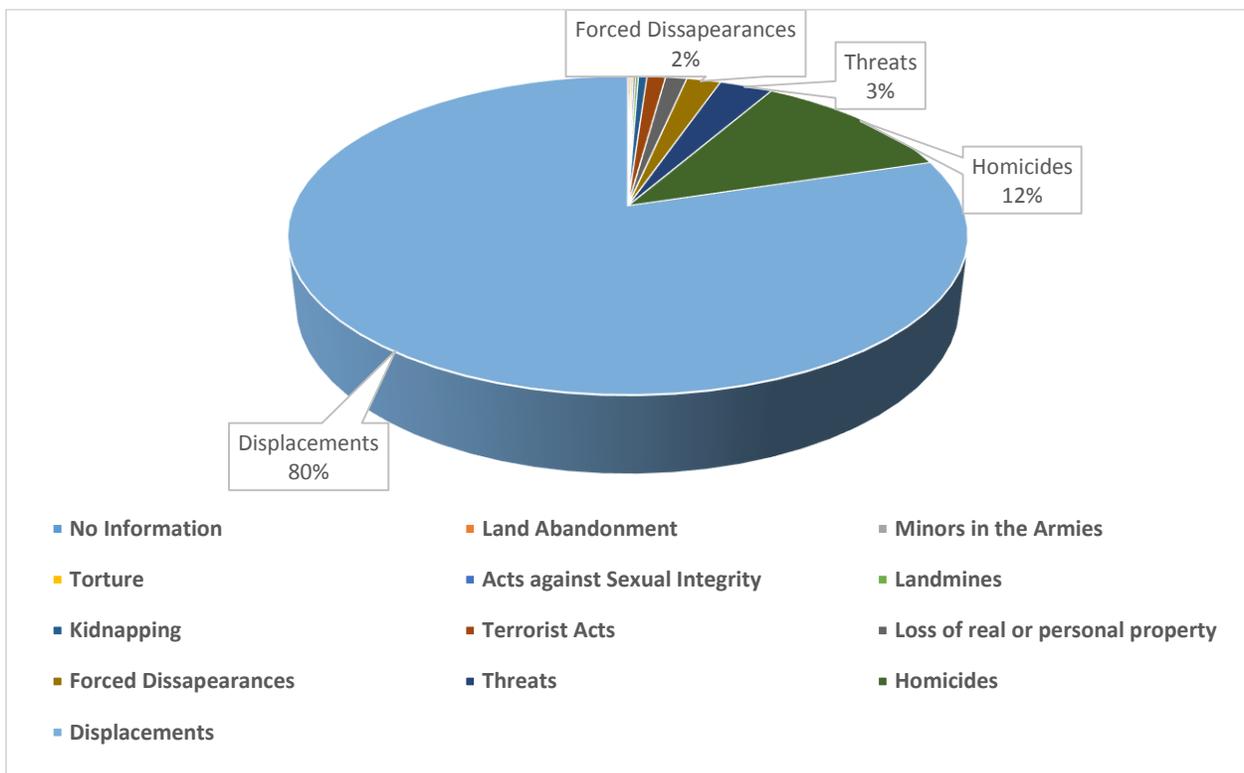
Range Internally Displaced Persons	
0	
0 - 311	
311 - 2,366	
2,366 - 136,811	

Source: Attorney General’s Office, and National Registry of Victims*.

Once paramilitary armies have proven their territorial control over any institutional authority (or with the assistance of such authority), and have proven their capacity to infringe extreme violence against civilians, it became easier to foster massive displacements, and to monopolize land from poor peasants without doing further acts of violence. For instance, it became common among researchers and public officials to hear that paramilitaries threatened their victims to force them to sell their land in a very cheap price with the same phrase: “if you don’t sell the land today, I will buy it to your widow” (El Espectador, 2010)²²⁸.

This is why massive forced displacements generally came after other human rights violations were committed. This is also why displacements aren’t necessarily accompanied by other types of human rights violations at the same time. This is also why according to the Unit of Victims, forced displacements account for 79.8% of all the acts committed in the “conflict” until June of 2015 (6.8 million of acts of displacement over 8.6 million of total acts) (See Graph D14); and 86% of all acts committed in the conflict in the period of study between 1990 and 2010 (5.6 million of acts of displacement over 6.6 million of total acts)

GRAPH D14. ACTS AGAINST CIVILIANS BY TYPE OF CRIME. BEFORE 1985 - 2015



Source: Author based on National registry of Victims. June 2015

BETWEEN 2002 AND 2010 THE COUNTRY EXPERIENCED THE HIGHEST LEVELS OF DEVELOPMENT, SAFETY, AND STRENGTHENED OF INSTITUTIONS IN THE EARLY HISTORY OF COLOMBIA.

While restructured Medellin drug cartel (now called paramilitaries) was expanding all over the country during the nineties, public opinion and mainstream media were focusing only in guerrillas.

FARC, in particular, was competing with narco-paramilitaries armies the territorial control over cocaine plantations and, therefore, it was competing for an increasing share of the drug-trafficking business. FARC national strategic plan implied to put profits and military strength over any political or ideological goal. This made them commit more crimes against the population, as well as gaining more enemies in the process. FARC did expand militarily during the nineties, and also took advantage of the former peace process in order to be stronger as a lot of analysts have argued. However, this expansion was much lower than the expansion of narco-paramilitaries armies and the State military.

Support of the U.S. and its military AID impacted both, State military, and narco-paramilitaries armies. However, its impact in narco-paramilitaries armies was higher. According to Dube and Naidu, (2014), “US military assistance leads to a differential increases in attacks by paramilitaries, but has no effect on guerrilla attacks. Aid also results in more paramilitary (but not guerrilla) homicides during election years, particularly in politically competitive municipalities. The findings suggest that foreign military assistance may strengthen armed non-state actors, undermining domestic political institutions”²²⁹.

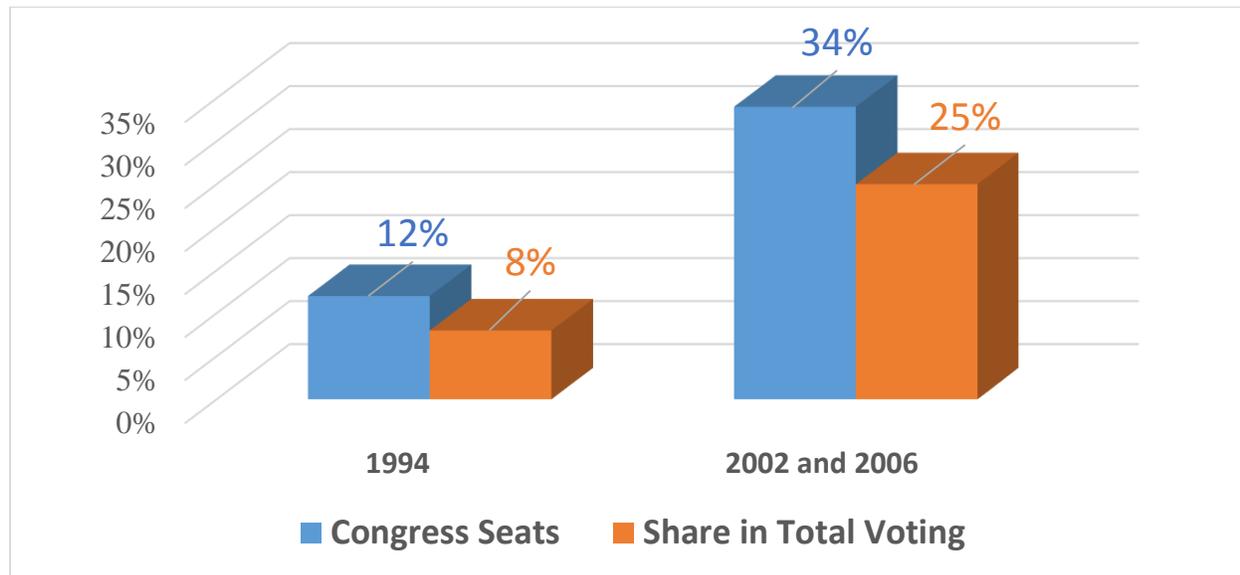
After the killing of Pablo Escobar, State capture didn't stop, rather it mutated to a more dangerous and deeper relationship between *Drug Dealers* and the *Ruling Coalition* in Colombia. The expansion of narco-paramilitaries armies only can be explained by explicit and implicit agreements and forms of collaboration between all members of *Ruling Coalition* and narco-paramilitaries. Moreover, the expansion of narco-paramilitaries armies during the nineties had some impact in containing guerrilla's expansion, but it had a greater impact in some economic and political variables such as the distribution of land, the political drowning of progressive movements, and the paramilitary control of politics in several regions of Colombia. Paramilitaries attacked mainly defenseless peasants in rural areas, and poor people in city slums. The few military clashes between paramilitaries and guerrillas are better explained by the competition over illegal economic activities, rather than the self-defense activity itself.

By 2002, the narco-paramilitary control over the territory was so enormous, that they didn't have to commit a great deal of crimes in order to foster displacements, monopolize lands, control the public budget in municipalities, and deciding results of “democratic” elections.

Maybe the most visible example is with congress voting. According to López, et al (2010: 31), by 1994 the *8,000 judicial process* which was about the linkages between politicians and the Cali drug cartel, showed that the congressmen found guilty accounted for 900,000 votes, and illicit money was “determinant” for the election of the president. By the elections of 2002 and 2006, The

Judicial process *Justice and Peace* showed that voting fostered by narco-paramilitaries had grown to more than 2 million of votes, and 80% of the congressmen elected were part of the president coalition (See Graph D15).

GRAPH D15. COMPARISON BETWEEN THE VOTING FOR CONGRESSMEN ELECTED WITH THE ASSISTANCE OF DRUG-DEALERS IN 1994 AND IN 2002, 2006.



Source: Author based on López (2010)

One paramilitary head stated after the elections for president and congress in 2002: “we ‘recommended’ candidates to the people... according to the data we have, we can state that the goal of having 35% of the congressmen among our friends has been largely overcome. This constitutes a milestone in the history of the AUC... This support exceeds our most optimistic projections” (Mancuso, 2002; quoted by López and Sevillano, 2007)²³⁰. Three years later, other paramilitary head confirms that “I think we can say that we have more than 35% of the congressmen among our friends in the congress. We are going to improve this for next elections” (Castaño, 2005; quoted by López and Sevillano, 2007)²³¹.

According to López, et al (2010:29)²³², By April of 2010, the Attorney General office of Colombia reported to be prosecuted 400 elected politicians because of their linkages with narco-paramilitaries, 102 of them were members of the congress. It was prosecuting also 109 public officials, 324 members of the National Army, and 5,766 citizens involved in criminal activities with narco-paramilitaries.

Heads of narco-paramilitaries armies used signed agreements in order to avoid the principal-agent problem in which the agent (in this case the politician), not only doesn't meet the agreement, but also turns against the principal (in this case narco-paramilitaries) when the agreement affects negatively the agent. These signed agreements have been disclosed by paramilitaries in judicial processes or as a punishment for the non-compliance of the agreement. Some of the most famous agreements are the “Ralito Agreement”, signed in the state of Cordoba for the congress elections

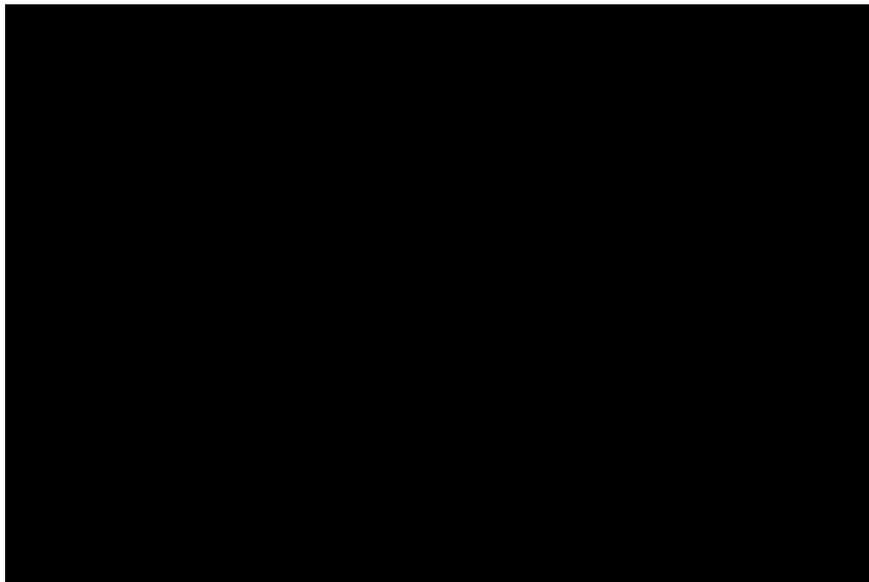
of 2002 disclosed by the narco-paramilitary head Salvatore Mancuso; the agreements of “Chivolo and Pivijai”, signed in the state of Magdalena and disclosed by Rodrigo Tovar Pupo (aka Jorge 40); the agreement for an “Urabá great and united” disclosed by Freddy Rendón (aka El Alemán) and signed in the State of Antioquia, between many others signed in the states of Casanare, Caldas, and Risaralda, between others (López, 2010, and Valencia, 2012)²³³.

According to López, et al (2010: 31), “the evidence found in judicial processes goes far beyond the most reckless hypotheses about the magnitude and implications of the linkages between politicians, public officials, and criminal organizations, about the joint and deliberate actions that were deployed in order to meet economic and political goals, and about its effects on the political and institutional transformation in some states of the country”.

As we’ve seen before, in the stage of narco-paramilitary expansion (1993 – 2002), human rights violations were tightly related with narco-paramilitary presence over time and in the space. It has been showed also that human rights violations followed a logic which is related to fostering displacements. This is why the different types of human rights violations are related also in time and space (place).

These relationships changed during the stage of consolidation (2002-2010). Narco-paramilitary presence continued the same until 2005 when the Law for Justice and Peace is approved in Congress. Then, narco-paramilitaries began the demobilization process as AUC, so they started to lose presence in the territory until 2008 when the last AUC unit got demobilized. Remaining drug-trafficking groups began to be called Criminal Gangs (BACRIM). (See Video D3).

VIDEO D3. NARCO-PARAMILITARY PRESENCE IN COLOMBIA IN THE STAGE OF CONSOLIDATION (2002 – 2010)

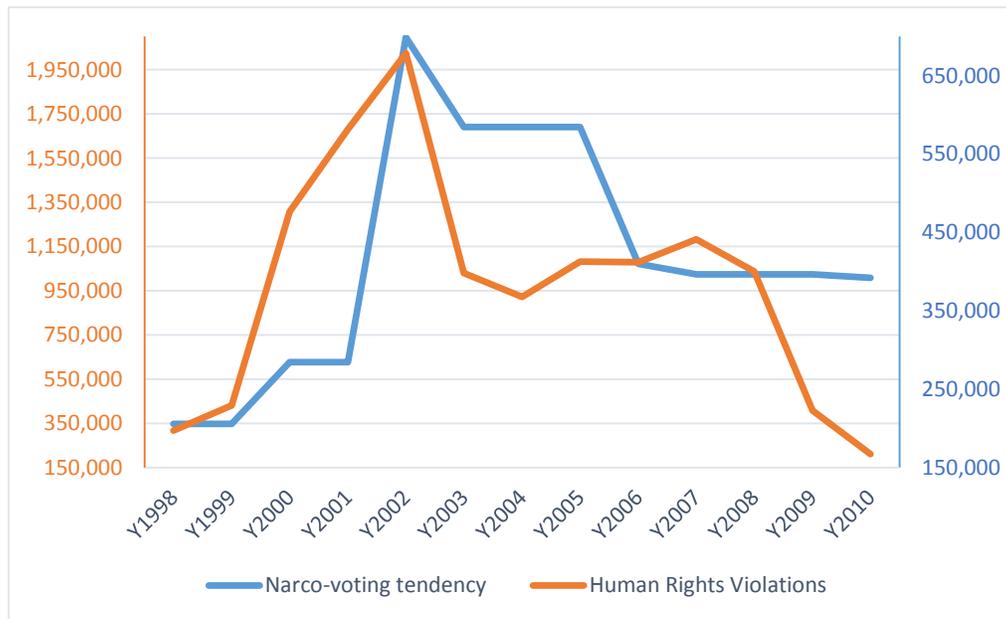


Source: Attorney General’s Office
<https://youtu.be/md3WHFnaG3w>

The evidence suggests that human rights violations, (and therefore narco-paramilitary presence) are related in time in a particular way in the stage of consolidation (2002 – 2010). AUC influence in people’s behavior remained the same until 2008 when the last paramilitary Unit got demobilized. Therefore, they didn’t need to commit further human rights violations in order to foster displacement, or to force voting. In other terms, in the stage of consolidation, narco-paramilitaries kept their *persuasion power* over the population until 2008.

According to the data, rising human right violations also rise the *persuasion power* of narco-paramilitaries on “democratic voting” (1993 – 2002). However, once narco-paramilitaries have probed their territorial control and their capacity to do harm, they don’t need to commit further human rights violations in order to force people to vote. This is the case after 2002, when narco-paramilitaries didn’t lose their *persuasion power* while human rights violations were falling. (See Graph D16).

GRAPH D16. NARCO-VOTING * (RIGHT), AND HUMAN RIGHTS VIOLATIONS (LEFT) IN COLOMBIA. 1998 – 2002.

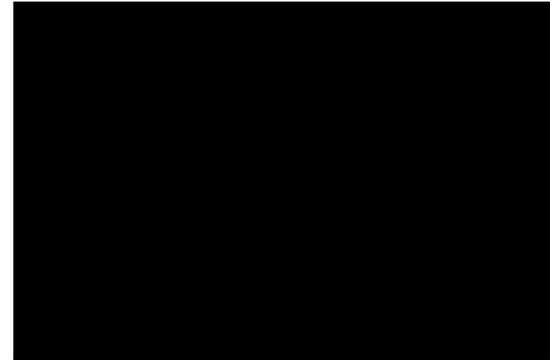
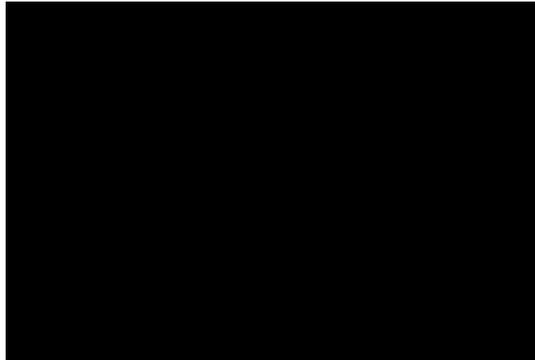
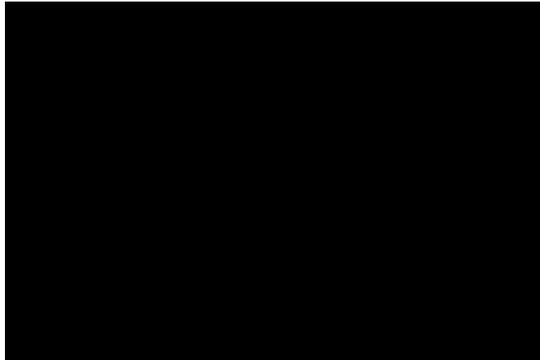


Source: Author based on National Registry of National State* and National Unit of Victims.

Narco-paramilitary presence grew steadily between 1998 and 2002. Then it kept the same until 2005 when it began to fall until the last demobilization in 2008. However, the *persuasive power* of narco-paramilitaries kept almost the same between 2002 and 2010.

This *persuasion power* allowed narco-paramilitaries to meet their objectives without committing more human right violations. Unlike displacements, all other human right violations fell dramatically and continuously between 2002 and 2010. However, paramilitaries continued fostering displacements until 2008 when they got completely demobilized (See Graph C4).

VIDEO D4. PARAMILITARY PRESENCE (LEFT), HUMAN RIGHT VIOLATIONS (MIDDLE), AND NARCO-PARAPOLITICIANS NUMBER OF VOTES (RIGHT). 1998 – 2010.



https://youtu.be/i9oX1ccym_k

<https://youtu.be/rgV2NA4j0Ds>

<https://youtu.be/Fgfz7hnomso>

Narco-paramilitary Presence	
	With Paramilitary Presence
	Without Paramilitary Presence

Range human rights violations	
	0
	0 - 311
	311 - 2,366
	> 2,366

Narco-parapoliticians Voting	
	0
	0 - 184
	184 - 29,459
	29,459 - 420,000

Source: Attorney General’s Office, National Unit of Victims*, and National Registry of the Civil State

As narco-paramilitary presence and human rights violations, the political “persuasion” of narco-paramilitaries also rises to its highest level in 2002. Then, paramilitaries kept this power to enforce “democratic” voting almost in the same level between 2002 and 2010 regardless its demobilization. All these tendencies are congruent not only in time, but also in place (See Video D4).

These results imply that drug dealers changed their *modus operandi* regarding how to foster voting and gain political power. In the eighties and the first half of the nineties, drug dealers gave money to fund political campaigns, so people voted for particular candidates in exchange of money without any other physical threat. Since the second half of the nineties narco-paramilitaries enforce voting using violence. So, people vote for particular candidates given the extreme violence that they had to suffer in the past. In the first case (eighties and early nineties), people still had the chance to decide. They could decide whether to be honest or not, voting still was a personal decision. In the second case (second half of the nineties onwards), they vote with fear because they knew by experience that a negative “democratic” result (from narco-paramilitary perspective) could drive violence against the population.

Levels of violence fell since 2002 all over the country (See Graph C3). But this result was not due to a decrement on the number of criminals, nor to an improvement in legal institutions. Rather, this was due to the exact opposite: criminals had enough territorial and institutional control over people and over the territory that they didn’t need to do any act of violence to meet their political and economic goals.

