Chapter 2

The Pro-business Effects of Paramilitary Terror in Colombia: Appreciating Different Types of Political Violence and Their Economic Impacts.

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Abstract

Scholarly investigations into conflict and development have typically highlighted the acutely negative economic effects of political violence. This includes terrorism, which, according to the relevant literature, can have deeply inimical effects on economic growth. Others have highlighted that certain types of terrorism such as business-related terrorism (for example, terrorist attacks that target or affect the buildings, products, employees, etc., of multinational corporations) have a negative impact on a country's ability to attract FDI, while non-business-related terrorism that does not target foreign businesses had no significant effect. While this research at least attempts to nuance the debate, it overlooks the possibility that terrorist activities might benefit processes of economic development such as FDI. This chapter argues that the literature on terrorism and economic development – similar to literature on other types of political violence such as civil wars – is underpinned by a flawed liberal assumption that violence and economic growth are incongruent. By adopting a critical approach that appreciates the often-violent tendencies of global capitalism, this chapter argues that certain types of terrorist violence can lead to economic development by creating conditions that are attractive to domestic and foreign capital. A case in point is paramilitary terror. Using the example of Colombia, this chapter considers how terrorism perpetrated by the right-wing paramilitaries in the country has been instrumental in creating conditions that have facilitated processes of economic development, including inward flows of FDI and increases in exports. The first underlying theme of this chapter is to therefore highlight that, while terrorism may indeed be business-related or non-business related, a third category needs to be considered: 'pro-business' terrorism. The second theme is to highlight that paramilitarism can constitute this latter form of terrorism. It is also important to note that this violent form of development has deeply inimical effects on large swathes of people.

Introduction

Since the 1960s, the people of Colombia have endured a brutal civil war fought between the government of Colombia on the one side and powerful left-wing guerrillas on the other.[i] The Colombian government has not stood alone in its fight against the guerrillas; in particular, Colombia has a history of paramilitarism that has bolstered the Colombian military's capacity to fight the guerrillas. Often working in concert with the military, these right-wing paramilitary groups have had a profound effect on Colombia's civilian population. The paramilitaries are responsible for the majority of human rights abuses in Colombia's civil war and have employed terrorism across large swathes of Colombian territory.

Before proceeding, it is worth noting the following point: terrorism is a particularly difficult concept to define and the academic study of terror "has been dogged by definitional disputes" with hundreds of different definitions of terrorism existing across policy and academic spheres (Sánchez-Cuenca & Calle, 2009, p. 33). There are indeed rich and insightful debates regarding the definition of terrorism. However, the purpose of this chapter is not to engage in this debate but, rather, to focus on what can be considered terrorism based on the observation that most definitions of terrorism contain three central aspects: (1) the use or threat of violence, which is (2) directed against the civilian population, for (3) political gains/motivations (for example, see Leech, 2011).[ii] This chapter further points out that political gains/motivations are often inextricably linked to economic gains/motivations; thus, a political economy approach is adopted which recognizes the marriage of the political and economic spheres in the context of terrorism and economic development (see Maher & Thomson, 2011, p. 96). Furthermore, it is important to note that there is an overlap between civil war and other forms of political violence such as terrorism, an overlap that has been recognized in the context of violence and economic development (for example, Blomberg et al., 2004; Sandler & Enders, 2008). For example, acts of terror in civil wars can serve clear military objectives.

This chapter will begin by discussing the relevant literature that investigates the links between terrorism and economic development. It will then analyse the link between terrorism and economic development in Colombia, beginning with a brief background of paramilitary groups in the country. The chapter then proceeds to argue that, contrary to the prominent logic within terrorism scholarship, paramilitary terror has served to bolster economic growth in Colombia and facilitate the country's deeper integration into the global market. This chapter will focus on what it refers to as pro-business terrorism (see also Maher & Thomson, 2016) in the context of Colombia's paramilitary groups. To demonstrate this, the chapter will examine the role of paramilitary violence in Colombia's oil, coal, and palm oil sectors.

Terrorism and economic development

A number of studies have bemoaned the lack of scholarly research analysing the economic consequences of terrorism (for example, Abadie & Gardeazabal, 2003; Blomberg et al., 2004; Powers & Choi, 2012). Several scholars have nevertheless attempted to analyse the economic effects of terrorism through a positivist/neo-positivist approach that relies on statistical analyses of terrorism across a number of cases (for example, Blomberg et al, 2004), as well as quantitative analyses of specific cases. Analyses of the economic effects of terrorism in Pakistan (Malik & Zaman, 2013) and the Basque Country (Abadie & Gardeazabal, 2003) are good examples.