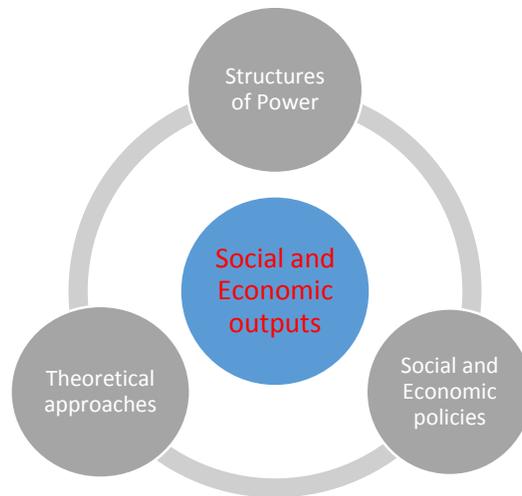
In 1994 the chief of the U.S. Drug Enforcement Administration’s office said in national television that Colombia was a “narco-democracy” (Washington Post, 1994)²³⁴. The president had been accused for receiving money from the Cali drug cartel in his political campaign. As a result, the President’s Visa was withdrawn. In the period of consolidation (2002 -2010) the role of drug-dealers in ‘democratic’ voting was at least three times greater than in 1994 according to the preliminary results of Justice and Peace judicial processes. However, no U.S. governmental officer has mentioned anything about these scandals. Rather, Colombian institutions have received a stronger support in the “war on drugs” which is now focused on targeting farmers in cocaine plantations, rather than heads of drug cartels.

Period between 2002 and 2010 have been the one with more scandals of drug-trafficking, corruption, influence peddling, and linkages with crime in all levels of public institutions in all three branches of the public power in Colombian history. Ironically, it has been also a period of steadily rise in economic growth, improvement in the levels of domestic and foreign investment, and enhancing of people’s trust.

However, Colombia is not a rare case. As it has been shown in the first two chapters, certain kind of “Development” is generally driven by high levels of human rights violations.

Consequently, Colombia could be shown as a worldwide example of development from the neoclassical perspective. This means, a country in which the State and all their formal and “informal” agents work hard as a team in order to guarantee investors’ profits and growth.

Or it could be shown with the same level of accuracy as a shameful example of immorality, state capture and corruption in which all institutions work for a little portion of the population, enhancing the value of economic growth regardless human, environmental, or ethical costs.



CHAPTER FIVE

ECONOMIC RESULTS: DEVELOPMENT AS GROWTH



Massacre in the municipality of “Segovia” (State of Antioquia). In November 11, 1988 there were 43 people murdered and other 45 were injured by the group “Death for Revolutionary people in Northeast”. This group was led by Fidel Castaño in order to punish the population because the leftist political party “Patriotic Union” have won democratic elections in that municipality in March 1988.

Photographer: Jesus Abad Colorado

HUMAN RIGHTS VIOLATIONS AS SOURCE OF ADDED ECONOMIC VALUE

The issue of human rights violations in Colombia was not invisible for international agencies as the UN. By 1994, when the first mission of the UN regarding Internal Displacement went to Colombia, the problem was just beginning. In 1994 the UN reported around 800 internally displaced persons. After this UN visit, the number of displaced people continued growing even more. In 1998, there was 1.4 million of people internal displaced in Colombia. In that time, 1 in every 40 Colombians was internally displaced. Today, the calculations are more than 5.9 million of displaced people in Colombia which means that 1 in every 8 Colombians is internally displaced.

Relationship between these human rights violations and violence perpetrated in joint activities between the National Army and narco-paramilitaries was also highlighted by these multilateral agencies. According to the UN (2000) “there are various paramilitary groups, organized under an umbrella group known as *Autodefensas Unidas de Colombia* (AUC). Paramilitary activity has grown significantly in recent years. Though no longer enjoying legal authority, as was the case from 1968 to 1989, paramilitary structures effectively were institutionalized during the previous administration through the existence of ‘special private security and vigilance services’ (previously known as Convivir) legally authorized to carry arms and perform functions of public order similar to those of the armed forces and police. These armed groups often have operated without effective control or adequate supervision on the part of authorities and, as OHCHR reports, their activities are difficult to distinguish from those of the paramilitaries as ‘in many cases there are areas in which they coincide, converge or supplement or replace each other’²³⁵.

It was not noted, however, that heads of AUC were the same members of Medellín drug cartel. So, this cartel became both, the main *Drug Dealer* group and the strongest private paramilitary army in Colombia. This new cartel had strong linkages with people from government, politics, and private firms.

Economic drivers of Human Rights violations were highlighted by the UN even before the stage of consolidation. By the UN report in 2000, linkages between economic profits, land grabbing, and money laundry were also sharp: “Economic interest underlying the violence and conflict also are factors inducing displacement. As part of a process of so-called “counter-agrarian reform” (which at the time of the Representative’s first mission in 1994 had resulted in an estimated 3 per cent of the landowners controlling more than 70 percent of the arable land in the country), displacement is often a tool for acquiring land for the benefit of large landowners, narco-traffickers, as well as private enterprises planning large-scale projects for the exploitation of Natural resources... OHCHR reports having received testimony from a number of small and medium-scale farmers ‘who have been robbed of their land by paramilitaries in the service of drug traffickers or local landowners, or who have had to sell their land cheaply before leaving the region under death threats’ (UN, 2000)²³⁶.

As we have seen before, narco-paramilitary expansion between 1993 and 2002 was related with rising human rights violations, mainly displacements. After the peak of narco-paramilitary presence in 2002, these “illegal” armies had gained enough *persuasion power* to foster displacements without committing other types of human rights violations. According to Ibáñez

and Muñoz (2011)²³⁷, around 3.6 million of farmers were displaced by illegal armed groups between 2000 and 2010 in order to profit from natural resources, to monopolize lands, and to secure roads for drug-trafficking. According to this estimation, more than 78% of displaced persons were due to economic activities between 2000 and 2010.

According to Ibañez (2015)²³⁸, “What we found was that land inequality was already high in 2000. What happened was that it got worst between 2000 and 2010”. Indeed, the authors estimated that inequality on land property grew between 2000 and 2010. In 2000, 13.6% of the richest people owned 75.7% of the lands. In 2010 the same share of the owners had 77.6% of the lands²³⁹. They also asserted that isolated regions projected for natural resources exploitation had more land concentration.

This conclusion matches with remarks made by former Colombian president Ernesto Samper (2015)²⁴⁰ “there was an agrarian counter-reform in the last 20 years in Colombia: in just ten years 7 million of hectares were monopolized by paramilitaries, big landowners, and ranchers. This equals 2.5 times what we had gain in the agrarian reform over the former 50 years. It was an agrarian counter-reform that totally changed power structures inside Colombia. So, there it is a fair clear alliance of interests. An interest of protecting economic interests favoring specific armed groups”.

Demagogy of “armed conflict” was used in Colombia in order to legitimize the use of force as a source of “Development”. There are several investigations from the judiciary and the academia that link land grabbing by paramilitaries’ armies with specific economic projects. These projects had been developed mainly in rural areas in economic sectors such as ranching²⁴¹, African palm oil²⁴², mining²⁴³, energy²⁴⁴, bananas²⁴⁵, sugar²⁴⁶, and state services²⁴⁷, among others.

GRAPH E1. SOURCES OF ADDED ECONOMIC VALUE CREATED BY HUMAN RIGHTS VIOLATIONS



Source: Author

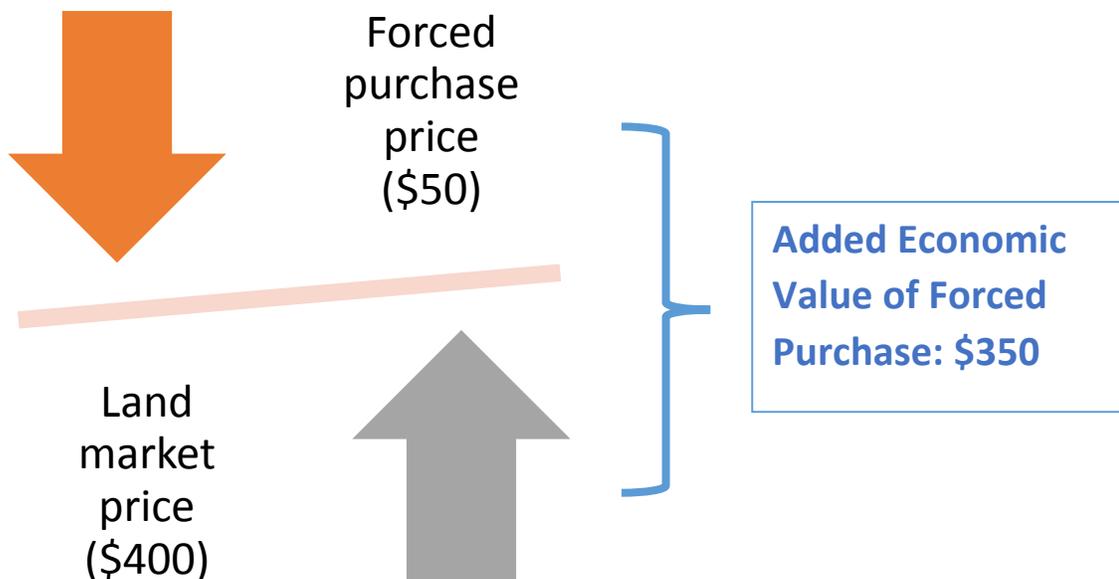
Violence against civilians before economic projects is due to specific financial rents. These rents are human right violations sources of added economic value. We have identified three main types of added economic value created by human rights violations. These are: (1) falling production costs, (2) money laundering, and (3) relocation of compensation. (Graph E1).

TYPE 1. FALLING PRODUCTION COSTS

Human right violations allow investors to minimize productions costs. This source of economic value is due to four main factors: minimization of land prices, minimization of time for initial investment and execution of the project, minimizing exogenous risks due to labor problems, and creation of scales economies.

- **Minimization of land prices:** displacement and land monopolization in Colombia were characterized by forced purchases of land. In these processes small holders were threatened to abandon their land or to sell it at specific prices. This threat was expansive for family members “if you don’t sell me the land, I’ll buy it to your widow”. Specific added economic value in this case equals the difference between the land market price without violence, and the forced purchase price. (Graph E2). This economic value minimizes initial investment in certain economic project and can be taken as an opportunity cost because it doesn’t appear in any Balance Sheet.

GRAPH E2. ADDED ECONOMIC VALUE OF FORCED PURCHASES



Source: Author.

- **Minimization of time for initial investment and execution of the project:** This applies for two types of costs in any economic project: initial (investment costs), and fixed costs. In the first case, economic projects have to comply some legal requirements, licenses, and other institutional steps in order to do specific investments. Territorial control of narco-

paramilitaries often included control over municipal authorities and relationships with high rank public officials who allow them to change land uses, and get licenses and other permits easier, faster and cheaper. In the second case, there are some fixed costs that don't change regardless production levels, such as rents, energy and water, insurance costs, and wages. The presence of paramilitaries could help entrepreneurs to minimize the execution and initial investment of the project, therefore, it helped to minimize this fixed costs associated with time.

- **Minimizing exogenous risks due to labor unions:** Under international and national regulations, workers can unionize in order to demand their rights. These rights include social security networks, enough vacations time, pregnancy permits, and a fair salary among others. All of these rights imply higher production costs for the entrepreneur. In a regular firm–worker relationship, there is a negotiation between both parties. In these negotiations workers have some negotiation tools such as working slower or go to strike. Firm representatives can also threat with hire new workers. Under rightist narco-paramilitary presence, workers cannot unionize and all “improper” behavior is understood as insurgent, therefore it could be punished even with dead. Without the right to unionize, entrepreneurs can set up wages and workers’ conditions as they please, minimizing all kind of labor costs.
- **Creation of scale economies:** Some agribusiness projects, such as mining and palm oil, rely in extensive lands. In general, all projects are more profitable if they are bigger. This is called the scale economies effect. Overall, big projects allow entrepreneurs to minimize the Unitarian production cost because the fixed costs per unit are lower if the production is higher. Narco-paramilitaries armies “cleaned” poor peasants from extensive territories at a very low cost creating “new” extensive properties. This allowed paramilitaries and legal entrepreneurs to make big economic projects in these “new” extensive properties.

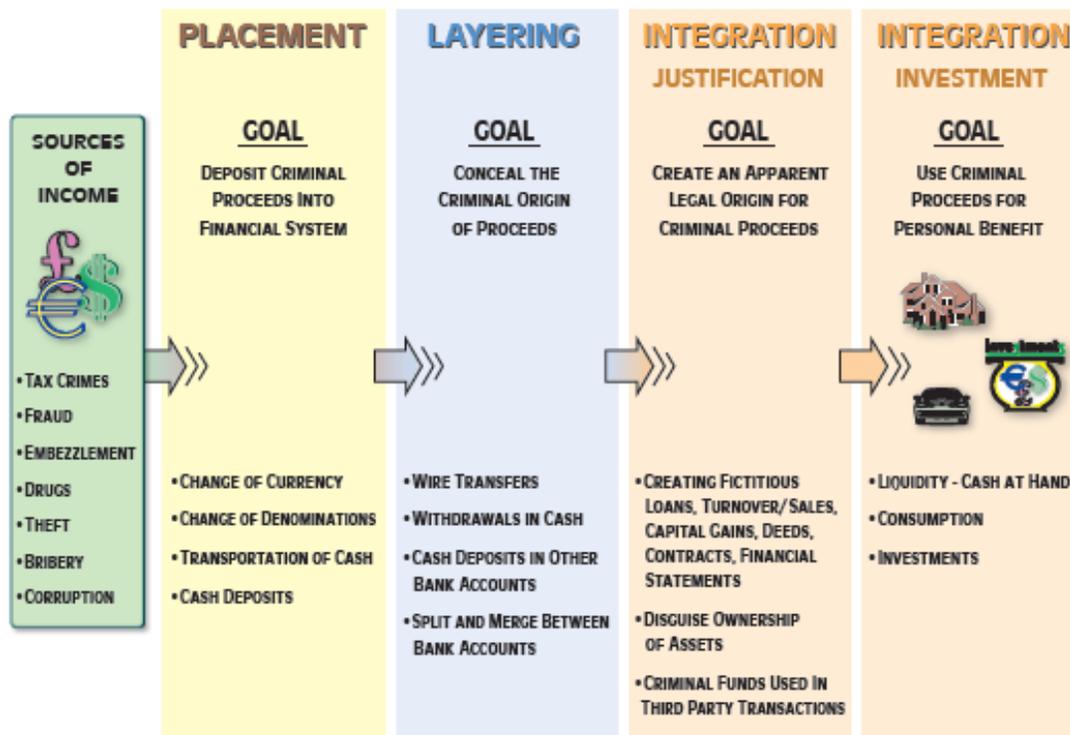
TYPE 2. MONEY LAUNDERING

A comprehensive approach of money laundering includes tax evasion, corruption, and drug-trafficking. (Expert A1, 2015)²⁴⁸. According to the OECD’s *Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors* (2009)²⁴⁹, illegal sources of income can be tax crimes, fraud, embezzlement, drugs, theft, bribery, and corruption, among many others.

Money laundering is used by criminals in order to spend the proceeds of their crime without being caught by authorities, “In order to be able to spend money openly, criminals will seek to ensure that there is no direct link between the proceeds of their crime and the actual illegal activities. They may also seek to construct a plausible explanation for an apparent legal origin of the money that they possess. In this way, criminals seek to “launder” their proceeds of crime before spending or investing it in the legal economy” (OECD, 2009: 9).

Criminals do three activities in order to launder their proceeds: placement, layering and integration (See Graph E3). There are several methods and sources of money laundering that can be done in linked activities between narco-paramilitaries and formal businesses. However, only few methods regarding land are going to be exposed here. As we have seen in Chapter four, narco-paramilitaries crimes include drug-trafficking and stealing property from peasants. In these two crimes, formal businesses are used mainly in the activity of *integration*.

GRAPH E3. OVERVIEW OF MONEY LAUNDERING



Source: OECD (2009)

- Land selling:** Land selling is one of the most traditional ways of money laundering used by drug dealers. In this case, drug dealers (or narco-paramilitaries) purchase land at very low prices, then they sell the same land at higher prices to a formal business in order to justify the proceeds they got from other illegal activity. Exchange of money between seller and buyer is nonexistent or less than the face value of the transaction, so the difference between the face value and the real exchange of money equals the money that is laundered by the drug dealer (Graph E4). The same can be done with other kind of stolen property such as cattle and horses.

The buyer can be a legal firm (third party with legal operations), a fictitious firm owned by drug dealers, or a figurehead. This transaction is very profitable for any firm because the firm can own a land at lower price but with a big expenditure in its Balance Sheet. So, owners or

managers can take the money out of the firm and pay less taxes given the higher expenses and lower profits that are artificially shown in the Balance Sheet.

Money laundering is easier to do when the State help to increase the price of the land once a displacement is finished. This can be done by calling new investors to certain territories, creating special investment areas (or free taxes areas), or changing the land uses.

GRAPH E4. MONEY LAUNERING WITH LAND SELLING



- Land Purchase:** In this case, a land is purchased at the market price by the criminal, but legal papers have a lower face value. The criminal gave the difference under the table to the seller. That difference is laundered when the criminal sell the property again at the market price. In this case the first seller also has a tax benefit, because the only part that is taxed is the one that is in the face value. (Graph E5).

GRAPH E5. MONEY LAUNDERING WITH LAND PURCHASE



The same kind of money laundering can be done when the criminal purchases the land at very low cost, but forces the first seller (in this case a peasant) to sign papers for a higher price. So, the face value in the transaction is high, but the actual exchange of money in favor of the peasant is low. Then, the land is sold by the criminal at a market price. In this case, the criminal launders the difference between the market price and the real exchange of money given to the peasant.

If such land obtains specific rights (for example a mining title), the criminal can sell the land even at higher prices. Thanks to the financialization of land and commodification of minerals, the criminal can sell the rights to exploit the land to a third party without giving him the land, nor even exploiting the land itself (Graph E6)

GRAPH E6. MONEY LAUNDERING WITH LAND PURCHASING WHEN THE FIRST SELLER IS A THREATENED PEASANT AND THE SECOND BUYER IS A FORMAL MINING COMPANY



Source: Author

- **Selling and purchasing property with assistance of the legal company in order to launder money:** The same transaction can be done with assistance of the formal company in order to get more illegal benefits for both, the company and the criminal. In this case, the formal firm buy the property with an overvalued face price, but only pays the market value. In this case the company can take the money out of the firm and have an illegal tax benefit as in the first case. (See Graph E7)
- **Fictitious exports:** Criminals found fictitious exporting companies in Colombia in traditional agricultural sectors such as ranching, banana, and palm oil. They also found offshore companies abroad. Both fictitious companies make fictitious international transactions of trade and loans, with real exchange of money from abroad that is laundered in Colombia as a real income due to exports.

If criminals work together with formal companies, these fictitious companies can be used to export real illegal goods such as drugs combined with real exports of goods.

GRAPH E7. MONEY LAUNERING TRADING PROPERTY WITH ASSISTANCE OF A FORMAL COMPANY



Source: Author

Fictitious offshore companies can have representatives in Colombia and buy lands at low prices with the assistance of narco-paramilitaries. In this case, the criminal can mix all money laundering strategies described above. In this case the “formal firm” is replaced by the fictitious offshore company.

- **Land and other luxurious property as a store of value:** Drug dealers and other criminals often use land, real estate, and luxurious goods such as jewelry, and artwork in order to store their illegal income.

In the case of land, they can also rent this land to themselves using a figurehead, or to legal companies doing fictitious contracts where the face value of the contract is higher than the real exchange of money so they can launder the difference.

TYPE 3. RELOCATION OF COMPENSATION

The third economic value added by human rights violations is the relocation of compensation in big economic projects such as dams, roads, and other infrastructure projects. Usually these projects imply to displace persons. In a regular situation, these projects have to bear with high compensation costs for the persons who are going to be negatively affected by the project. These compensation costs not only include land prices, but also other expenses associated with the livelihood change of the affected persons.

According to the UN basic principles and guidelines on Development-based evictions and displacement (UN, 2007: 13)²⁵⁰; all these projects have to fund a study of impact assessment in order to estimate the costs that the interested party would have to pay to the evicted people.

In addition to the costs of the land and the house, the firm have to compensate evicted people for the loss of life or limb, physical or mental harm, lost opportunities including employment, education, and social benefits, material damages and loss of earnings including loss of earnings potential, moral damage, and costs required for legal or expert assistance, medicine and medical services, and psychological and social services. The guidelines also states that “all those evicted, irrespective of whether they hold title to their property, should be entitled to compensation for the loss, salvage and transport of their properties affected, including the original dwelling and land lost or damaged in the process” (UN, 2007:14). Moreover, this compensation costs are the last alternative when “eviction is unavoidable”. This means that it has to be a comprehensive process with preventive strategies before deciding to do an eviction. Then, processes prior to evictions, and during evictions should be developed.

However, the development-based displacement have been made in a different way in Colombia. The rationale behind narco-paramilitaries has always been doing the “dirty work” that legal institutions cannot do because of national and international regulations. So, in a first step paramilitaries made evictions, and in a second step the property of the monopolized land is passed to legal firms, real or fictitious, in order to performance real or fictitious economic activities (See Graph E8)

GRAPH E8. GENERAL METHOD FOR DEVELOPMENT-BASED EVICTIONS UNDER NARCO-PARAMILITARY PRESENCE



Source: Author

This method allows formal firms to avoid paying any compensation under the legal excuse of the existence of an “Armed Conflict”. Therefore, displaced persons don’t have any right of compensation by those companies and entrepreneurs that then use the land for economic purposes.

Displaced persons become “displaced for the violence” and get into public programs funded by the State under special regulations. These regulations are the ones stated by the Constitutional

court, especially in rulings T-327 and T-025 of 2004. This means that all the processes and compensation costs, that under fair conditions would have to pay the beneficiaries of the land, are relocated into special public programs funded by the State. This also means that all the rights that are stated in the International Law are legally overlooked by the State using the excuse of the armed conflict.

Overall, these three sources of economic value added by human rights violations combined have been highly profitable for both, members of the *Ruling Coalition*, and *Drug Dealers*. As we will see below, *National Economic Elites* and Multinational Firms represented by the *U.S. Government* have grown exponentially under these innovative and safe investment conditions, without worrying for any unexpected change in the “rules of the game” inside the oldest “democracy” of Latin America.

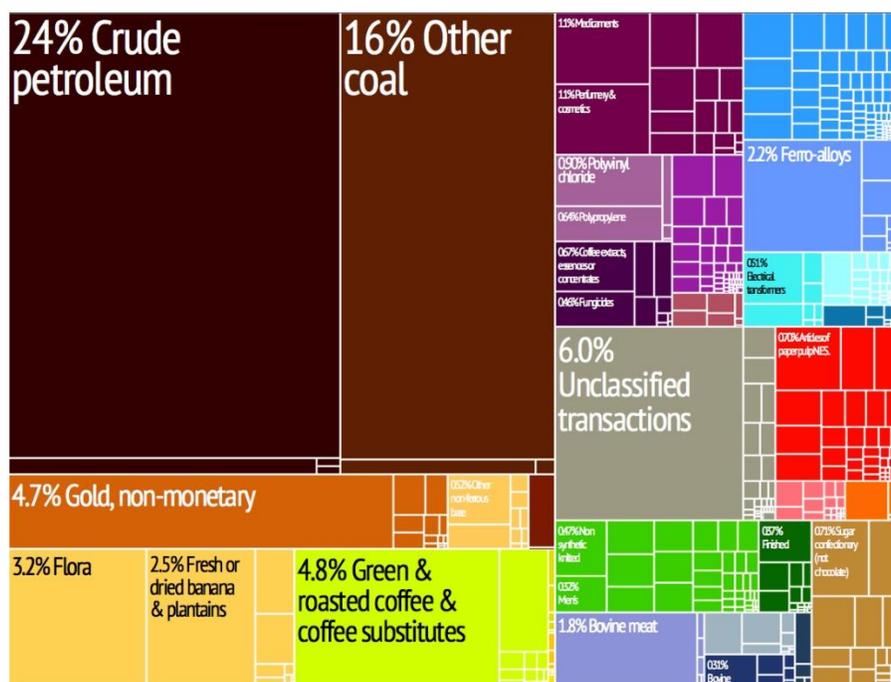
THE MEANING OF DEVELOPMENT AS GROWTH IN COLOMBIA

Colombian researchers had found spatial relationships between military actions made by illegal armies and economic projects (See for example Diaz and Sanchez, 2004²⁵¹; UNDP, 2003²⁵²; and Restrepo, 2010²⁵³). This means that regions in which important legal economic activities were deploying also had presence of illegal actors. The explanation of this phenomenon has been that these armies have took advantage of the weak presence of State Armies in order to grab wealth from these economic activities. According to this, economic activities acted as a magnet to illegal actors who manage to dispute these territories in order to participate in the incomes made in such economic activities.

Since the period of study (1993 onwards), evidence shows that this historical patron has changed. In this period, violence and presence of illegal armies preceded some of the most important economic activities in Colombia. Findings of this chapter suggest that the temporal patron has reversed: violence and narco-paramilitary presence have acted as a magnet to formal economic activities.

However, there are two types of economic activities depending on its relationship with narco-paramilitaries: those that served as a foundation for narco-paramilitary expansion, and those that were created, enhanced, or consolidated with (thanks to) the presence of narco-paramilitaries. Between the former there are ranching and banana production. Between the last ones there are mining activities and palm oil.

GRAPH E9. GRAPHICAL DEPICTION OF COLOMBIA'S PRODUCT EXPORTS IN 28 COLOR-CODED CATEGORIES. 2009.



Source: MIT/Harvard Atlas for Economic Complexity.

The concept of Development as Growth implies to rely in production as the only driver of Development (See Chapter 2). Colombia's economic growth is still depending on basic products with small or none added-value. According to Haussmann and Hidalgo, et al (2009)²⁵⁴, the main exports in Colombia are the ones related with the mining and energy boom (Petroleum, Coal, and Gold) with around 45% of total exports, Flora (3,2%), and Fresh banana and plantains (2.5%) (See Graph E9)

Moreover, the sectors chosen in this research (palm oil, banana, and mining) accounts for around 70% of total Colombian exports in 2014. In fact, only mining was 59.3% of total exports that year²⁵⁵.

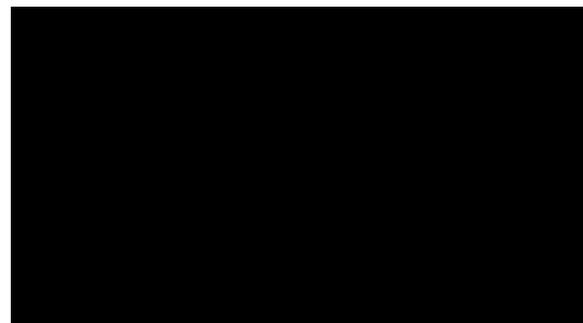
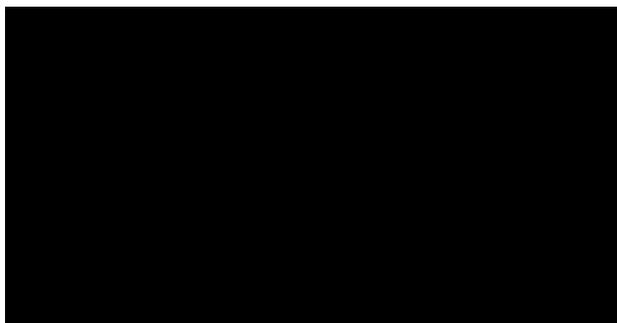
In this chapter the relationship between narco-paramilitaries armies and these economic activities is studied in order to test the hypothesis of narco-paramilitary presence and its human rights violations as a magnet for economic "Development" in Colombia.

AN ECONOMIC FOUNDATION OF NARCO-PARAMILITARY ARMIES: THE CASE OF BANANA IN ANTIOQUIA AND URABA

According to the reports of the Attorney General's office in the judicial process "for Justice and Peace", narco-paramilitary expansion began in the states of Antioquia and Córdoba between 1991 and 2002, and also finished in Antioquia at the end of the stage of consolidation between 2002 and 2008. (See Video E1).

This coincides with several facts about the role of the state of Antioquia in this process. As we have seen in chapter four, former Governor of Antioquia played a crucial role in the expansion of paramilitary armies by using the "institution" of communitarian cooperatives for safety (CONVIVIR) as a "warfare instrument" way beyond its legal constrains. This is supported by one of the founders of ACCU, Salvatore Mancuso, who explains how narco-paramilitaries armies used this legal tool in order to expand their project all over the country until their second expansion in 1997, just before they became the national project named AUC.

VIDEO E1. EXPANSION OF NARCO-PARAMILITARIES ARMIES BY STATES. 1991 – 2002 (LEFT), AND NARCO-PARAMILITARY PRESENCE BETWEEN 2002 AND 2010 (RIGHT)



<https://youtu.be/xeDPR7qYOUA>

<https://youtu.be/md3WHFnaG3w>

Source: Author based on reports of the Attorney General's Office.

However, the assistance of Antioquia public authorities to narco-paramilitaries was just an expression of the overall support of *Economic Elites*, and *Mainstream Media* in the state of Antioquia. This has to be understood as a historical process taking account the former commercial alliances that existed with Medellín drug cartel since the beginning of the eighties. According to former president Ernesto Samper, (2015)²⁵⁶ “I think that elites in some ways made alliances with drug cartels, these were mainly commercial alliances. In other cases there were also ideological alliances, because paramilitaries were born as a reaction against guerrillas in some extent, so armed struggle took an ideological character in which the elites picked a side...”

As part of a judicial investigation carried out by the Attorney General’s Office in Antioquia’s city capital, a parking lot was raided in Medellín in 1998. Books and files were found with accounting information of the ACCU since 1994. The financial and logistical center of the ACCU operated in this parking lot. Prosecutors and investigators of the Attorney General’s office began to be murdered, so the judicial process was transferred several times until it got practically stopped. However, an anonymous group of academic researchers took over these files and other cases of impunity in Antioquia regarding narco-paramilitaries in order to make an academic report. This report was launched in 2010 under the name: “Impunity memory in Antioquia: what justice didn’t wanted to see regarding paramilitaries” (IPC, 2010)²⁵⁷.

In this research, it is found not only a systemic support to narco-paramilitaries from politicians, and public officials in the police, the army, and the Attorney General’s Office in the state of Antioquia, but also from a wide variety of enterprises, some of them very reputable.

According to the judicial files, between 1994 and 1998 the financial net of support of narco-paramilitaries had grown beyond the state of Antioquia to all over the country. Among the wide net of 496 bank accounts that moved money for narco-paramilitaries, they found a wide variety of companies, almost all of them from Antioquia state, and some of them reputed banks, manufacturing companies, retail companies, and public companies. Among these companies, there are listed *Antioqueña de Curtidos S.A.*, *Casa de Cambio Intercambio S.A.*, *Coltejer*, *Comfenalco*, *Conavi*, *Concasa*, *Empresas Varias de Medellín*, *Granahorrar*, *Gran Cadena de Almacenes Colombiana S.A. (Cadenalco)*, *Industrias Cadi*, *Industrias Kioto Ltda*, *Leonisa S.A.*, *Miro Seguridad Ltda*, *Servicentro Esso Las Vegas*, *Surtipollos y Cia S.A.*, and *Transportes Botero Soto*, among others.

According to a former participant in this judicial investigation, there was a chain of check endorsements that ended in a group of 30 banks accounts in different cities of Colombia where the people who handled ACCU finances in these zones lived (IPC, 2010). According to this research, a sample of two months in 1998 found 7,359 checks with a combined value of \$6.9 million of dollars of that time²⁵⁸. This means that narco-paramilitaries received around \$41.4 millions of dollars annually just from legal companies, without adding incomes from illegal activities and support from entrepreneurs in the rural areas (about COL\$ 55.6 billion annually in pesos of that time). It is important to highlight that in the time of this financial support, CONVIVIR was already illegal and narco-paramilitaries functioned already under the name of AUC.

The role of the state of Antioquia went beyond being the heart of the political, financial, and logistical center of narco-paramilitaries, according to the top head of narco-paramilitaries armies,

and former member of PEPES and Medellin drug cartel, Carlos Castaño Gil. In an autobiographical book named “My confession”, he documented various meetings with “high class” persons from Medellin since the foundation of LOS PEPES onwards. In fact, according to Castaño (quoted by Aranguren, 2001: 89)²⁵⁹, the relationship between narco-paramilitaries armies and Economic Elites in Antioquia began in 1987 with the purpose of “guiding” the counter-insurgency war. So, the group of six was founded in order to provide this guidance: “After that, the Group of Six showed up. I am not a bandit thanks to those men... The Group of Six can be found in a large period of the national history as men in the highest level of Colombian Society. The cream of Society!” (Ibidem). According to Castaño, some of the assassinations were committed by narco-paramilitaries regardless he was not entirely agree, such as the case of the leftist presidential candidate Bernardo Jaramillo Ossa: “Somebody of them did it, I just heard ‘yes’... In Colombia there are cases as the Jaramillo one in which everybody knows where the order came from, but everyone keeps silence for the national convenience... It is the double standards of the ruling class in Colombia” Castaño (Ibid: 90).

As it has been demonstrated in the files of the Attorney General’s Office, the financial assistance of local entrepreneurs also helped to expand and consolidate narco-paramilitaries armies in each region. The state of Antioquia was not the exception. According to Valencia (2007), the first experiment of consolidation of the paramilitary armies was in the region of Urabá. Urabá is the exporting region of banana in Colombia. Banana exports come mainly from the state of Antioquia. Urabá is also a region of extensive ranching along the part of the state of Córdoba.

After being one of the centers of operation of the ACCU, the “banana Unit” of the AUC was founded in this region. This paramilitary Unit was managed by the paramilitary head Raul Emilio Hasbun Mendoza (aka Pedro Bonito). In the judicial process for Justice and Peace of the Attorney General’s office, he mentioned a list of more than 100 ranchers, 364 banana entrepreneurs, and 194 banana firms that funded narco-paramilitaries armies in the Urabá region²⁶⁰. According to IPC (2010), this paramilitary head also negotiated with the U.S. banana company Chiquita Brands International Inc. a contribution of 3 cents for every banana box exported between 1997 and 2002²⁶¹.

As we mentioned in chapter four, Urabá is a strategic region because of its geographical position that has access to both oceans through Panama Canal. According to the former mayor of the city of Apartadó (1995 – 1997), which is the main municipality in Urabá region, “everyone talks about insurgency and paramilitary armies as the actors of the conflict, which is not true. We have to remember that the main axis is the economy, and Urabá region has been under study for megaprojects since the XVII century. These projects include the interoceanic canal, and dry port... in fact there are 12 Megaprojects planned for Urabá region. These projects kept hidden to the public for some time, but multinationals, financial capital, and Colombian oligarchy knew about them... Around 1993 the national government issued a document [from the Council for Social and Economic Policy] CONPES in which Urabá region got enabled to receive a new kind of financial capital. In the mid-while entrepreneurs, the church, politicians, those who managed the economic power in all levels from the local, regional, national, and international, made an agreement named ‘Union for Peace’. Everyone thought they were going to talk about peace... rather it was the

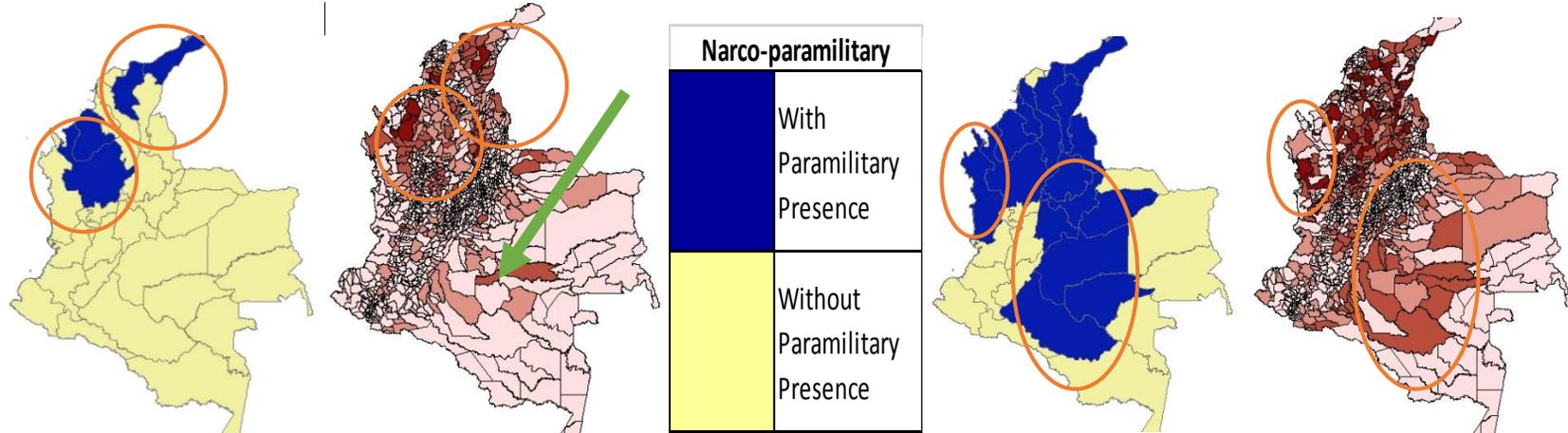
opposite... Alvaro Uribe was governor of Antioquia while I was mayor of Apartadó. Alvaro Uribe, political, social and economic elites, Antioquia entrepreneurs, mainly the Antioquia Entrepreneurial Group and [the National Association of Banana] AUGURA, but specially AUGURA reorganized a political decision that included to establish the paramilitary structure in Urabá region... the real interests were not counter-insurgent, it was an economic and strategic interest of changing the uses of land in Urabá region. Uribe knew it, but this was also known by National Economic and Political Elites” (Cuartas, 2013)²⁶².

Evidence shows that human right violations, and specifically displacements, were higher in Urabá region at the beginning of the narco-paramilitary expansion. Then, they fell in this region and expanded to another municipalities according to the narco-paramilitary expansion between 1993 and 2002. Human right violations were higher in the first stages of narco-paramilitary presence. Then, as narco-paramilitaries gained more control over the regions and more *dissuasion power* over the population, further human right violations were not needed in order to meet their goals, so human rights violations fell consequently (See Graph E10).

GRAPH E10. PARAMILITARY EXPANSION BY STATES* (LEFT) AND HUMAN RIGHTS VIOLATIONS BY MUNICIPALITY (RIGHT). 1993 – 2002. COLOMBIA

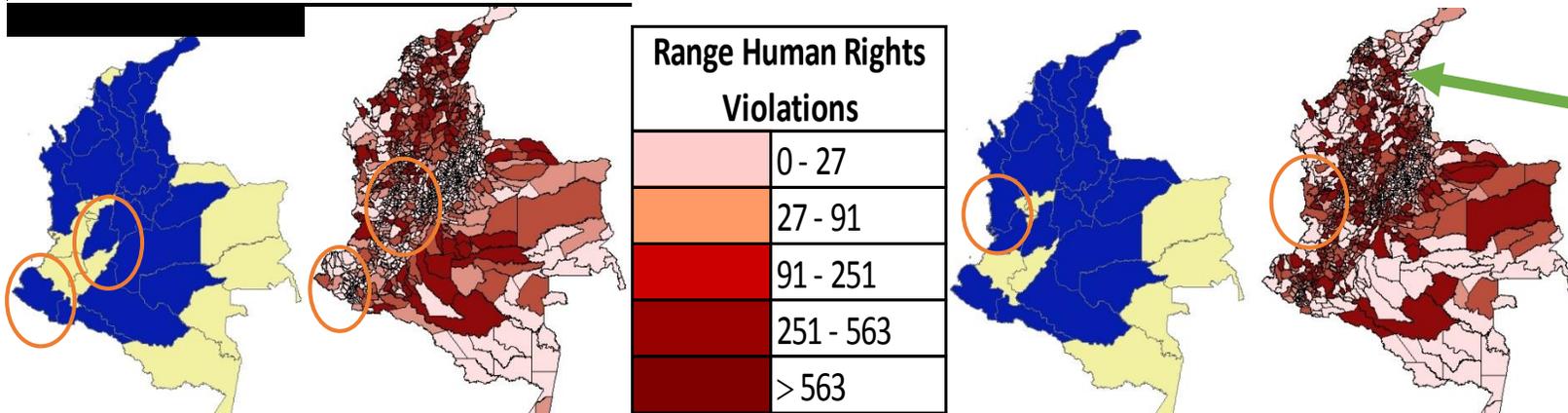
1993

1997



1999

2002



Source: Attorney General's Office*, and National Unit of Victims.

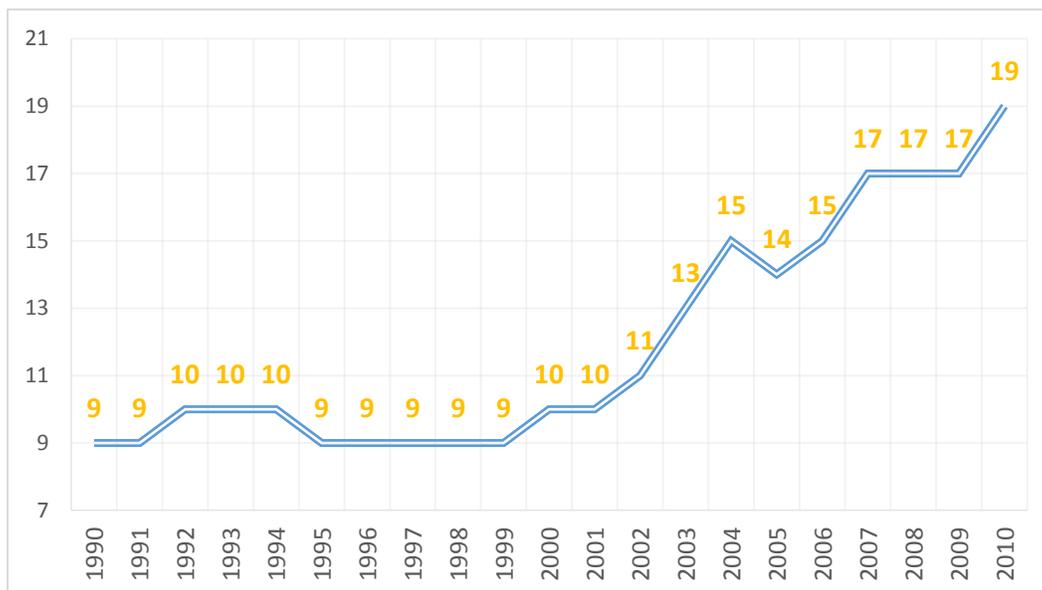
ARE NARCO-PARAMILITARY PRESENCE AND HUMAN RIGHTS VIOLATIONS MAGNETS FOR “DEVELOPMENT”? THE CASE OF PALM OIL

Palm oil is a successful example of Colombian *Development Model*. Several studies have identified a rising global demand for this product and its sub-products in the long-term. However, this kind of product is difficult to develop mainly for three reasons: (1) extensive amounts of lands are needed to get the proper economies of scale, (2) great amounts of initial investment is necessary because it needs investments for more than a decade before getting any income in return, and (3) high levels of public intervention are important in order to ensure enough legal certainty and public promotion plans in the long-term.

All of these problems were overcome thanks to successful promotion plans from the National Government, laws and regulations proposed in the National Congress that provided differential treatment for potential investors, aggressive funding plans developed by the Minister of Agriculture in a joint work with the financial sector (See Chapter three), availability of extensive lands at low prices given the last counter-agrarian reform with the assistance of narco-paramilitaries, and finally, the willingness to invest of wealthy entrepreneurs and drug dealers.

By 1990, Palm oil was sown only in 9 states. This number kept steadily until 2002 when the number of states with Palm Oil began to grow. By 2010 number of States with Palm Oil had duplicated to 19. (See Graph E11). Land used for Palm oil tripled from 1990 to 2010, from 89,671 to 284,582 hectares.

GRAPH E11. NUMBER OF STATES WITH PALM OIL IN COLOMBIA. 1990 – 2010.

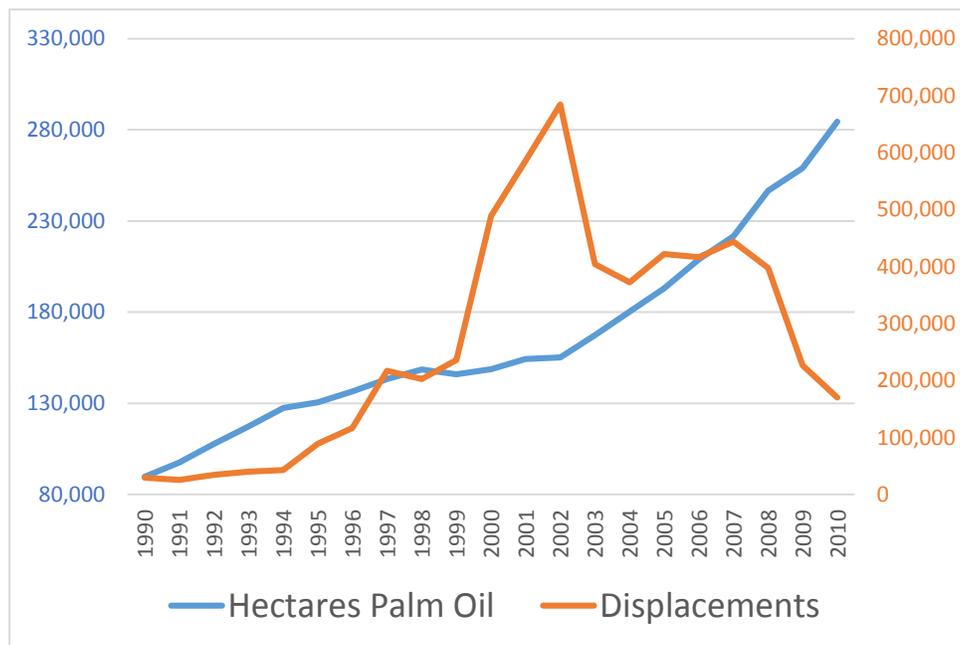


Source: Minister of Agriculture. (AGRONET).