The above literature overwhelmingly highlights the negative economic consequences of terrorism.[iii] For example, it is argued (*inter alia*) that terrorism disrupts economic activity and leads to the destruction of production inputs, damaged goods, loss of life, and so on. It is further argued that terrorism increases the costs of doing business and can result in the diversion of investment from productive sectors to the security sector. It is also observed that terrorism can lead to economic, political, and personal instability. Similarly, it is argued that terrorism increases investor uncertainty and creates an unstable/less predictable investor climate (for example, see Blomberg et al., 2004; Abadie & Gardeazabal, 2008; Sandler & Enders, 2008; Malik & Zaman, 2013). Terrorism is also argued to have negative impacts on processes of economic globalization such as international trade and Foreign Direct Investment (FDI) (Abadie & Gardeazabal, 2003, 2008; Nitsch & Schumacher, 2004; Sandler & Enders, 2008).

One notable study by Powers and Choi (2012) attempts to nuance the debate by advancing a conceptual framework that acknowledges business-related terrorism (for instance, terrorist attacks that target or affect the buildings, products, employees, etc., of multinational corporations) and non-business-related terrorism (terror that does not target foreign businesses). Focusing on the effects of international terrorism and FDI, Powers and Choi's study suggests that business-related terrorism has a negative impact on a country's ability to attract FDI, whereas non-business-related terrorism has no significant effect.

Powers and Choi provide a partial corrective to studies that assume all terrorist activities have uniformly negative economic effects. However, while this framework may be a useful tool to better understand which types of terrorism threaten the interests of foreign direct investors, Powers and Choi's conceptual framework overlooks the possibility that terrorist activities might benefit FDI. At no point is pro-business terrorism considered, a proposition

entirely missing from the discussion. And while non-business-related terrorism may not target the interests of foreign direct investors, this type of terrorism, once unpacked, could "in fact serve the interests of capital in an extended pattern of capital accumulation" (Maher & Thomson, 2016, p. 37). As Cramer (2006, p. 230, 233) argues, while capitalism may continue to require stability to advance its largely preferred situation of predictability, there is nevertheless the potential that foreign capital has an interest in violence and instability: "If conflict shakes up existing rights to assets like land or mineral deposits," argues Cramer (2006, p. 233), then "encouraging conflict or the violent exclusion of some local interests may open new ownership and investment opportunities."

The liberal interpretation of political violence

Key assumptions regarding violence and development that are held by the terrorism literature discussed above resonate with the assumptions underpinning influential civil war scholarship. More specifically, a central observation that has arisen from studies investigating the economic consequences of civil war is that intrastate conflict has deeply inimical effects on economic development (for example, see Collier et al., 2003, p. 14; World Bank, 2011).[iv] Similarly, the bulk of terrorism literature discussed above assumes that terrorist events have only negative economic consequences and assumes that terrorism presents only risks and instability for investors and firms.

Critics argue that key assumptions underpinning numerous studies investigating the economic consequences of political violence such as civil war are problematic. Cramer (2006) argues that the assumption that civil war inexorably leads to economic decline is underpinned by a liberal interpretation of war, which, since the First World War, is "an interpretation that regards all wars as exclusively negative" (p. 9). According to Cramer (2006), the assumption that civil war has only inimical effects on economic development suffers from "historical amnesia" and overlooks how violence has been central to capitalist development throughout history. Violence can be part of an economy, with both violence and war "integrated into the appropriation and production process, as they often have been and still frequently are" (Cramer, 2006, p. 17; see also Maher, 2018). The assumption that political violence such as civil war has only the propensity to produce negative economic effects is thus untenable from a critical framework. This critique can be extended to terrorism. A rather uneasy position is therefore presented: as deplorable as violence is, it has often been central to economic development and "progress."

A case in point is forced displacement, which can form part of violent processes of capital accumulation, opening-up "entire regions for transnational capital" (Escobar, 2004, p. 214). This has been referred to by some scholars as land grabbing (for example, Grajales, 2011). In addition to fraudulent purchases of land, forced land sales are also a key strategy of forced displacement, a tactic often employed by Colombia's paramilitaries and involves coercing peasant farmers to sell their land at significantly reduced prices (for example, Grajales, 2011). It is thus crucial to note that forced displacement is often a concerted strategy of political violence and should not be simply seen as a by-product of conflict. This is particularly the case in Colombia, where forced displacement serves to spread the territorial control of armed groups, diversifies sources of funding and is a strategy employed to clear areas of inhabitants (Ibáñez & Vélez, 2008). Forced displacement also serves to impede collective action, harm social networks, and both intimidate and control the civilian population (Ibáñez & Vélez, 2008).