Expansion of hectares sown on palm oil followed the same tendency of displacements during the narco-paramilitary expansion (1993 – 2002). In the stage of consolidation (2002 – 2010), narco-paramilitary presence continued steadily until 2005 where they began to be replaced by “Criminal Gangs” in the regions. In 2008 AUC units completely demobilized (See video E1).

However, after 2002 the *dissuasion power* of narco-paramilitaries armies on institutions and citizens continued the same (See Chapter 4). Therefore, Displacements and other human rights violations fell because these actions were not instrumental for their goals anymore. (See Graph E12). This explains why hectares of Palm oil grew exponentially in the stage of consolidation despite the drop of human rights violations. Moreover, all states that ended with Palm Oil production in 2010 had presence of paramilitary armies in the peak of paramilitary expansion in 2002 (Graph E13).

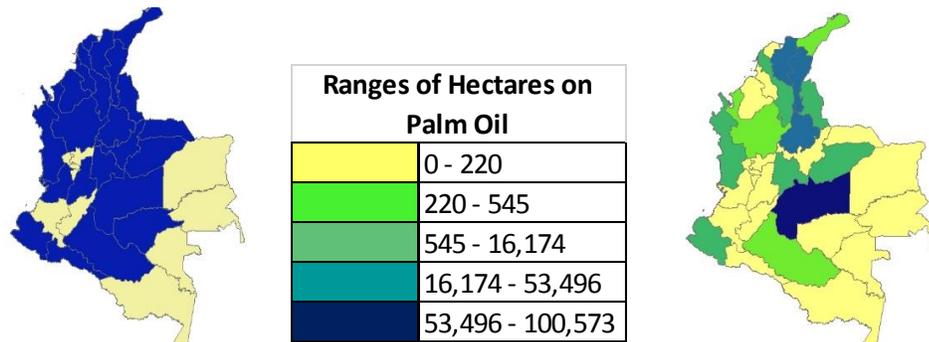
GRAPH E12. RELATIONSHIP BETWEEN HECTARES SOWN OF PALM OIL* AND INTERNALLY DISPLACED PERSONS IN COLOMBIA. 1990 - 2010



Source: Minister of Agriculture (AGRONET)* and National Unit of Victims.

However, the hypothesis of human rights violations as a tool for “Development” implies that human rights violations behave as a magnet to “Development”. This assertion is true if, and only if three conditions are met simultaneously: (1) New planters’ states had presence of narco-paramilitaries *before* beginning new plantations (condition of temporal coincidence); (2) high growth of hectares planted coincide *spatially* with high rates of cumulative displacements (condition of growth coincidence); and (3) general temporal tendency of production (or plantations) coincides with the general temporal tendency and logics of displacements (condition of tendency). This third condition has been tested already with Graph E12.

GRAPH E13. PEAK OF PRESENCE OF NARCO-PARAMILITARIES* (LEFT), AND PEAK OF HECTARES SOWN IN PALM OIL.



Source: Attorney General’s Office* and Minister of Agriculture (AGRONET)

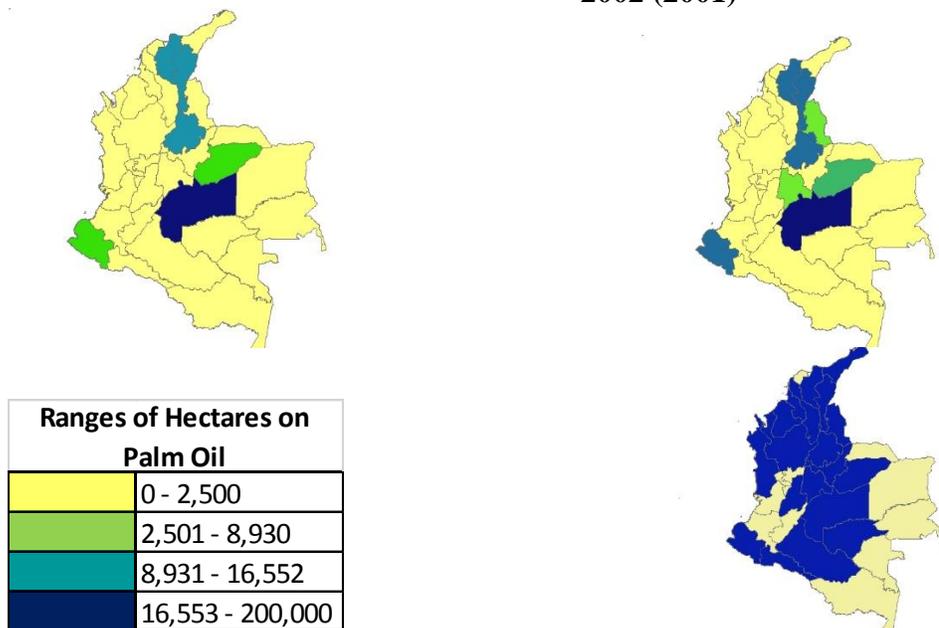
Condition of temporal Coincidence in the case of Palm Oil Plantations

As we have mentioned above, there were 9 states with palm oil production in 1990. This kept steadily until 2002 when 2 new states (Bolívar and Atlántico) began to sown Palm Oil. One year before (in 2001) there were paramilitary presence in those states (See Graph E14). Other new states sown palm oil between 2003 and 2010, but as we have seen in Graph E13, peak of narco-paramilitary presence was one year before (in 2002), and all states where there is Palm oil had paramilitary presence in that year. Therefore, the condition of temporal coincidence has been also proved positive.

GRAPH E14. NEW PLANTERS’ STATES (UP) AND FORMER PARAMILITARY PRESENCE (DOWN)

1990

2002 (2001)



CONDITION OF GROWTH COINCIDENCE

States with high sowing growth and states with high growth in cumulative displacement are the ones in which its growth is greater than the average growth of the population (See Methodology of chapter five in the Annex). Table E1 shows the results in both cases. As we can see, 80% of the States with highest growth sowing presents high levels of growth in displacements.

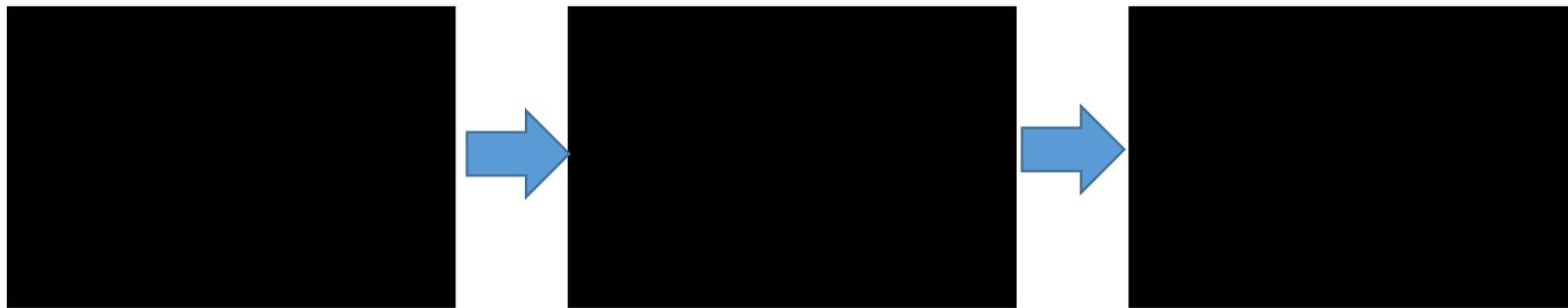
TABLE E1. TEST OF THE CONDITION OF GROWTH COINCIDENCE IN THE CASE OF PALM OIL.

STATES WITH HIGH GROWTH SOWING*	STATES WITH HIGH GROWTH CUMULATIVE DISPLACEMENT
Meta	Antioquia
Santander	Bolivar
Cesar	Magdalena
Magdalena	Cesar
Bolivar	Choco
Casanare	Nariño
Norte de Santander	Caquetá
Nariño	Córdoba
Cundinamarca	Tolima
Chocó	Sucre
	Valle del Cauca
	Cauca
	Putumayo
	Norte de Santander
	Meta
	Santander

Source: Author based on Minister of Agriculture* and National Registry of Victims.

In conclusion, human right violations acted as a magnet to Palm Oil investments, therefore, Human Right violations were instrumental for “Development” since the mainstream point of view. The compliance of the three conditions simultaneously can be seen in Video E2.

VIDEO E2. PARAMILITARY PRESENCE* (LEFT), CUMULATIVE DISPLACEMENTS (MIDDLE), AND HECTARES IN PALM OIL (RIGHT) BY STATES. 1990 – 2010.**



https://youtu.be/HP0BG3Y_vc

Narco-paramilitary Presence	
	With Paramilitary Presence
	Without Paramilitary Presence

<https://youtu.be/8ffO-0G5Ieg>

Ranges in Cumulative Displaced persons	
	0
	1 - 1,000
	1,001 - 10,000
	10,001 - 100,000
	100,001 - 1,300,000

<https://youtu.be/sN-A8YCfVtc>

Ranges of Hectares on Palm Oil	
	0 - 2,500
	2,501 - 8,930
	8,931 - 16,552
	16,553 - 200,000

Source: Author based on Attorney General’s Office *, National Unit of Victims**, and Ministry of Agriculture.

ARE NARCO-PARAMILITARY PRESENCE AND HUMAN RIGHTS VIOLATIONS MAGNETS FOR “DEVELOPMENT”? THE CASE OF MINING

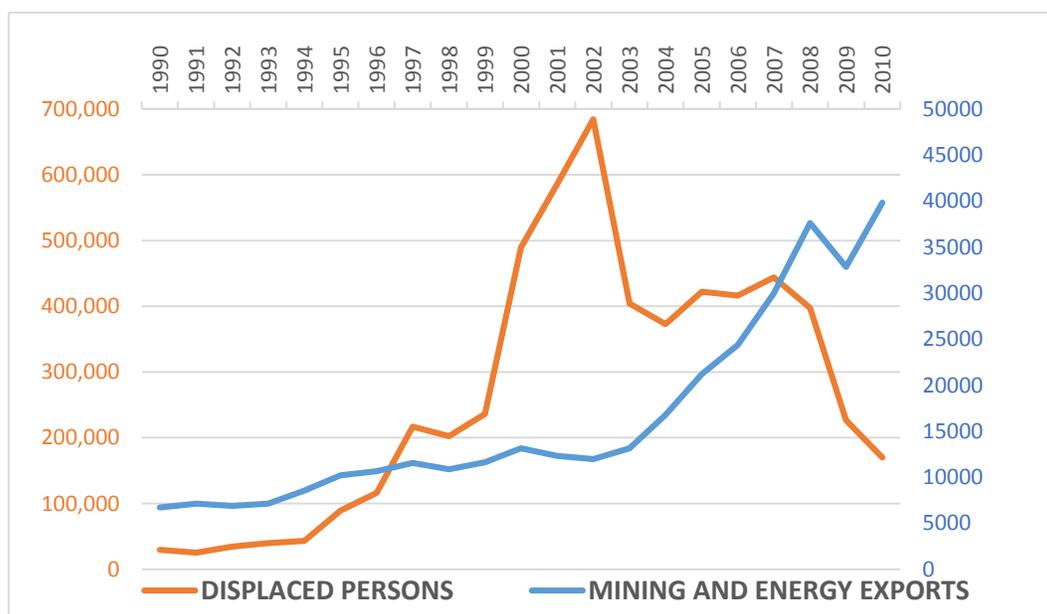
As we have seen, mining is the main exporting sector in Colombia. Almost 70% of exports are due to mining. Mining is also the sector with most Foreign Direct Investment in Colombia.

This sector is related with the so called “energy mining boom” in Latin America. This boom was fostered by rising international prices of commodities, specifically minerals and energy at the beginning of 2000. According to Bebbington (2013)²⁶³, this “boom” had different features in each country of Latin America according with its history and its politics. In almost all countries it has been characterized for government support, nationalistic political discourses, and certain levels of governance applied by multinational corporations over the territories where mining companies have assumed certain “public” functions of control and infrastructure investment.

As a specific characteristic of the Colombian case, Bebbington also highlighted the high level of violence imposed to rural populations, and the rapid growth of mining titles issued by the State since 2002. (Rudas in 2011²⁶⁴, quoted by Bebbington, 2013)

Exports of mining and energy products began to grow exponentially in the stage of consolidation, just after narco-paramilitaries armies reached their peak of territorial control and displacements in 2002 (See Graph E15).

GRAPH E15, RELATIONSHIP BETWEEN MINING AND ENERGY EXPORTS (IN TONS)* AND INTERNALLY DISPLACED PERSONS IN COLOMBIA. 1990 - 2010



Source: Author based on UPM*, (2011:23), and NRV, (2015).

According to the data of the Statistical Bulletin of mining and energy issued by the Planning Unit for Mining and Energy of the National Government (UPME, 2011:13)²⁶⁵, the same tendency is

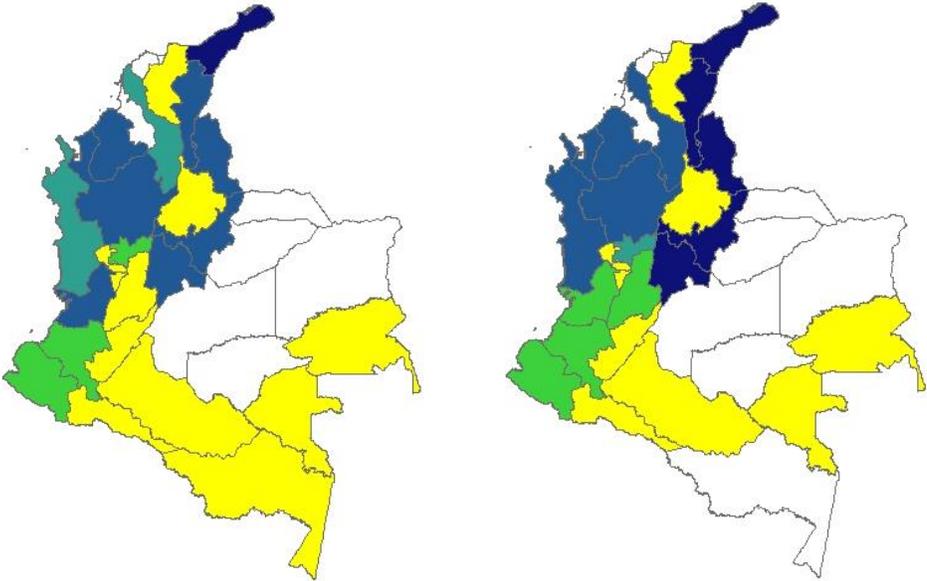
found in mining production. The average annual growth of this sector was 2.68% between 1991 and 1999; from that year on, the average annual growth of the sector was 1.6 times more (4.33%).

Overall, production and exports in the mining and energy sector followed a similar temporal tendency that the tendency observed in the Palm Oil case. As we have seen in Graph E15, the condition of tendency is also met in the case of mining.

CONDITION OF TEMPORAL COINCIDENCE IN THE CASE OF MINING

In 1990 there were 25 mining states and this situation kept steadily for all the period of study until 2010. (See Graph E16). Eight states didn't have any mining activity. These states were Arauca, Atlántico, Casanare, Guaviare, Meta, San Andres y Providencia, Sucre, and Vichada.

GRAPH E16. PRODUCTION IN TONS BY STATES IN 1990 (LEFT) AND 2010 (RIGHT).



Ranges in Mining Production (Tons)	
	0
Yellow	1 - 330
Light Green	331 - 1,233
Medium Green	1,233 - 5,019
Teal	5,019 - 1,918,000,000
Dark Blue	1,918,000,000 - 40,000,000,000

Source: Author based on Mining Statistical Yearbook. Minister of Mining and Energy.

This data is production in tons because there are not available databases in hectares (See Methodology of Chapter 5 in the Annex). This can make a real difference in the case of mining because mining titles can be traded in the speculative market regardless whether there is any real extraction of minerals. These titles are traded by estimating future cash flows given by the extraction. So, the financialization of the economy allows the owner to obtain rents from the title without extracting anything, nor paying any royalties for it.

In order to solve this problem, we will use the graphical description provided by Rudas (2011)²⁶⁶. These are the hectares corresponding to the mining titles issued by the National Government. Rudas makes an analysis for presidential periods in order to highlight the high growth of issuance in mining titles between 2002 and 2010. That exponential growth also corresponds to the stage of Consolidation proposed in this research.

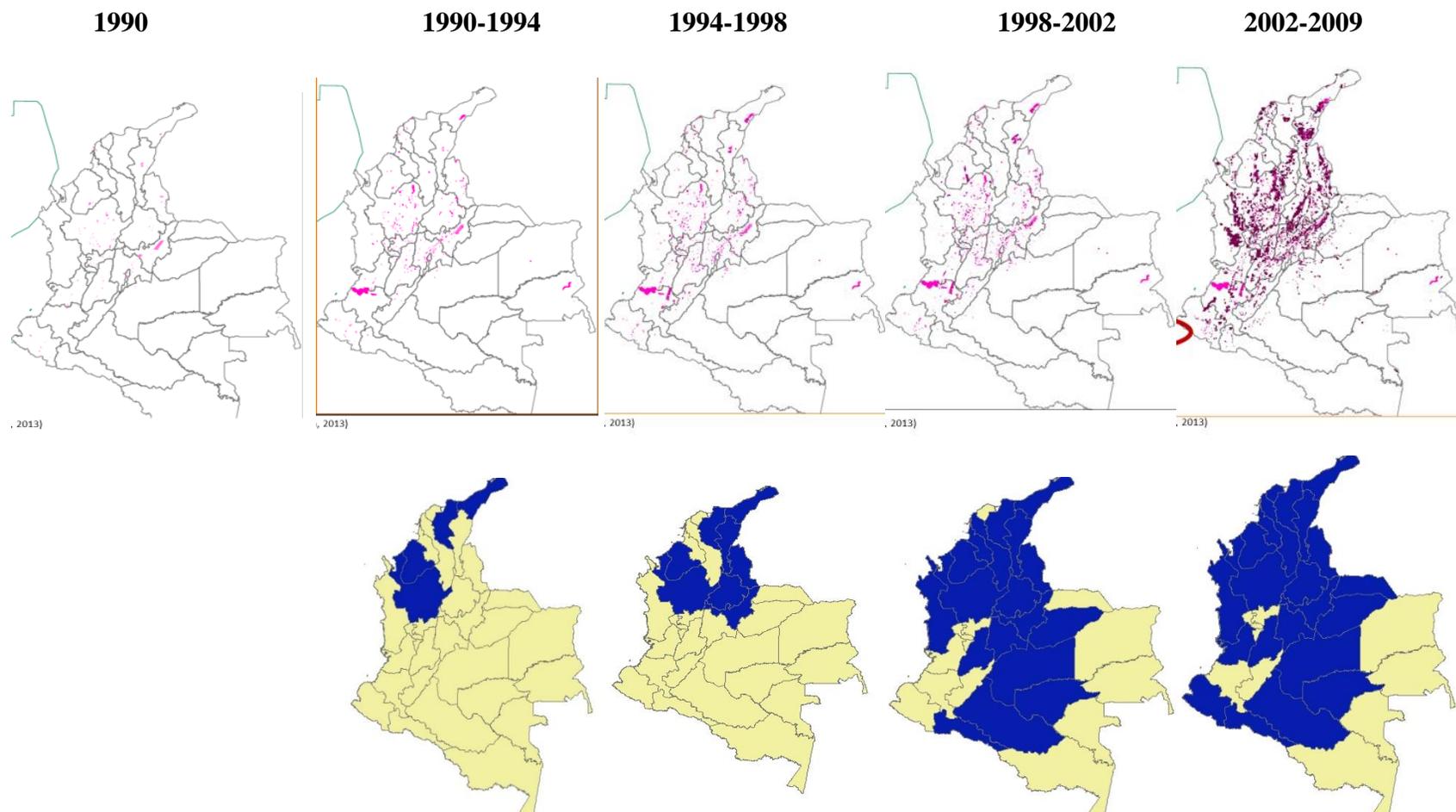
According to Rudas (Ibid), between 1990 and 2002 the national government issued mining titles on 1.05 million of hectares, which means an average of 323,072 hectares for each presidential period. Then, in the next two presidential periods the government issued mining titles on 7.4 million of hectares, which means an average of 3.7 million of hectares in each presidential period (more than 11 times the former issuance of mining titles).

As it can be seen in Graph E17, a spatial relationship can be found between the issuance of mining titles and narco-paramilitary presence in almost all states except for the states of Cauca and Huila.

The mining activity is in almost all the country, including southern states such as Putumayo, Caquetá, Amazonas, Vaupes and Guainía (See Graph E16). However, the new issuance of mining titles was concentrated in the North of the country, specifically where there were more narco-paramilitary presence (See Graph 17). In fact, in the state of Amazonas, where AUC was absent, mining production had disappeared by 2010 (See Graph E16).

In conclusion, the issuance of mining titles as the extraction of minerals followed a spatial and temporal relationship with previous narco-paramilitary presence, and also with internal displacements. Thus, the condition of temporal coincidence is also fulfilled in the case of mining (See Graph E17)

GRAPH E17. ISSUANCE OF MINING TITLES BY HECTARES* (UP) AND PREVIOUS NARCO-PARAMILITARY PRESENCE (DOWN) BY PRESIDENTIAL PERIODS.



Source: Author based on Rudas (2011)*, and Attorney General's Office.

CONDITION OF GROWTH COINCIDENCE

States with high growth in mining production and states with high growth in cumulative displacement, are the ones in which its growth is greater than the average growth of the population (See Methodology of chapter five in the Annex). Table E2 shows the results in both cases. As it can be seen, more than 70% of the States with high growth in mining production also had high growth in cumulative displacements. Therefore, the third condition is also met.

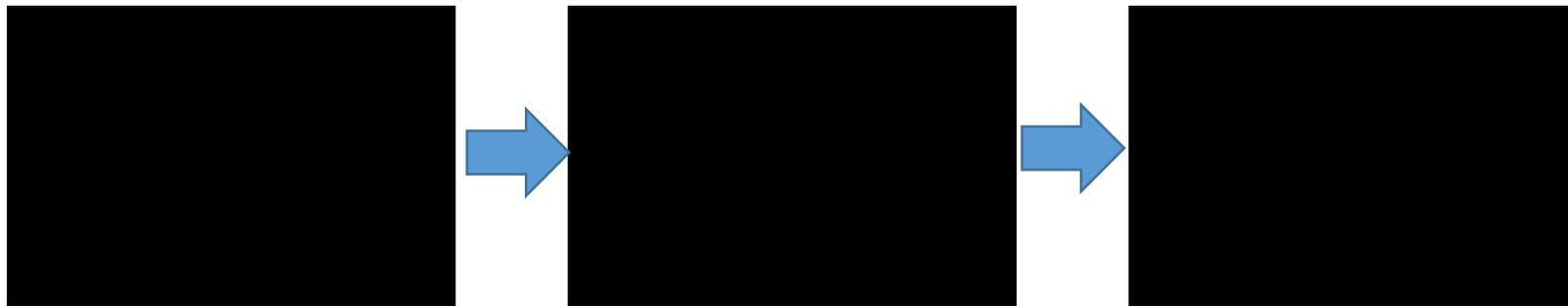
TABLE E2. PROBE OF CONDITION OF GROWTH COINCIDENCE IN THE CASE OF MINING.

STATES WITH HIGH GROWTH IN MINING PRODUCTION*	STATES WITH HIGH GROWTH CUMULATIVE DISPLACEMENT
Cesar	Antioquia
La Guajira	Bolivar
Boyacá	Magdalena
Norte de Santander	Cesar
Cundinamarca	Choco
Córdoba	Nariño
Chocó	Caquetá
Antioquia	Córdoba
Bolívar	Tolima
Caldas	Sucre
Cauca	Valle del Cauca
Tolima	Cauca
Valle del Cauca	Putumayo
Nariño	Norte de Santander
Santander	Meta
	Santander

Source: Author based on Mining Statistical Yearbook* and National Registry of Victims.

Overall, human right violations acted as a magnet of mining growth, therefore, Human Right violations were instrumental for “Development” since the mainstream economics point of view. The compliance of the three conditions simultaneously can be seen in Video E3.

VIDEO E3. PARAMILITARY PRESENCE* (LEFT), CUMULATIVE DISPLACEMENTS (MIDDLE), AND MINING PRODUCTION (RIGHT) BY STATES. 1990 – 2010.**



https://youtu.be/HP0BG3Y_vc

<https://youtu.be/8ffO-0G5Ieg>

<https://youtu.be/yG0u0Xe7Iqc>

Narco-paramilitary Presence	
	With Paramilitary Presence
	Without Paramilitary Presence

Ranges in Cumulative Displaced persons	
	0
	1 - 1,000
	1,001 - 10,000
	10,001 - 100,000
	100,001 - 1,300,000

Ranges in Mining Production (Tons)	
	0
	1 - 330
	331 - 1,233
	1,233 - 5,019
	5,019 - 1,918,000,000
	1,918,000,000 - 40,000,000,000

Source: Author based on Attorney General’s Office *, National Unit of Victims**, and Ministry of Mining and Energy (Annual Statistical Yearbook).

CONCLUSION AND FINAL REMARKS

CONCLUSIONS

As it happens in the case of the history of International Development, evidence suggests that mainstream narratives about history of Colombia are disconnected with reality. Empirical evidence shows that structural changes happened in those years. As a puzzle, it is necessary to put all the evidence together in order to understand the real impact of these changes in the past, but maybe more important, in the future of Colombia.

There have been three structural peaks of violence and human rights in Colombian history: *The violence (1946 - 1965)*, *the war against Pablo Escobar (1982 – 1993)*, and *the narco-paramilitary violence (1991 - 2008)*. The first two were due to a reorganization of power inside Colombia. This means that the first two peaks of violence were created because rising social sectors were gaining enough economic, social, and political power to dispute a place in a reorganized *Ruling Coalition*. Leftist guerrillas were a consequence of *the violence*. And rightist Self-defense armies were both, a response of the generalized violence created by guerrillas, and a strategy of drug dealers to facilitate the inner workings of their businesses since the early eighties. Both of them in the stage of *the war against Pablo Escobar*. (Chapter 4).

However, the last peak: *narco-paramilitary violence*, was not due to a reorganization of power in Colombia, but the exact opposite. In contrast, it was due to a thoughtful strategy of deepening the *Development Model* in Colombia which was instrumental to a *Ruling Coalition*. This was possible thanks to momentary agreements and team work between all sectors of the *Ruling Coalition* and Drug Dealers as a restructured group of power. Empirical evidence shows that the expansion of paramilitary armies between 1993 and 2002 wouldn't have been possible without the military AID and the military doctrine propagated by the U.S. (Chapter 4); the strategic and monetary assistance of *National Economic Elites* (Chapter 5); and the legal, military and political support of *Mainstream State*. (Chapter 3). Which specific sectors inside the U.S. government, and which specific persons and firms fostered and end benefitted for this process is not a question that this research aimed to answer because of its descriptive scope.

One historical characteristic of the *narco-paramilitary violence* is the conglomeration of a National Paramilitary project that began as ACCU and then expanded under the name of AUC. It is the first time in Colombian history that a national paramilitary project for the “defense” of the Status quo was created in Colombia. Self-defense armies formerly created by entrepreneurs, the State, and drug dealers around the beginning of the eighties were used to structure and foster this national project (Chapter 4).

The other important characteristic of the *narco-paramilitary violence* is the deep incorporation of drug dealers inside formal Colombian “institutions”. Pablo Escobar era and what was gained by Rodriguez Orejuela drug cartel was just the down payment, the foundations, of what became a real narco democracy between 2002 and 2010. Decentralization, as a principle of the neoliberal State defended by the World Bank and other multilateral institutions, was put in place in the Constitution

of 1991, and used as the letter of drug dealers to escalate in the inner workings of the State and the media: from the local, to the States, and finally to National Institutions. (Chapter 3 and 4).

The capacity of “power” of the *Drug Dealers Group* has been based on having a unified command. This group was strengthened and expanded by the *Ruling Coalition* in order to enhance businesses and minimize the “political power” of the *GPS Group*. Once the *Drug Dealers Group* met its strategic objective, it was smashed to pieces in what is now called “Criminal Gangs”. These Criminal Gangs dispute territorial control between each other, are still in the Drug-trafficking business, and the vast majority work for big companies in the regions as private armies. As a result, they still have the criminal control over the territory, but as a subordinate group without any chance of disputing any real place in the *Ruling Coalition*.

Guerrillas’ armies were also helpful to foster this *pro status quo narco-paramilitary violence*. Their *offensive* strategy (1) provided a suitable excuse for the joint work between the *Ruling Coalition* and narco-paramilitaries armies, (2) it was used as an argument for the consolidation of all former self-defense armies in one national project (AUC), and (3) it helped Mainstream Media (and public opinion) to point guerrillas as the main (in some cases the only) problem of Colombia which became a safe hidden place to the growth of drug dealers in Colombia. (Chapter 4)

The final result of this process was a time of great economic prosperity for National Economic Elites and the other economic interests represented by the U.S. government. In the stage of consolidation (2002 – 2010), existing big businesses grew, foreign investment rose, and new economic sectors were created (Chapter5). How influential has been the leverage of money laundry in this process is an important research question that goes beyond this research project.

This economic prosperity was based on high rates of human rights violations. Therefore, this type of development is congruent with the practices of mainstream *International Development* since the West point of view in almost all its characteristics: the ones highlighted, the ones overlooked, and the ones dismissed by economic theory (Table A1). In the first case, this Colombian *Development Model* highlight the role of innovation and technology, the role of specialization and economies of scale, and policies of “Good Governance” and “Rule of Markets”. However, this *Development Model* also overlook, but was based on networks of international trade, State protectionism and economic intervention, an important role of cheap and non-educated labor to create wealth, and State capture and creation of Monopolies using regulations, and political and military control. Finally, mainstream narratives of Colombian Development don’t mention important features of this kind of development, such as the role of war, despotism, and human rights violations; the role of formal and informal linkages between international merchants and national ruling class; and the differential narrative and practices of Development “inside” and “outside” the regions where the beneficiaries live (Chapter 1).

Practices of Development inside Colombia have also a parallel *body of thought* highlighted by a specific *Economic Theory*. Particularly, in Colombia Development is understood as Growth. According to *Mainstream Economic Theory*, the most important thing in Colombia has been enhancing production regardless the kind of production, the type of products, or the beneficiaries. Land, natural resources, and financialization and commodification tools are extensively used in these “productive” processes with a high cost for the poorest people in the country. Persons are

seeing just as means of production, hence people that is not part of specific productive processes are taken as disposable: useless for the economy, and useless for Development. Extensive efforts are made to enhance “productivity” minimizing wages and other costs for the firms, and keeping an oversupply of productive factors (capital, labor, and land). Finally, economic growth is driven by inequality: the only source of growth is the investment that came from the wealthy, so if they are richer, this is better for the economy. (Chapter 2).

Overall, the “hypothesis of concordance in Development” have been proven in the case of Colombia. This means that the Development Model depends on (1) the **theoretical approaches** (we could say “the ideology”), (2) the **structures of power** that decides the paths of Development (we could say the “groups of power” and its coalitions), and (3) the **policies** that decide allocation of resources and socioeconomic outputs (we could say “the institutions”). These three determinants are interrelated and are determined between each other. This is, the three determinants of a certain *Development Model* and its outputs are in concordance. In the case of Colombia, the theoretical approach advocate for selfishness as important to Development. This is related to elitist or rentier structures of power, and both of them are also related with policies that allocate wealth in fewer hands.

In what extend the hypothesis of “Concordance of Development” is true for a different set or countries (for example Latin American countries, or Western Powers), or for all countries, is an open question for further research that I would like to propose to other researchers of Development studies. Extensive methodological explanations in this research aim to propose a methodological framework for studying similar research questions in developing countries. However, it surely could have changes and improvements across time and depending on the characteristics of the information provided by each country.

FINAL REMARKS: TOWARDS A REAL PEACE PROCESS IN COLOMBIA

This research focuses on the *Ruling Coalition* and *Drug Dealers* group because these are the “groups of power” that have had more impact in shaping the social and economic outputs in Colombia.

This research doesn't make any inquiry about the role of leftist political parties and social movements. The role of guerrillas is also marginal in this analysis. This is because none of them have had an important role on shaping the economic model, nor causing any peak of violence, nor participating in the main institutions and political decisions in Colombian history.

All progressive movements in Colombia have been violently destroyed. This reaction has been fueled by a kind of political schizophrenia that has been a main feature of *National Economic Elites*. These elites are in deep fear of any wind of change. This makes them react with extreme violence against anybody who dares talking about social opportunities, human rights, or any variation on the economic or political “rules of the game”. This explains why an important portion of these elites inside Colombia have been aligned with extreme rightist movements.

However, despite their lack of ability to shape any output in Colombian history, leftist guerrillas have played an important role in Colombian history. Since the military point of view, they have given to the *Ruling Coalition* the perfect excuse to enhance national military spending, and strengthen the U.S. intervention in Colombia. Since the political point of view, guerrillas have also given them the chance to label any social movement, and every progressive political party as insurgent, illegal, and dangerous to the country. This has given to the extreme rightist politicians the opportunity to legally prosecute, and politically destroy anybody who talks about social improvements. Since the ideological point of view, guerrillas have served as the ones to blame for every bad result in Colombia in every aspect of the political discourse: violence, development, and economic performance, among others. Guerrillas have been pointed as the main problem of Colombia (which means giving the back to the real and structural problems), and have served as an excuse to push forward private armies (such as Drug cartels, Convivir, Paramilitaries, and BACRIM) that have assisted the *Ruling Coalition* purposes since the early nineties.

This is why guerrillas' armies are extremely valuable to the extreme rightist strategy, and, maybe paradoxically, this is why extreme rightist people don't want them to make any negotiation or political arrangement with the State.

Mainstream media has often pointed out all negative impacts of guerrillas in a variety of aspects such as violence, the environment, and the Institutions. This makes the public opinion think that the peace process with guerrillas is really relevant to improve the country.

However, military actions of guerrillas have had a minimum impact in the rate of homicides and violence compared to the actions made by paramilitaries (today BACRIM). In fact, none of the guerrillas' armies have any substantial presence in any of the main cities of Colombia, but paramilitaries and neo-paramilitaries (BACRIM) currently dominate vast portions of the most populated territories in Colombia. Military actions of guerrillas have had certain negative impacts on the environment, but these impacts are minimal compared to those created by some economic activities such as mining, palm oil, or ranching, among others. The real political representativeness of guerrillas' armies in public institutions is even smaller, virtually inexistent. In contrast, the State capture by paramilitaries, and extreme rightist political parties has been huge in the last 35 years.

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However, it is convenient to guerrillas, keeping the lie that they are relevant in military and political aspects, because this allow them to negotiate with the State certain future role in Colombian political process, and keep some of the territorial control that they already have in the unpopulated south of Colombia.

Keeping this lie is also convenient to mainstream politicians. This allow them to gain certain *political capital*, and a “historical role” as peace-makers.

A “successful” negotiation process with guerrillas will also allow to progressive politicians and social movements to keep moving without being labeled as insurgent or “guerrillas’ supporters”. This also could rise their safety, because they won’t be a “military objective” anymore. This is one of the outputs that are inconvenient to extreme rightists.

The same lie regarding the “relevance of guerrillas’ armies” is also convenient to extreme rightists. This lie allow them to point out the guerrillas as the main problem to address in Colombia, so they can give the back to the structural problems that need structural and systemic changes.

Therefore, in one hand, guerrillas are fueling two contradictory narratives: they want to reach agreement keeping the lie about their relevance, but pointing out at the same time that in fact, they are not the problem (so, they are really irrelevant).

In the other hand, extreme rightist are successfully selling two bigger and even more contradictory lies to the public: They argue that guerrillas are in fact relevant because they are who to blame for every actual bad performance in Colombia, but, at the same time, they don’t want a negotiation, rather they want to treat guerrillas as mere delinquents or keep the war against them in order to finish the war against them.

This last contradictive narrative is being supported by a large portion of the population, mainly in the main cities, despite the lack of presence of guerrillas and large control of BACRIM (neo-paramilitaries) in those cities. Citizens’ support is fueled by strong doses of propaganda funded, created and propagated by a portion of *the Ruling Coalition*.

This narratives contradict the empirical evidence. Overall, the current peace process, successful or not, will deepen the current *Development Model*. The peace agreement with guerrillas only will be possible under principles of impunity for all members of *the Ruling Coalition*, legalization of denuded lands based on “property rights” principles, and the imposition of “Free Trade” and “Market Discipline” for Colombia in its relationship with international partners.

This won’t result in any structural changes, and therefore this won’t change any of the negatives outputs regarding violence, inequality, poverty, growth, competitiveness, and underdevelopment. The only way of improving Colombian economic performance for all and achieving a lasting peace, would be to face the inconvenient truth about the real and structural problems inside the Colombian *Development Model*.

According to the framework proposed of this research, a real solution has to include changes in the three determinants of the *Development Model*: the theoretical approaches or ideology, the structures of power, and the policies or institutions.

This theoretical framework also implies a clear division between causes and consequences. According to this, economic and social outputs such as poverty, inequality, or human rights violations are not the causes of violence, but consequences of the *Development Model*. Violence, human rights violations, and despotism are just characteristics of certain types of *Development Models* such as the ones that Colombia has applied in the last decades.

APPENDIX: DATA AND METHODS

GENERAL FRAMEWORK

Object, place, and time

This research has four objects of study: development theory, structures of power (including illegal ones), human rights violations, and economic projects. These four objects are going to be studied as a system that have deep relationships between each other. Each one of the objects of study have also relationships (as individuals and as a system) with international institutions, international agents, and international interests.

This system takes place in Colombia. Colombia has been chosen as a case of study. I chose Colombia because is the country that I know the most. The Colombian case is important because of its unique features among other South American countries: Currently is the only place in South America that haven't been turning to the left in the political arena, the only one that still follows the lead of Bretton Woods institutions in terms of economic and social policy, the most unequal country in the Americas, and the one that exhibits the greatest rate of Human Rights violations in the whole hemisphere. Understanding the drivers of these realities has become in an interesting case of study for International Development.

Time of study is between 1993 and 2012. This time was chosen because rates of displacement (and other human rights violations) in Colombia grew exponentially since 1993. In terms of formal institutions, this is also a year of restructuration of traditional elites, the year when the new National Constitution began to be operational, and the year when mainstream economic policies were widely put in place. 1993 was also a year of changes in drug-trafficking businesses, and drug dealers' restructuration inside Colombia. The war on drugs from the United States around this time also played an important role in these processes. This is why 1993 is an important inflection point in Colombian history. 2012 marks the other important inflection point in Colombian statistics regarding institutions, drug-trafficking, and human rights violations.

Coincidentally, this time frame results similar to the one drawn by some of the scholars pointed by the peace negotiation table in Havana. Both parties, government and FARC guerrilla, chose a set of twelve experts in order to "know the origins and causes of Colombian conflict". Among the experts, Maria Emma Wills states that the fracture of the State in the eighties makes that the violence gets worst since 1991 despite the National Constitutions due to the "perverse alliances" between the national army and paramilitary groups²⁶⁷. Sergio de Zubiría Samper establishes three time periods for the analyses: 1930 – 1957, 1958-1991, and 1992 until today²⁶⁸. Jairo Estrada also makes a time division since the twenties (beginning of capitalist system in Colombia) to our times²⁶⁹. This time frame is divided in three periods: from the twenties to the fifties, from the beginning of the sixties to late eighties, and the last one from the beginning of the nineties to current times.

In this sense, according to the time frame drawn by this “Historical Commission of conflict and its victims”, this research could be understood as an analysis of the last period of Colombian history from the nineties to current times and beyond.

Hypothesis

This research was built around the question about the drivers of Colombian internal displacement. Colombia is today the second country with most internally displaced persons after Syria. Displacement in Syria is due to conflict. The hypothesis of this research is that Colombia is the country with most displaced people due to development in the world. Colombian problem is important not only because its size, but also because it has underground drivers of financialization and commodification of land, which is also one of the largest problem of planning and development in the world today.

Because of the linkages between displacement, land grabbing, drug-trafficking, political structures, and geopolitical interests that are embedded in Colombia displacement, it is also a problem that impacts other Latin American countries, and even the legitimization of some developed countries regarding Foreign Policy and economic interests.

Type of research

As it has been explained this research has four objects of study in a particular context of Colombian history: Development theory, structures of power (including illegal ones), human rights violations, and economic projects.

This is a descriptive research. Exploratory research in four objects has been already made. Thus, in this stage the research does a characterization of the phenomenon. This research has a correlational approach between the four objects. This correlations have been made across time and place. Mapping and basic statistical analyses are used in order to do these correlations.

However, this research doesn't present any inquiry about causality. Causality in this context could be attached with the question about “intentionality”, which is more difficult to prove, and which needs other kind of approach, data, methodology, and time to be done.

RESEARCH QUESTIONS AND OBJECTIVES

General Question?

What is the relationship between human rights violations, structures of power, economic theory and economic policy in Colombia between 1993 and 2010?

Specific Questions

1. What is the theoretical approach behind the economic and social policy in Colombia?
2. Does the theoretical approach, the policy, and the Structures of Power have any relationship?

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3. What is the relationship between the “Development Model” and its outputs in terms of Displacement, Human Rights Violations, and Economic Projects?

GENERAL OBJECTIVE:

Analyze the political economy, the policies, and the structures of Power behind internal displacement in Colombia between 1993 and 2010

SPECIFIC OBJECTIVES:

- Categorize the rationale under the general National policies regarding conflict and socio-economics.
- Identify spatial and temporal relationships between human rights violations and legal/illegal structures of power (Governments and Drug dealers)
- Measure the relationship between the “Model of Development” and its results in terms of Displacement, and economic projects

About Ethics

This research follows all international protocols about research ethics, and all MIT regulations, including MIT Guidelines. This includes the guidelines stated by COUHES, and the training for research involving Human Subjects. (<https://couhes.mit.edu/training-research-involving-human-subjects>). Thus, this research was made under the guidelines stated by the course “Social and Behavioral Responsible Conduct of Research”.

**COLLABORATIVE INSTITUTIONAL TRAINING INITIATIVE (CITI PROGRAM)
COURSEWORK REQUIREMENTS REPORT***

* NOTE: Scores on this Requirements Report reflect quiz completions at the time all requirements for the course were met. See list below for details. See separate Transcript Report for more recent quiz scores, including those on optional (supplemental) course elements.

- **Name:** Juan Pablo Duran Ortiz (ID: 4581567)
- **Institution Affiliation:** Massachusetts Institute of Technology (ID: 775)
- **Curriculum Group:** Social and Behavioral Responsible Conduct of Research
- **Course Learner Group:** Same as Curriculum Group
- **Stage:** Stage 1 - Basic Course
- **Description:** This course is for investigators, staff and students with an interest or focus in Social and Behavioral research. This course contains text, embedded case studies AND quizzes.
- **Report ID:** 14937464
- **Completion Date:** 03/15/2015
- **Expiration Date:** N/A
- **Minimum Passing:** 80
- **Reported Score*:** 91

REQUIRED AND ELECTIVE MODULES ONLY	DATE COMPLETED	SCORE
Responsible Conduct of Research (RCR) Course Introduction (ID:1522)	01/12/15	No Quiz
Research Misconduct (RCR-Basic) (ID:16804)	01/12/15	5/5 (100%)
Data Management (RCR-Basic) (ID:16800)	01/13/15	4/5 (80%)
Authorship (RCR-Basic) (ID:16597)	01/14/15	5/5 (100%)
Peer Review (RCR-Basic) (ID:16603)	03/12/15	4/5 (80%)
Mentoring (RCR-Basic) (ID:16602)	03/14/15	5/5 (100%)
Conflicts of Interest (RCR-Basic) (ID:16599)	03/14/15	4/5 (80%)
Collaborative Research (RCR-Basic) (ID:16598)	03/14/15	5/5 (100%)
Responsible Conduct of Research (RCR) Course Conclusion (ID:1043)	03/15/15	No Quiz

DATA/SOURCES

OBJECTIVE	DATA AND SOURCE	OUTPUT
Categorize the rationale under the general National policies regarding conflict and socioeconomics.	Interviews with former government officials about the national strategy regarding national security and development in Colombia	Analysis
	Interviews with experts about strategies of foreign policy in the US and Colombian programs	
	Analysis of incomes (tax reforms), and expenses/investments of Colombia according to data from the National department of Planning, treasury, and legislative reforms in the congress	
	Analysis of discourses and public interventions of governmental officials according to massive media sources (newspapers and videos)	
Identify spatial and temporal relationships between human rights violations and legal/illegal powers (Governments and Drug dealers)	Spatial and temporal data about displacement, torture, forced disappearances, massacres, murders, and targeted-killing committed by legal and illegal Armies, according to CODHES, the group of Historical Memory, and official data from the unit of Human Rights of the vice-presidency and Ombudsman, between others	Analysis, interactive map, and interactive tool regarding temporal drug dealers structure
	Data about the expansion of paramilitary armies according to the Research of “Arcoiris” Corporation and other research.	
	Data about the “scandal of parapolitics” according to research, convictions, and judicial process of “justice and peace”	
	Data about the drug-trafficking structure in Colombia according to research reports and data from judicial processes, interviews with former paramilitary commanders, experts, and people from State police and army	
Measure the relationship between displacement and economic projects	Spatial and temporal data about displacement from CODHES, the group of Historical Memory, and official data from the unit of Human Rights of the vice-presidency and Ombudsman, between others	Analysis and Interactive map
	Spatial and temporal data about economic projects (including projecting ones), from development plans, local governments, and national governments according to the data of displacement	

SOURCES OF INFORMATION

This research has three objectives (see above), five chapters (see index) and four types of data sources (see below).

Three of the data sources are secondary and one of them is a primary source. Each source was chosen according to the characteristics of each research objective. The first source is bibliographic information from academic papers and books. The second source came mainly from websites. This second source of information combines national and international newspapers, recorded interviews to experts, and videos from official sources, universities, and NGO. The third, is a primary source of information. This came from recorded interviews made to scholars, government officials, and experts between August of 2014 and May of 2015. The last one is quantitative data taken from official sources. This last source is the foundation of all the temporal and spatial analysis made in this research.

Each source of information was used in each research objective according to the Table M1.

TABLE M1. OBJECTIVES, CHAPTERS AND DATA SOURCES

RESEARCH OBJECTIVES	CHAPTERS	DATA SOURCES
Categorize the rationale under the general National policies regarding conflict and socioeconomics.	1, 2, 3	<ul style="list-style-type: none"> - Bibliographic Information - Websites - Interviews - Quantitative Data
Identify spatial and temporal relationships between human rights violations and legal/illegal powers (Governments and Drug dealers)	4	<ul style="list-style-type: none"> - Bibliographic Information - Interviews - Quantitative Data
Measure the relationship between displacement and economic projects	5	<ul style="list-style-type: none"> - Interviews - Quantitative Data

Source: Author.

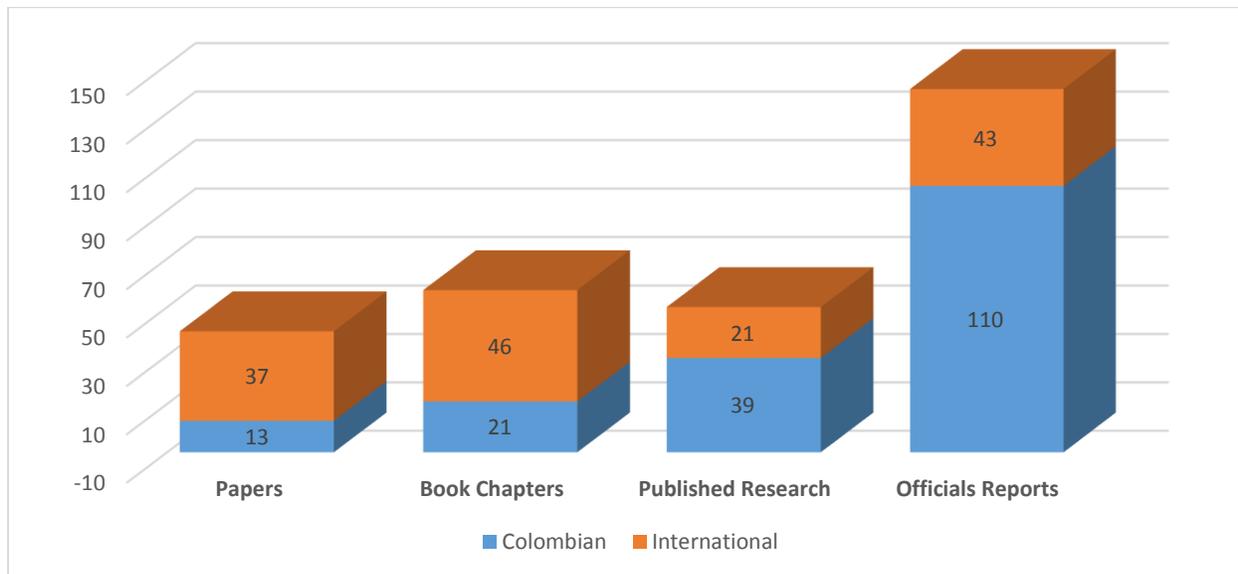
Bibliographic Information

The bibliographic information used in this research includes 330 documents. These documents are academic papers published in specialized journals, Book Chapters from recognized scholars, Published Research, and Official Reports. More than 50% of the bibliography used was Official Reports (See Graph M1).

50 papers were used, 26% of them from Colombia and 74% from abroad. Papers and working papers were taken from specialized journals in Colombia and the developed world. Papers from the National Bureau of Social and Economic Research, the Cambridge Journal of Economics, the Review of International Political Economy (UK), the Review of International Studies (UK), the Socio-economic Review, the Political Economy Research Institute (University of Massachusetts

Amherst), the real-world economics review, the Crisis States Research Center at London School of Economics, the Journal of conflict resolution, the Journal of Economic Literature, the American Journal of Sociology, Revista de Estudios Sociojurídicos (Bogotá), Política y Sociedad (Madrid), and Revista de Análisis Político (Colombia), are among the most used papers.

GRAPH M1. BIBLIOGRAPHIC INFORMATION USED IN THIS RESEARCH: 330 Documents



Source: Author.

Bibliography also includes 67 book chapters, 69% of them were written outside Colombia. Book chapters include the ones from the main books made by official commissions regarding conflict, peace, and memory in Colombia, the ones made by prominent NGO in Colombia and abroad, and the ones made by the main scholars regarding particular economic sectors, land, displacement, conflict, trade, institutions, Law, and Development Economics, among others. The most important Books Chapters used in this research include the ones written by international scholars such as Amsden, Chang, Chomsky, Crouch, Fine, Foley, Piketty, Polanyi, Pollin, Sen, Schlefer, Smith, and Stiglitz, among others.

This research also used 60 published research, 65% of them were published in Colombia. Published Research include mainly reports made by agencies from the United Nations, Bretton Woods Institutions, international and national NGO, and research groups in Colombia, the US, and beyond. These research groups are mainly from universities such as Harvard, MIT, Cambridge (UK), London School of Economics (UK), University of Massachusetts, FLACSO, the National University of Colombia, Rosario University, and Externado University, among others. This also includes all research made by academic organizations or scholars outside their research groups, for example research made as part of governmental activities such as “the contribution to the

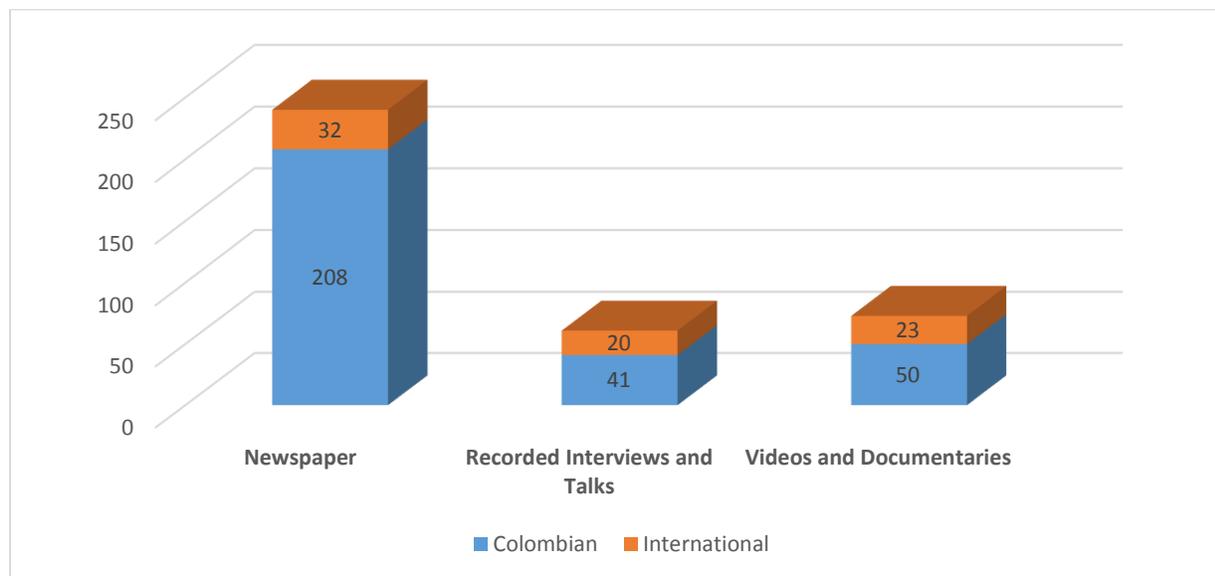
understanding of the Colombian conflict” made by the “Historic commission of the conflict and its victims” issued in February of 2015.

This research used a vast source of 153 official reports, 72% from Colombia. Among the most important Official reports are the ones from governmental bodies in Colombia, the UK, and the US. US ones include declassified reports from the FBI, reports made by the Office of Foreign Assets Control (OFAC) regarding Blocked Persons, reports on US and UK military doctrine, among others. Colombian ones includes 53 reports from the judiciary regarding drug cartels, 23 Court rulings and Attorney General rulings from judiciary cases, and 35 judiciary files from the Attorney General Office regarding paramilitary armies.

Websites

In this research 374 documents were analyzed from the website. 240 were news from paper base media, 61 were recorded interviews and talks, and 73 were videos and documentaries. In this case, more than 64% of the website sources were news from paper base media, and almost 80% of all sources were from Colombian organizations (See Graph M2).

GRAPH M2. WEBSITE INFORMATION USED IN THIS RESEARCH: 374 Documents



Source: Author.

The most used national newspapers were El Tiempo, Semana, El Espectador and El Colombiano that are the most recognized media in Colombia. However, VerdadAbierta.com also was used when wider and more specialized information was needed. Some information from international media was also used mainly from the US press conferences regarding Foreign Policy, The Guardian (UK), Rolling Stone, CNN, Miami Herald, RT news, and the Real News, among others.

In the category of recorded interviews are included talks or recordings and video recordings made by a third party. Recording interviews and Talks were taken from academic seminars and congress, documents from official sources such as the Attorney General Office in Colombia, online talks and interviews made by recognized experts, and recordings from radio stations.

Interviews

Recorded interviews are one of the most important sources of information for this research. This interviews are the only primary source of information. The information from the interviews are used all along this research from the first to the last chapter.

Interviewees had different experiences and approaches, this is why a standardized set of closed questions was not used. Rather, each interview was open and focused on specific research objects according with the pace of the interview, the specific experience of the interviewee, and the data gathered prior each interview regarding the interviewee and the institution where he/she have worked on.

In total, almost 19 hours of recorded interviews were made with 14 Colombian experts that cover all the thematic range of this research (See Table M2).

TABLE M2. INTERVIEWEES, THEMES DISCUSSED, AND RECORDED TIME: 1,134 Minutes

#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
1	Alex Vernot	Lawyer and Director of the firm Vernot Abogados	BA in Law. Entrepreneur and Former Candidate for the Bogota Mayor Office	Political and Economic Interests	85
2	Ana María Ibañez	Dean of Economics Faculty in Andes University	PhD Agricultural and Resource Economics, MA Agricultural and Resource Economics, BA in Economics. Director CEDE in Andes University, Research Associate in Fedesarrollo	Land Inequality	26
3	Claudia Lopez	Senator of the Republic of Colombia	BA in Government, MA in Public Management and Urban Policy, and PhD in Political Science. Former Researcher at the Corporación Arcoiris and the Mission for Electoral Accountability. She has been consultant at the UNPD.	Paramilitary Armies and Politics	29

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#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
4	Ernesto Samper	Secretary General of the South American Union of Nations (UNASUR), and Former president of Colombia	Ba in Law, Ba in Economics, former professor of Economic Development, Senator, Counselor in Bogota City, Minister of Development, and Ambassador of Colombia in Spain	Politics and Development	24
5	Fabio Alberto Lozano	Director of the System of Information and Incidence for Human Rights and Displacement (SISDHES)	BA in Sociology, BA in Theology, MA in Rural Development, PhD in Latin American Studies. Social Researcher, member and founder of the Consulting Group for Human Rights and Displacement (CODHES). Professor in Santo Tomas University and San Buenaventura University.	Displacement, Human Rights, Land Grabbing, and Conflict	96
6	Interviewee 1	Confidential	Confidential	Political parties and Guerrillas Armies	147
7	Interviewee 2	Confidential	Confidential	Institutions, Corruption, and Money Laundry	113

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#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
8	Jenifer Vargas	Researcher at the Institute for Political Studies and International Relationships (IEPRI) in the National University. Member of the Observatory for Agrarian Property	BA in Social Work, MA in Political Science, Professor at Javeriana University. Currently researcher at the Observatory of Regulation and Restitution of Agrarian Property Rights.	Agrarian Property, Displacement, and Paramilitary actions	49
9	Jorge Enrique Velez	National Superintendent of Notaries and Registration	BA in Law. Secretary of Government in Medellin City, Secretary of Transportation in Medellin City, Senator of the Republic of Colombia. Journalist, Director of Cosmovision News, President of Mercedes Benz in Medellin, Lawyer and adviser.	Land Grabbing	38

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#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
10	Luis Enrique Ruiz	Researcher at the Observatory of Regulation and Restitution of Agrarian Property Rights.	BA in Political Science, BA in Law. Former practitioner at the Constitutional Court and the High Council for Reintegration	Paramilitary Groups, Property rights	78
11	Luis Fernando Quijano	President of the Corporation for Peace and Social Development (CORPADES) and Founder of the Press Agency AnalisisUrbano.com	BA in Law and Political Science. Former member of MIR which was a left-handed urban guerrilla. Demobilized in the peace agreement with the National Government since the nineties. Expert on Research and analyses of Urban Conflict, crime and Defense Policy.	Drug Cartels, Local gangs, and Illegal armies	193

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#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
12	Luis Jorge Garay	Director of the National Team of Verification for the Follow-Up Commission to the Public Policy on Forced Displacement	MA Industrial Engineering, MA Economics, Ph.D. Economics. Visiting scholar at the IADB, the University of Cambridge, and Oxford University. Associate Research Fellow at the Comparative Regional Integration Studies Programme of the United Nations University. Director of a Research Programme at the General Controller Office of Colombia, Director of a Research Programme at the National Planning Department of Colombia, Researcher at Fedesarrollo.	Land. Displacement, and Development Economics	108

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#	Name of the Interviewee	Current Position	Prior Experience	Themes of Expertise	Time (Minutes)
13	Maria Camila Luna (1), Jairo Gonzales (2), Carolina Rojas (3).	Members of the Observatory for Historic Memory in Colombia	(1): BA in Government and International Relations, MA in International Affairs. (2): BA in Political Science. (3): BA in Political Science, and Former Member of "Acción Social" in the National Government	Data sources regarding Displacement, Violence and Conflict	81
14	Martha Nubia Bello	Researcher at the National Center for Historic Memory and Director of the Museum for the Memory	BA in Social Work, MA in Political Science, MA in Human Sciences. Former member of the National Commission for reparation and Reconciliation. Former Participant in the Programme Ideas for Peace	Displacement, Conflict, Victims, and Victimiziers	67
TOTAL					1,134

Source: Author.

Quantitative Data

Quantitative data is also a very important source of information for this research. This information is the foundation of the last two chapters. All quantitative data was obtained from official sources. This data came from different sources, but in all cases the information was obtained by year (Since 1990 to 2012) and by municipality (for all the 1,124 municipalities of the country).

The quantitative data is also divided in four Categories and more than 59 subcategories. This means that the information combined makes a database of almost 1,400,000 sets of quantitative data in all research categories, organized in four sets of maps that change with time.

As Table M3 shows, research categories and subcategories used in the quantitative data are linked with the main research objects: development theory and socio-economic policy, structures of power (including illegal ones), human rights violations, and economic projects.

TABLE M3. QUANTITATIVE DATA, SOURCE, AND RESEARCH OBJECT: 1,392,336 sets of spatial data.

QUANTITATIVE DATA	SOURCE	SUBCATEGORIES	ASSOCIATED RESEARCH OBJECT
Human Rights Violations	National Register of Victims, and Center for Historic Memory	Four: Displacement, Murders, Tortures, and Forced Disappearances	Displacement and Human Rights Violations.
Paramilitary Activity	Attorney General Office	36 subcategories related with all armed fronts of Paramilitary army	Structures of Power
Illegal Political Activity	National Registry of the Civil State	Twelve categories related with the governmental officials in each brand of the public power distributed, nationally, regionally, and locally	Structures of Power
Economic Projects	CORPOICA, Minister of Mining, Minister of Agriculture, Mister of Transportation, National Police.	Seven categories: Drug-trafficking, Banana, Mining, Energy, Strategic Project, Ranching, and Palm Oil.	Economic Projects and Economic Policy

Source: Author.

Thus, correlation between each of the four categories can be shown through interactive videos that shows the changes in the four maps in time in order to comply the second specific objective. The quantity and percentage of municipalities in which the economic activity are followed by the other three activities (maps) is the measure of the relationship between displacement and economic projects that is mentioned in the third specific objective.

METHODOLOGY CHAPTER THREE

The next three chapters are about Colombia. This means that these chapters focus mainly on what has happened inside Colombia with little references about international determinants. Chapter three focuses on Law and Institutional Arrangements from a national perspective. Chapter four and five also inquire about the whole country, but taking into account temporal changes in municipalities as the main unit of analysis. Chapter four is about the impacts and characteristics of narco-paramilitary expansion on democratic elections and human rights violations. Chapter five studies the temporal and spatial relationship of these variables with specific economic projects.

The timeframe used in Chapters three to five is mostly from 1990 to 2010. This timeframe is divided in three stages: Restructuration of drug-trafficking business before 1993, institutionalization and expansion of narco-paramilitaries armies between 1993 and 2002, and consolidation between 2002 and 2010. As it has been pointed out in the research methodology, the stages chosen in this research are due to statistical inflection points of the main variables of this study, and are also congruent with the ones drawn by other experts in Colombia.

METHODOLOGY CHAPTER FOUR

Chapter four and five use basic statistical analyses, and mapping methods. ArcGIS® visualization tools are the main instrument used for mapping. Mapping in all categories of analysis are made by State and time. Colombia has 32 States and the timeframe of this research is 1990 to 2010.

This chapter focuses specifically in the narco-paramilitary phenomenon in Colombia, as well as its impacts regarding human rights violations, and State Capture. Three categories for the analysis are used here: (1) narco-paramilitary presence, (2) human rights violations, and (3) parapolitics.

The focus on narco-paramilitary presence and parapolitics instead of other military presence and other forms of State Capture is because this chapter tries to test the next hypothesis (H₀):

1. Military presence of the National army and guerrillas didn't have important impacts on (re)-structuring the State,
2. Military presence of the National army and guerrillas didn't shape or foster the development model of Colombia.
3. Trends and cycles of human rights violations are mainly correlated with narco-paramilitary presence inside Colombia

4. Narco-paramilitaries armies were the only army funded and assisted directly by a little portion of the national and international elites

In chapter five the results of this research has been related with the spreading of certain economic activities and projects. In both chapters, the period of study is separated in three parts. The First part before 1993 named “restructuring of drug-trafficking business”. The second part between 1993 and 2002 named “expansion and institutionalization of narco-paramilitaries armies”. And the third part after 2002 named “the consolidation”. Each of these periods have been chosen because its structural changes statistically and strategically.

Narco-Paramilitary Presence

Narco-paramilitary presence is defined as the regional control by certain paramilitary units or groups. This regional control in each case began with military presence, continued with military control, and finally extended to institutional participation in the regional and national State.

Data of its presence corresponds mainly to the dossiers extracted from the Attorney General Office. More exactly to the reports made by Fiscal Officers to National Prosecution Unit for Justice and Peace under the Law 975 of 2005 named Law for Justice and Peace²⁷⁰. Some of the data used for the analysis also belongs to the Observatory of Human Rights and International Humanitarian Law of the Vice-presidency of Colombia. Both of them are primary sources. Secondary sources have also been used in a marginal way in order to complete the analyses. Newspapers, and the Congress website were the most used secondary sources.

30 paramilitary units (“Bloques”) were identified by the Attorney General Office of Colombia²⁷¹. Each Unit has presence in particular regions of Colombia, in some cases a particular Unit could be spread over more than one State, as it is in the cases of “Centauros”, and “Catatumbo”, among others. The Units (or “Bloques”) were divided in Fronts (“Frentes”). Each Front has military control over particular zones that generally include more than one municipality. These Units became part of a national and unified project named United Self-Defense Armies of Colombia (AUC). This project was founded in 1998. Despite that paramilitary armies are a systemic part of the Colombian history (some of them began in the forties), and despite that a lot of paramilitary Fronts and Units were founded in the seventies and eighties, this research only focuses on data regarding the AUC expansion. The focus in the AUC project is due its historical importance in the time of study of this research. The AUC project was the only one that accomplishes to capture almost all former paramilitary Fronts, developed an institutionalized way of collaboration with State agents, politicians, and formal entrepreneurs; and was able to change the territorial and political geography of the country.

These narco-paramilitary units changed in name and/or command over time according to the historical phase. However, this presence is taking into account regardless the name of the group because the heads, structure, activities, means, and purposes have remain virtually the same over time. This is why, in some cases the same group have changed the formal name from armed groups

at the service of drug dealers, to legal Cooperatives for Safety (Convivir), to paramilitary units, to illegal Criminal Gangs (BACRIM). Maps made over time don't make this distinction.

Human Rights Violations

Four kinds of human rights violations are taken into account in this research: Displacement, Torture, Forced Disappearances, and murders. These human rights violations are the ones that the National Registry of Victims (NRV) have identified as “victims of the internal conflict”. The NRV is an Agency from the National Government of Colombia, This means that (1) the victims registered here are all the victims regardless the victimizer, (2) this only includes civilians who have been recognized as victims, and (3) this only includes the victims of the “armies in conflict”, meaning State Army, Paramilitaries, guerrillas, and other armed – and organized groups.

The only source for human rights violations data that have been mapped is the one from the NRV, which is a primary source. However, other official sources were used in order to complete the analyses. Between the other sources, the data and assistance of researchers from the Group of Historical Memory (GMH) was extremely useful²⁷². Other important source of information was the one shared by the Consultant on Human Rights and Displacement (CODHES).

Categories of analysis and definitions for each category vary among institutions. However, that variations are not mentioned in further analysis inside this thesis for practical and explanatory reasons. For instance, GMH categories are analyzed as “forms of victimization” instead of human rights violations, because their categories are not subject of the International Law, nor the Penal Code. Between their “forms of victimization”²⁷³, the GMH have classified terrorist attacks, massacres, kidnapping, landmines, damage to civilian objects, murdered civilians, targeted-killing, and attacks to populations. A lot of these categories are direct violations to International Law. Definition for each form of victimization, as well as the criterion for exclusion and exclusion in each case, can be found in the next website: <http://www.centrodehistoriahistorica.gov.co/micrositios/informeGeneral/basesDatos.html>

CODHES largely uses categories and definitions that are linked to international law. However, they also have their own theoretical framework to analyze each phenomenon. For example, they prefer the concept of “rootlessness”, instead of forced displacement. According to the director of SISDHES the concept “Forced Displacement” has certain limitations, for example it makes people categorize this phenomenon as a migratory problem due to human rights violations that forces people to displace (or move). Rather, the concept of “rootlessness” includes not only the movement of people from one place to another, but also the break up and the change of “vital roots” of people and entire populations. This broken “vital roots” include social relations (from families to unions and political and social organizations). Therefore, people change not only in spatial terms, but more important in political terms, “in order to execute certain control over the people, so new inhabitants or remaining inhabitants are violently submitted by whom executed [or is executing] this human rights violations... This have to be understood as a permanent practice to foster international relationships inside dynamics of new process of colonization”²⁷⁴.

Finally, data from the National Registry of Victims (NRV) uses normative definitions. The categories used for the NRV are Dispossession or abandon of land, Terrorist attacks, Threats,

Crimes against freedom and sexual integrity, Forced Disappearances, Displacement, Homicides, Landmines, Loss of real or personal property, Kidnapping, Tortures, and Recruitment of minors to armies. This data can be found here: <http://rni.unidadvictimas.gov.co/?q=node/107>.

The largest database on Human Rights Violations in Colombia today is the one of the NRV. This data corresponds to the data gathered from all the “victims of the internal conflict” all around the country. This Registry has certain levels of underreporting because it depends on the access that the victims could have to governmental offices and the other way around. Events reported by this registry are the ones that correspond to victims who have been “recognized” by the government as such. Process for state recognition follows three steps: (1) victims have to go to any of the governmental offices (Ombudsman, Personality, or Attorney) to declare the facts and fulfill the application, (2) Governmental officials value and send this information to the National Unit of Victims in Bogotá, and (3) Governmental officials in the National offices also value these declarations in order to define if the event belongs to “the conflict”, and also to determine the truthfulness of the facts through a cross-research of several national and regional databases²⁷⁵.

Underreporting also depends on the type of the victimizing act. According to conversations with experts, underreporting could have a high, medium, and low level, according to table D1.

TABLE D1.

UNDERREPORTING OF VICTIMS ACCORDING TO TYPE OF VICTIMIZER ACT

VICTIMIZER ACT	UNDERREPORTING LEVEL
Displacements	Medium
Tortures	High
Forced Disappearances	High
Murders	Low

Source: Author according to interviews with experts

Underreporting could also be higher at the beginning and at the end of the timeframe. At the beginning because Colombia didn't have the institutional tools, nor clear normative steps to register the victims. At the end of the timeframe may be also a higher underreporting because the National Government between 2002 and 2010 didn't accept that Colombia had an internal conflict (Government assumed that Colombia only had a terrorist threat), and because after the peace process with paramilitary armies, the same national Government didn't want to recognize the victims of the “Criminal Gangs”. All this changed thanks to the ruling of the Constitutional Court (T-025 of 2014) that declared a State of unconstitutional affairs in Colombia and forced the Government to repair the victims. This also changed thanks to other ruling of the Constitutional Court after the Law 1448 that forced the State to recognize as subject of reparations all the victims of Criminal Gangs. However, according to the GMH experts, the new national government after 2010 compelled victims who were excluded to declare again. The new presidency also strengthen

national institutions in order to enhance victims' registry and reparation, so today historical statistics are far more realistic²⁷⁶.

Overall, according to GMH experts "there is a large underreporting. This underreporting is localized –which means that some municipalities have larger underreporting than others-, and largely depend on the efforts made by different governments inside each municipality"²⁷⁷.

Despite these levels of underreporting, this research assumes that such levels don't have important changes among time within each municipality, so this data is representative to show temporal changes and trends of each phenomenon.

The NRV have registered 7.438.023 victims of the "internal conflict" between January of 1985 and June of 2015. However, the number of victimizing events are more than 8 million. Number of victims is less than the number of events registered because there are people who have been victims of more than one victimizing event at the same time (for example if someone is tortured and then killed in the same day), or in different dates (for example the people who has been displaced several times). The data presented in this chapter regarding human rights violations corresponds to the number of people who was victim of each victimizing event. Therefore, if somebody was victim of two different events or in two different times, this person is registered twice in our databases. The data used for the mapping is slightly different to the number reported in the NRV until June of 2015, because this data was gathered two months before (April 2015).

Data from the NRV was the only one used in order to map human rights violations. Analysis is made by year and municipality. The timeframe or period of study is between 1990 and 2010 (21 years).

As it has been stated in the chapter three, the unit of analysis in chapter four and five are the Sates. However Human Rights violations are also analyzed by municipality. Colombia had 1,098 municipalities at the beginning of 2000, however by 2008 no one had a clear data about the number of municipalities in Colombia: By 2008 there was 1,101 municipalities according to the ministry of the interior and the National Administrative Department of Statistics (DANE), there was 1,099 municipalities according to the National Department of Planning (DNP), and 1,098 municipalities according to the Colombian federation of Municipalities²⁷⁸. By 2011 there were 1,102 municipalities: According to the National Registry of the Civil State that certify democratic elections in Colombia, there were elected 1,102 mayors for each of the municipalities in the last democratic election.

Number of municipalities changes over time depending on the fulfillment of the requisites for being a municipality according to the Law 136 of 1994. Especially those regarding the number of inhabitants within each municipality. This have make some areas to disappear (for example due to displacements problems), or show up (due to migration or population growth). These requisites were changed by the Law 1551 of 2012²⁷⁹. The requisites for being a municipality today are:

1. The area of the municipality has to have identity according to its natural, social, economic, and cultural features

2. The municipality has to have at least 7,000 inhabitants, and the municipality to which the new municipality wants to disaggregate from cannot fall below the same number of inhabitants.
3. New proposed municipalities have to guarantee at least annual incomes for 5,000 monthly minimum wages, without taking account its participation in national incomes.
4. State planning have to agree to the creation of the new municipality. Whatever the decision will be, the new municipality cannot extract more than 33% of the territory of any other municipality.

According to the National Administrative Department of Statistics (DANE), Colombia today has 32 States, and 1,123 municipalities, including special districts and “corregimientos” – or smaller rural municipalities- See Graph D1. The map used in this research has 1,124 polygons corresponding to 1,123 municipalities and one area in dispute.

GRAPH D1. STATES (LEFT) AND MUNICIPALITIES OF COLOMBIA (RIGHT)



Source: Author

However, according to the data presented by the NRV, this map didn't include two municipalities that have registered human rights violations. The first one is Belén de Bajirá, a municipality in the State of Antioquia, and the other one is Zipacón which is a municipality in the State of Cundinamarca. Data of these two municipalities were added to other municipality so no data is lost. This municipality was chosen according to the closeness and to the similarity of the trends and types of human rights violations between both municipalities. In this way, the data from Belén de Bajirá was added to Río Sucio in Chocó, and the data from Zipacón was added to Bojacá in Cundinamarca (See Graph D2).

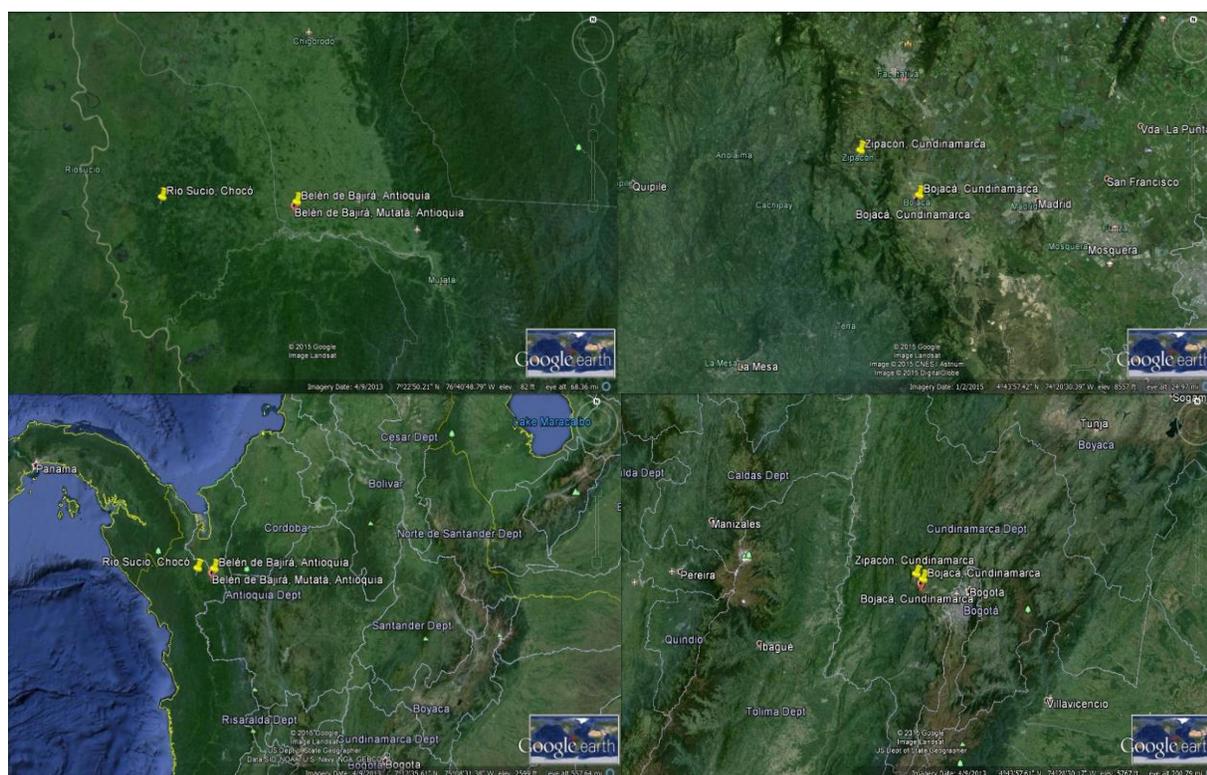
There was reported 1,218 displacements in Belén de Bajirá between 1990 and 2010. This is only 0.11% of the displacements reported for all the State of Antioquia in the same period (1,122,801).

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This also amount for 0.40% of the displacements committed in Chocó (307,347). In Belén de Bajirá there were also 7 forced disappearances (0.38% of the forced disappearances reported for Chocó, and 0.023% of the forced disappearances reported in Antioquia).

There was also reported 10 murders in Zipacón that were added to the murders in Bojacá, where 29 murders were committed. These 10 murders amount for 0.06% of the total murders committed in the State of Cundinamarca (where there were 17,438 murders combined).

GRAPH D2. LOCATION OF BAJIRA AND RIO SUCIO (LEFT), AND ZIPACON AND BOJACA (RIGHT)



Source: Author.

There are also human rights violations that were reported in certain States without specifying the municipality in which they were committed. These events amount for 659 displacements, 6 tortures, 319 of forced disappearances, and 734 murders. These events were distributed in certain municipalities according to the historical probability of occurrence in each municipality within the State. In this way any of the data is lost and the new distribution of data doesn't create any outlier in space or time.

There are also human right violations without information about the year in which it was committed. Given the lack of theoretical basis that could help to add this data to any particular year with sound statistical significance, these cases were dismissed in order to avoid any disruption in temporal trends.

Narco-Parapolitics

Parapolitics is the name of the Colombian judiciary scandal in which politicians and narco-paramilitaries worked as a team in order to participate in State decisions and budget. This phenomenon spread over all the three branches of public power in Colombia, not only locally, but nationally.

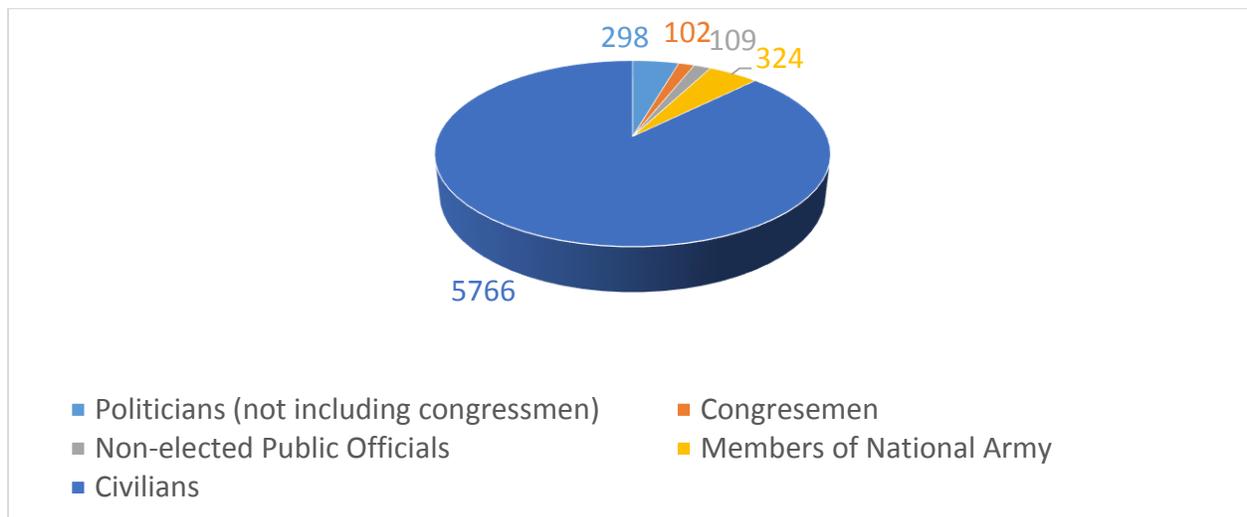
The scandal of narco-parapolitics (officially named only “parapolitics”) was consequence of the Law for Justice and Peace (Law 975 of 2005). The judicial processes against paramilitary heads allow them to disclose some of the arrangements that they had developed with politicians all around the country. As it is a common practice in the illegality, a large share of this agreements were informal, therefore, there are not any documents or proves of any of them. However, paramilitaries also developed a bunch of signed contracts which stated some of these agreements and protect paramilitaries of any breach by politicians given the “moral risk” inside principal-agent logics (López, 2010: 46)²⁸⁰. Some of the disclosed signed agreements by paramilitaries are known as Ralito, Chivolo, Magdalena, Granada, Caramelo, Puerto Berrío, and Coordination Meeting (Arcoiris, 2012)²⁸¹.

A portion of the citizens, politicians, and military who had linkages with paramilitaries were mentioned in the “free versions” of paramilitary heads. A portion of these people mentioned were actually legally investigated by the State. And a portion of these people investigated have been actually accused and found guilty. Moreover, just 2 of the 20 heads of paramilitary armies have given useful information about their linkages with politicians. So, the underreporting of narco-parapolitics data could be particularly big.

More than 6,500 people have been legally prosecuted for their linkages with narco-paramilitaries. Among these people there are politicians, public officials, members of the National Army and civilians (See Graph D3). Among these 6,599 people there are 102 congressmen, who account for 19% of the congressmen who have been part of the congress between 2002 and 2010. However, according to various statements of paramilitary heads, they had more than 35% of the congressmen among “their friends”. Among the congressmen who have been legally investigated, around 70 of them have been found guilty. This means that 37% of the congressmen that have had linkages with paramilitaries are today accountable for their crimes. This share, however, is the largest share of people that have been legally prosecuted. Shares of other politicians, public officials, members of national army, and civilians are smaller.

These legal processes began in 2007 in the Supreme Court. Today these processes are also held by the Attorney General’s Office (Fiscalía General de la Nación), and the “Procuraduría”. However, given the difficulty of information gathering from the primary source of information, the names of the persons under investigation, and the state of each processes were extracted from secondary sources.

GRAPH D3. DISTRIBUTION OF PEOPLE WHO HAS BEEN LEGALLY PROSECUTED FOR THEIR LINKAGES WITH NARCO-PARAMILITARIES BY 2010



Source: López (2010)

These secondary sources are academic research. These research were mainly the books “Parapolitics, the route of paramilitary expansion and political agreements” (Romero, 2007)²⁸², and “And they re-founded the Homeland... About how mobsters and politicians reconfigured the State of Colombia” (López, 2010)²⁸³. The seminal work of these scholars proportioned to the State of Colombia, and to the public opinion, the first rigorous analyses about the impact of paramilitary expansion in political Institutions. However, these scholars founded their conclusions focused on general lists of congressmen who obtained their votes from regions with paramilitary control and/or who obtained atypical number of votes. Some of them inside atypical (or new) political movements.

Later, these general lists were contrasted with other sources in order to (1) extend the lists in order to include congressmen that were legally prosecuted afterwards, (2) include regional elected politicians (Governors and Mayors) to the list, (3) identify the date of election in which each politicians is being prosecuted for their linkages with narco-paramilitaries, and (4) determine which politician were actually found guilty and/or incarcerated for their linkages with paramilitaries.

These sources were mainly data from the law firm “José Alvear Restrepo” in 2010²⁸⁴, a report issued by the mission for electoral accountability of the OAS in 2013²⁸⁵, several articles developed by the research journalism website “VerdadAbierta.com” between 2009 and 2014²⁸⁶, and a report from Arcoiris Foundation issued in 2013²⁸⁷.

Later, some specific cases were looked for in order to determine whether the politician in the list had been found guilty, incarcerated, still in legal processes, released from jail, or found not guilty. These specific cases were looked for in the main national newspapers²⁸⁸.

Overall, the politicians that were used in this research were only congressman who have been found guilty in the legal processes named parapolitics, and Mayors and Governors who have been found guilty or have been incarcerated for the same reason. The total list accounts for 75 congressmen (33 Senators and 42 Chamber Representatives), 24 Mayors, and 7 Governors.

The number of votes by State and Municipality was found for each election in which every of these politicians were legally prosecuted. Voting information was found in the National Registry of the Civil State, which is the State Agency that manages democratic elections in Colombia. This is a primary source of information. This information was extracted directly an in person in a digital copy from the actual offices of this national agency²⁸⁹.

However the voting information given by the National Registry of the Civil State was in different Java® applicatives for each election. Looking for the information we could identify that (1) some elected narco-parapoliticians didn't have any information regarding names, or number of votes, despite proven massive media releases about their elections. This happens in two cases of elected mayors and one elected governor. This cases were dismissed from this research given the lack of information; (2) Some elected narco-parapoliticians who were in congress didn't have information about number of votes, However, this cases were compared with the information from the National Congress where the information could be found; and (3) Neither, the National Registry of the Civil State, nor the National Congress have any information of any voting held before 1998, despite that the website of this agency shows that they have information from 1990 ([See historic information website](#))²⁹⁰. Moreover, the website only allows to look for information since the last national election in 2010. The information of former democratic elections is effectively not available despite that it ought to be public by law. As a result, the numbers of votes for one Mayor and three Chamber Representatives elected before 1998 had to be dismissed in our database²⁹¹.

Overall, this research is based on the information of the number of votes for the next democratic elections in Colombia:

TABLE D3. DEMOCRATIC ELECTIONS TAKEN ACCOUNT IN THIS RESEARCH

YEAR	TYPE
1998	Municipality Mayors, State Governors, National Congressmen (Senators and Chamber Representatives)
2000	Municipality Mayors and State Governors
2002	National Congressmen (Senators and Chamber Representatives)
2003	Municipality Mayors and State Governors
2006	National Congressmen (Senators and Chamber Representatives)
2007	Municipality Mayors and State Governors
2010	National Congressmen (Senators and Chamber Representatives)
2011	Municipality Mayors and State Governors

Source: Author

Finally, voting for congressmen have two particularities: (1) citizens who are not living in Colombia can vote for any senator or Chamber Representative through embassies and consulates. As this research aims to identify special and territorial relationships between variables inside Colombia, these votes weren't added to any State, nor took account in the final database. So, the total votes of each congressmen are greater than the total votes that we have in our databases in all cases. (2) Since 2002 political parties can choose between offering a "close list" or a "preferential vote" to the citizens. In the close list the citizen doesn't vote for any person in particular, but for the whole political party, so the number of seats in the congress for that party is distributed according to the number of votes of the political party. In the preferential vote citizens vote for a particular person. As some congressmen were elected through a close list, this votes were divided by the number of congressmen elected in our database in order to avoid double counting. (3) In the same election each citizen could vote for Mayor and Governor in the locals, and for Senator and Chamber Representatives in the nationals. So, one citizens could be forced by narco-paramilitaries to make one, two, or any votes for a specific politician. Therefore, this research takes the number of votes (instead of the number of citizens) as the measure of democratic capture by narco-paramilitaries.

METHODOLOGY CHAPTER FIVE

Chapter five relates the results of Chapter four regarding structures of power and human rights violations with specific economic sectors. These sectors are Palm Oil and Mining for all the period of study.

The source for Palm Oils is the Minister of Agriculture of Colombia. Data of production in tons and hectares sown were extracted from the official website of the Minister of Agriculture "Agronet" in the section of Statistics (<http://www.agronet.gov.co/agronetweb1/Estad%C3%ADsticas.aspx>).

The source for Mining was mainly the Unit for Mining Planning in the Data of exports, and several Mining Statistical Yearbooks issued by the Minister of Mining and Energy of Colombia in the Data about production. Mining production was calculated adding the tons of coal, gold, silver, platinum, emeralds, nickel, and iron by year and state in Colombia.

In order to test the hypothesis of Human Rights Violations as a source of development, three conditions are tested.

The condition of temporal coincidence compares, in both cases the states where there is any production (in hectares), with the presence of paramilitary armies at least one year before.

The condition of growth coincidence compares the cumulative production on tons, with the cumulative displaced persons. Both categories (production and displaced persons) are taken in all the period of study following these steps: (1) the average of cumulative displacements and production is calculated for all the States. (2) The states in which the cumulative result is greater than the average result (step 1), are separated in two tables, one for each category. (3) The States

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listed in the tables are compared. If 70% or more of the States with greater production are also listed in the displacements table, the condition is assumed tested positive.

The condition of tendency compares hectares used with displaced persons in time. The condition is assumed positive if (1) the hectares grew in the stage of narco-paramilitary expansion at least in a linear tendency, and (2) the hectares grew exponentially in the stage of consolidation between 2002 and 2010.

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¹² "The encroachment of British power on the subcontinent meant that weavers increasingly lost their ability to set prices for cloth... they could not produce for any customer they chose; they had to accept part of their payment in cotton yarn; they were subject to a strict supervision of the process of manufacture by the Company's servants who were located in the village... Extensive new regulations attached weavers legally to the company, making them unable to sell their cloth on the open market" (Ibidem: 44-45).

¹³ "Heavily armed privateering capitalists became the symbol of this new world of European domination, as their cannon-filled boats and their soldier-traders, armed private militias, and settlers captured land and labor and blew competitors, quite literally, out of the water" (Ibidem: 37).

¹⁴ Ibidem: 38.

¹⁵ Ibid: 48

¹⁶ Ibid: 51

¹⁷ According to Beckert (2014:35), "domination in Asia dovetailed with expansion into Americas. As Spanish, Portuguese, French, English, and Dutch powers captured huge territories in the Americas, they took away the continent's movable wealth: gold and silver. It was indeed some of these stolen precious metals that had funded the purchase of cotton fabrics in India in the first place".

¹⁸ "European traders were helped in securing cotton cloth in the quantity and quality they needed, and the price they desired, because their business practices were reinforced with political control of increasingly extensive Indian territories. They came not just as traders, but increasingly as rulers" (Ibid: 43

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¹⁹ “European settlers in the Americas could not discover sufficient gold and silver and they invented a new road of wealth: plantations growing tropical and semitropical crops, sugar in particular, but also rice, tobacco, and indigo. Such plantations needed large numbers of workers, and to secure these workers, European deported at first thousands and then millions of Africans to the Americas” (Ibid: 35)

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²⁶ It is important to note that despite the agreement regarding the moral power of commerce, Condorcet was, overall, very critical of Montesquieu’s political ideas, including those ideas regarding economic progress and the rise of knowledge under the first stages of capitalism. According to Mazlish (1963), Condorcet states that “it is not the growth of knowledge but its decadence that has engendered the vices of civilized people”. Condorcet also anticipated Malthus (1766-1834) who placed in jeopardy the economic progress in the long term: “Might there not come a moment when, the number of people in the world finally exceeding the means of subsistence?”

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CONTRAS in ceasefire zones inside Nicaragua. That is not just my interpretation, the ceasefire agreement also specified an international official in charge of monitoring the agreement. It is the Secretary General of the Organization of American States. He wrote a letter to Secretary of State George Shultz, stating that the AID that the United States was sending was inconsistent with the ceasefire agreement and [that] he wanted to call the attention on the Secretary of State to this serious violation of the ceasefire agreement and the congressional legislation... Congress proceeded to send the AID, the neutral agency that they selected was USAID, the State Department subsidiary, that's the 'neutral agency', and they are sending it illegally to Honduras. In fact the AID they are sending is not only flatly inconsistent with the Central American peace agreement, it is even inconsistent with the congress' own legislation". Chomsky (1990). Propaganda Terms in the Media and what they mean. In: <https://www.youtube.com/watch?v=vmoXze-Higc&sns=em> March, 1990. Last Seen: July 29 of 2015.

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²²⁴ Observatory of Human Rights. Vice-presidency of the Republic of Colombia (2010). Panorama de los Grupos de Autodefensa. (Paramilitary Groups Panorama). In: <http://historico.derechoshumanos.gov.co/Observatorio/Publicaciones/Documents/2010/Temas/autoespa/index.htm>. Last Seen: June 26 of 2015. 22 pages.

²²⁵ The period of expansion according to this research is between 1993 and 2002. However there is not available data from the same source for paramilitary groups in the last three years: between 2000 and 2002.

²²⁶ These strategic meetings were led personally by Carlos Castaño Gil according to the reports to the Prosecution Units for Justice and Peace process.

²²⁷ Centro de Memoria Histórica (2012). (Center for Historic Memory). Justice and Peace. Land and territories in the versions of Paramilitaries. National commission for reparation. Colombia. 2012. 236 pages.

²²⁸ El Espectador, (2010). El primer capítulo de la 'paraeconomía'. (The first chapter of paraeconomics). In: <http://www.elespectador.com/opinion/editorial/el-primer-capitulo-de-paraeconomia-articulo-204504>. May 22, 2010. Last Seen: July 31, 2015.

²²⁹ Dube and Naidu, (2014). Bases, Bullets and Ballots: The effect of US Military aid on political conflict in Colombia. National Bureau of Economic Research. Working Paper 20213. Cambridge, MA.

²³⁰ López and Sevillano (2007). Balance Político de la Parapolítica. (Political Balance Sheet of Parapolitics). Corporación Nuevo Arcoiris. In: <http://www.cronicon.net/paginas/juicioauribe/img/Balance%20de%20la%20Parapol%EDtica.pdf>. 27 pgs

²³¹ Ibidem

²³² López, et al, (2010). Y refundaron la patria... de Cómo mafiosos y políticos reconfiguraron el Estado Colombiano. (About how mobsters and politicians reconfigured the State in Colombia). Ed. Claudia López Hernández. Corporación Nuevo Arcoiris. Congreso Visible – DeJusticia- Grupo Metodo – MOE. Ed Debate. 78 pgs.

²³³ Valencia (2012). El de Chivolo no fue el único pacto entre las AUC y los Políticos. Corporación Nuevo Arcoiris. In: <http://www.arcoiris.com.co/2012/05/el-de-chivolo-no-fue-el-unico-pacto-entre-las-auc-y-los-politicos/>. Last Seen July 17 of 2015.

²³⁴ Washington Post (1994). DEA agent attacks Colombia as 'Narco-democracy'. In: <http://www.washingtonpost.com/archive/politics/1994/10/01/dea-agent-attacks-colombia-as-narco-democracy/410189e6-0878-48b9-925a-127ce47148f1/>. October 1, 1994. Last Seen: July 31 of 2015.

²³⁵ Op cit. Economic and Social Council of the UN (2000:6)

²³⁶ Economic and Social Council of the United Nations (2000). Commission on Human Rights. Specific Groups and individuals: Mass exoduses and displaced persons. Report of the Representative of the Secretary General on Internally displaced persons submitted in accordance with Commission resolution 1999/47.

²³⁷ Ibañez and Muñoz (2011). La persistencia de la concentración de la tierra en Colombia: ¿Qué pasó entre 2000 y 2010? (Persistence in land concentration in Colombia: What does happen between 2000 and 2010?). In: Notas de Política No 9. School of Government, University of Andes. CEDE. August 2011. 4p

²³⁸ Interview with Ana María Ibañez. Andes University. Colombia. January 20, 2015.

²³⁹ This estimation doesn't include the state of Antioquia that have been one of the most affected areas by paramilitaries.

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²⁴⁰ Interview with Ernesto Samper Pizano. Union of South American Counties. January 15, 2015.

²⁴¹ For Instance former governor of the State of Cordoba and manager of the Ranching Fund of Cordoba grabbed more than 20,000 hectares of land for paramilitary armies. Currently, the general prosecutor of Colombia put him in jail. In: <http://www.elheraldo.co/nacional/asi-despojo-exgobernador-de-cordoba-128-familias-169647>

²⁴² For Instance, in 2007, the United States embassy informed that Colombia continue growing and exporting African Oil Palm as a substitute of cocaine in the State of Chocó. Nevertheless, the same embassy states that there had been accusations from communities that producers grabbed land in 1997 with the help of paramilitaries. In: <http://www.elespectador.com/noticias/wikileaks/palmeros-y-el-fantasma-paramilitar-articulo-264720>

²⁴³ For Instance, According to the Business and Human Rights Resource Centre, a report from the Dutch NGO PAX stated that Drummond and Prodeco which are two mining companies, paid to paramilitary groups in order to targeted killing union members in the State of Cesar. In: <http://business-humanrights.org/es/colombia-informe-de-ong-holandesa-pax-alega-que-empresas-mineras-drummond-y-prodeco-parte-de-glencore-colaboraron-con-paramilitares-de-derecha#c103872>

²⁴⁴ For Instance, in the Dam project “Pescadero-Ituango” owned by State firms, a judgment from the courts for Justice and Peace in Colombia argues that massacres, massive assassinations and targeted killings were associated with the energy project in the State of Antioquia. In: <http://www.verdadabierta.com/component/content/article/3766-investigaran-si-paras-favorecieron-proyecto-hidroituango>

²⁴⁵ For Instance, a former commander of paramilitaries hand over a list of 226 entrepreneurs of banana and ranching companies in Urabá region that fund and worked with the help of paramilitary armies. Some of these business men had been judicial processes for land grabbing. In: <http://www.eltiempo.com/archivo/documento/CMS-12004961>

²⁴⁶ For Instance, Former commander of a paramilitary bloc “Ever Veloza” stated in a court for Justice and Peace that owners of sugar mills paid a monthly fee for “business protection”. He also stated that some of the money was used to commit massacres. In: <http://www.elpais.com.co/elpais/judicial/ex-paramilitares-reconstruyen-historia-del-bloque-calima>

²⁴⁷ For example, the entrepreneur “William Velez” was mentioned in some messages from Paramilitary commanders describing his willing of being part of State businesses such as recycling and solid wastes. In: <http://lasillavacia.com/historia/3415>

²⁴⁸ This expert was interviewed January 15 of 2015. The name of the interviewee is reserved as confidential at his request.

²⁴⁹ OECD, (2009). Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors. TPA - OECD. 48 pages.

²⁵⁰ UN (2007). Basic principles and guidelines on development-based Evictions and Displacement. Annex 1 of the report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living. United Nations. In: http://www.ohchr.org/Documents/Issues/Housing/Guidelines_en.pdf. 15 pages.

²⁵¹ Diaz, A and Sanchez, F (2004). Geografía de los cultivos ilícitos y conflicto armado en Colombia. Bogotá: CEDE. Marzo de 2004. 78 p.

²⁵² UNDP (2003). El conflicto. callejón con salida. In: <http://www.acnur.org/biblioteca/pdf/5626.pdf?view=1>. United Nations Development Programme for Colombia. September of 2003. 510 p

²⁵³ Restrepo (2010). Una política integral de tierras para Colombia. Minister of agriculture and rural Development. In Colombia. In: http://www.minagricultura.gov.co/archivos/ministro_jc_restrepo_tierras_2.pdf. August of 2010.

²⁵⁴ Haussmann and Hidalgo, et al (2009). Electronic Complexity Observatory, MIT Media Lab and the Center for International Development. In:

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https://en.wikipedia.org/wiki/Colombia#/media/File:Tree_map_export_2009_Colombia.jpeg. Last Seen: July 28 of 2015.

²⁵⁵ DANE (2015). Administrative Department of National Statistics. Colombia, Exportaciones totales por sector 1995 – 2015. (Total Exports by economic sector between 1995 and 2015).

²⁵⁶ Interview with Ernesto Samper Pizano. Union of South American Counties. January 15, 2015.

²⁵⁷ IPC (2010). Memoria de la Impunidad en Antioquia: Lo que la Justicia no quiso ver frente al Paramilitarismo. (Impunity memory in Antioquia: What justice didn't want to see regarding paramilitaries). Equipo Interdisciplinario *ad hoc* sobre impunidad y memoria. Instituto Popular de Capacitación (IPC), y Corporación Jurídica Libertad. Colombia. 2010. 276 pages. A digital copy can be found in: <http://www.ipc.org.co/portal/images/stories/pdfs/Memoria%20de%20la%20impunidad%20en%20Antioquia.pdf>

²⁵⁸ Calculated divided COL\$ 9,276,000,000 by the exchange rate COL\$/\$ in March of 1998 1,343.85

²⁵⁹ Aranguren, 2001. Mi confesión: Carlos Castaño revela sus secretos. (My confession: Carlos Castaño reveals his secrets). Ed La Oveja Negra. 268 pages.

²⁶⁰ I would like to thank Jennifer Vargas Reina for provided me the public judicial files with the names of the entrepreneurs mentioned by Mr. Raul Emilio Hasbun in the judicial process. This is a judicial file dated in March 21 of 2012, by the Attorney General's Office, to the Deputy Prosecutor Number 25.

²⁶¹ IPC (2010). Memoria de la Impunidad en Antioquia: Lo que la Justicia no quiso ver frente al Paramilitarismo. (Impunity memory in Antioquia: What justice didn't want to see regarding paramilitaries). Equipo Interdisciplinario *ad hoc* sobre impunidad y memoria. Instituto Popular de Capacitación (IPC), y Corporación Jurídica Libertad. Colombia. 2010. 276 pages. A digital copy can be found in: <http://www.ipc.org.co/portal/images/stories/pdfs/Memoria%20de%20la%20impunidad%20en%20Antioquia.pdf>

²⁶² Cuartas, (2013). Hagamos memoria: Denuncias de Gloria Cuartas, exalcaldesa de Apartadó sobre masacre paramilitar. (Let's remember: Complaints of Gloria Cuartas, former mayor of Apartadó city about a paramilitary massacre). In: <https://www.youtube.com/watch?v=PkfxBnjTqlA>. Canal Capital. January 18, 2013.

²⁶³ Bebbington (2013). Regulating the boom: Extractive Industries and Emerging Geographies of Resource Governance in Latin America. In: David Rockefeller Center for Latin American Studies. Harvard University. April 16 of 2013.

²⁶⁴ Rudas (2011). Regulación Minera y regulación ambiental. (Mining and environmental regulation). In: <http://www.slideshare.net/TatianaMaldonado/guillermo-rudas-foro-de-reclame>. Last Seen: July 28 of 2015.

²⁶⁵ UPME, (2011). Boletín Estadístico de Minas y Energía 1990 – 2010. (Statistical Bulletin of Mining and Energy 1990 – 2010). Planing Unit for Mining and Energy. Ministry of Mining and Energy. Republic of Colombia. 249 pgs.

²⁶⁶ Rudas, (2011). Regulación Minera y regulación Ambiental. Retos frente a la locomotora minera. (Mining and environmental regulation: Challenges of the "maining railway"). In: <http://www.slideshare.net/TatianaMaldonado/guillermo-rudas-foro-de-reclame>. April 8, 2011. Last Seen: August 4, 2015.

²⁶⁷ Whole examples are taken from the speeches made at the seminar "Causes of Conflict according to the experts", made in Colombia in March 20 of 2015. From: <http://www.forossemana.com/articulo/id/9261/las-causas-del-conflicto-segun-los-expertos>. Last Seen: April 5 of 2015.

²⁶⁸ According to this time frame, Zubiría highlights two of the several structural factors for violence, first, the specific kind of State Building based on violence and State terrorism in Colombia and second, the political regimes and the consolidation of political parties when elites have a deep fear to the plebs, to the democracy, to the people, and to the social, educational, and whole kinds of reforms

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²⁶⁹ Estrada makes this time frame under the hypothesis that the conflict is inherent to socioeconomic arrangements (In this case the ones structured under capitalism). Thus, violence is just a way of how social conflict became armed conflict.

²⁷⁰ I would like to thank research journalist Juan Diego Restrepo who gave me access to all his information regarding paramilitary armies and Medellín Drug Cartel. This information was personally extracted by him from the General Attorney Office after months of his own work. This information was kindly given to me in order to complete this research.

²⁷¹ According to the Attorney General Office, these groups (or units) were divided by zone like this: Bloque Caquetá, Bloque Catatumbo, Bloque Centauros (Heroes del llano y heroes del Guaviare), Bloque Central Bolívar, Bloque Cundinamarca, Bloque Elmer Cárdenas, Bloque Heroes de Granada, Bloque Heroes de Gualivá, Bloque Libertadores del Sur, Bloque Metro, Bloque Mineros, Bloque Mojana, Bloque Pacífico, Bloque Resistencia Tayrona, Bloque Sur Andaquíes, Bloque Sur Magdalena Isla de San Fernando, Bloque Suroeste, Bloque Vencedores de Arauca, Bloque Norte, Bloque Córdoba, Bloque Montes de María, Bloque Nordeste, Bloque Noroccidente, Bloque Pacífico y Chocó, Bloque Puerto Boyacá, Bloque Sur de Bolívar, Bloque Sur Putumayo, and Bloque Tolima.

²⁷² Here I would like to thank again to Carolina Rojas, María Camila Luna, and Jairo Gonzáles for their time, and kindly assistance during my fieldwork in Bogotá (Colombia), as well as for the data they sent me afterwards.

²⁷³ Interview made to researchers in the GMH. January 22 of 2015. 11:30 – 13:00

²⁷⁴ Interview with Fabio Lozano. Director of SISDHES. April 10 of 2015. 10:40 – 14:53

²⁷⁵ Op cit. 25:00 – 28:27

²⁷⁶ Ibid. 28:28 - 34:23

²⁷⁷ Ibid: 53:00 – 53:38.

²⁷⁸ El Tiempo (2008). No hay certeza sobre cuántos municipios tiene actualmente Colombia, pero ya no son 1,098. In: <http://www.eltiempo.com/archivo/documento/CMS-4111251>. April 20 of 2008. Last Seen July 9 of 2015.

²⁷⁹ Law 136 of 1994. Regulations to modernize the organization and management of Municipalities. In: <http://www.alcaldiabogota.gov.co/sisjur/normas/Norma1.jsp?i=329>. Last seen: July 10 of 2015.

²⁸⁰ López, et al, (2010). Y refundaron la patria... de Cómo mafiosos y políticos reconfiguraron el Estado Colombiano. (About how mobsters and politicians reconfigured the State in Colombia). Ed. Claudia López Hernández. Corporación Nuevo Arcoiris. Congreso Visible – DeJusticia- Grupo Metodo – MOE. Ed Debate. 78 pgs.

²⁸¹ Arcoirirs, (2012). El de Chivolo no fue el único pacto entre las AUC y los políticos. (Chivolo wasn't the only agreement between the AUC and politicians). Corporación Nuevo Arcoiris. May 15, 2012. In: <http://www.arcoiris.com.co/2012/05/el-de-chivolo-no-fue-el-unico-pacto-entre-las-auc-y-los-politicos/>. Last Seen: 21 of July 2015.

²⁸² Romero, et al (2007). Parapolítica. La Ruta de expansión paramilitar y los acuerdos políticos. (Parapolitics: The route of paramilitary expansion and political agreements). Edited by Mauricio Romero. Corporación Nuevo Arcoiris. 396 pages.

²⁸³ López, et al, (2010). In: Y refundaron la patria... de Cómo mafiosos y políticos reconfiguraron el Estado Colombiano. (About how mobsters and politicians reconfigured the State in Colombia). Chapter 1. Ed. Claudia López Hernández. Corporación Nuevo Arcoiris. Congreso Visible – DeJusticia- Grupo Metodo – MOE. Ed Debate. 78 pgs.

²⁸⁴ Law Firm José Alvear Restrepo (2010). Los hombres que rodean la seguridad democrática. "The men around the Democratic Safety". In: <http://www.colectivodeabogados.org/noticias/noticias-nacionales/Los-hombres-que-rodean-la>. Issued by April 7 of 2010. Last Seen July 21 of 2015.

²⁸⁵ Mission for Electoral Accountability (MOE), (2013). Parapolítica Histórica desde 1995 a 2013. (Historic Parapolitics between 1995 and 2013). In:

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http://moe.org.co/home/doc/moe_mre/2013/Parapoliticaactualizadofebrero2013.pdf. Actualized on February 14 of 2013. Last Seen July 21 of 2015.

²⁸⁶ Several articles were used from VerdadAbierta.com. Among them, there is the article “from the congress sit to the jail” (de la Curul a la cárcel), In: <http://www.verdadabierta.com/component/content/article/63-nacional/4800-de-la-curul-a-la-carcel> (2013), “Former congressmen prosecuted for Parapolitics” (Ex congresistas procesados por Parapolítica), In: <http://www.verdadabierta.com/la-historia/1305-ex-congresistas-procesados-por-parapolitica> (2009), “Politicians captured in Uraba” (Los Políticos capturados en el Urabá Antioqueño), In: <http://www.verdadabierta.com/politica-ilegal/parapoliticos/5423-el-aleman-y-su-proyecto-politico-en-uraba>. (2014), and “A review of the Paramilitary influence on Mayor Offices in Córdoba”. (Un repaso a la influencia paramilitar en alcaldías de Córdoba), In: <http://www.verdadabierta.com/un-repaso-a-la-influencia-paramilitar-en-alcaldias-de-cordoba> (2014).

²⁸⁷ Arcoiris Foundation (2013). Qué pasó con los alcaldes y gobernadores de la lista negra de Arco Iris? (What happened with the black list of Mayors and Governors issued by Arcoiris? In: <http://www.arcoiris.com.co/2013/02/que-paso-con-los-alcades-y-gobernadores-de-la-lista-negra-de-arco-iris/>. February 5 of 2013.

²⁸⁸ There were used mainstream newspapers and magazines inside Colombia such as El Tiempo, Semana, and El Colombiano, as well as specialized information from research journalist sources such as VerdadAbierta and Corporación Nuevo Arcoiris, among others.

²⁸⁹ I would like to thank Sergio Durán García for all his efforts in getting the information for all democratic elections that have been held in Colombia from the National Registry of the Civil State, as well as for finding and funding the right personal to process this information

²⁹⁰ The website with “public” historic information from the National Registry of the Civil State can be seen at: <http://www.registraduria.gov.co/-Historico-de-Resultados->

²⁹¹ I want to thank the engineer Yuliana Zapata from Colombia who processed all the information from the National Registry of the Civil State. Democratic elections in Colombia are accountable by this research thanks to her help.