The economy, political violence and paramilitarism in Colombia

During the 2000s, Colombia's economy exhibited strong growth. Between 2000 and 2009, Colombia's GDP per capita grew at an annual average or 2.8 per cent, compared to 1.1 percent between 1990 and 1999, making Colombia the second fastest growing economy in Latin America after Peru during the 2000s (see Maher, 2018). Furthermore, while the economy did slow in 2008 and 2009 due to the global economic crisis (OECD, 2012, p. 18), the Colombian economy did not record any periods of economic retraction. However, during the former decade, the economy retracted by -0.9 per cent in 1998 and -5.6 per cent in 1999.

This impressive economic growth during the 2000s was bolstered by dramatic increases in international trade and FDI,[v] particularly within the petroleum sector and the mine and quarry sector.[vi] While the Colombian government has adopted neo-liberal economic reforms since the early 1990s (what became known as *la apertura económica* or the economic opening), these reforms deepened under the presidency of Álvaro Uribe (2002-2010), particularly in Colombia's oil sector. By the mid-2000s, William Drennan of US oil and gas corporation Exxon Mobil claimed that Colombia's fiscal terms were among the best in the world (Economist, 2007).

At the same time, contrary to some observations (for example, World Bank, 2011), political violence in Colombia intensified. When compared to the 1990s, average annual battle-related deaths more than doubled in the 2000s, from an annual average of approximately 1,200

battle-deaths per year during the former period, compared to about 2,500 during the latter period. Moreover, the FARC conducted more military operations during the 2000s when compared to the 1990s, forced displacement intensified during the latter period, and the annual number of Colombian soldier and police officer deaths were typically higher during the 2000s (see Maher, 2018).

It has been argued that Colombia's economic growth was not achieved in spite of intensifying civil war violence. On the contrary, political violence in Colombia created conditions to facilitate increases in inward FDI, international trade and the resultant growth in GDP per capita during the 2000s (Maher, 2015a,b, 2018). More specifically, violence perpetrated by Colombia's public armed forces and, crucially, the right-wing paramilitaries (often acting in concert), directed at both armed and unarmed groups, has facilitated economic growth. For example, challenging the guerrillas has bolstered investor confidence with regard to investing in Colombia; widespread forced displacement has provided access to previously unavailable land, which is subsequently used to begin or expand commercial activity; and violence directed at civilian groups such as trade unions and indigenous communities serves to violently challenge groups who often oppose the interests of domestic and international capital. As this chapter will go on to discuss, central to this violence is the terrorist tactics employed by Colombia's paramilitary groups.

The paramilitaries

Paramilitarism in Colombia is "the complex result of the confluence of a great variety of actors, such as landholders, drug smugglers and army officers" (Grajales, 2011, p. 773). Throughout their historical development, Colombia's paramilitary groups have taken on various forms (for example, Hristov, 2009, pp. 59-70). In this context, Hristov (2009, p.59) notes how "paramilitarism has had different expressions throughout Colombia's history," manifested in organized violence by citizens who: (1) received support from the state to combat the guerrillas and neutralize those groups that challenge capitalist interests; (2) engaged in "social cleansing" operations directed against common criminals, beggars, street vendors in the informal sector, and other poor people on Colombia's streets; and (3) were linked to illegal activities, including the drug trade, weapons, emerald trafficking, theft, and assassinations. Hristov (2009, 2014) further shows how paramilitary groups have used violence to advance the economic interests of particular sectors of Colombian society such as landowners, agro-industrialists, drug

traffickers, and cattle ranchers, as well as some transnational corporations (TNCs) in Colombia, particularly those operating in the extractive industries.

The different forms of paramilitarism can be briefly identified as follows: in the 1960s and 1970s, armed civilian groups that were sponsored by the Colombian government established paramilitary groups to fight Colombia's insurgencies. This included a legal framework to establish paramilitarism. For example, Decree 3398 – which was passed in 1965, became Law 48 in 1968 and remained in effect until 1989 – authorized the creation of civil patrols and legalized Colombia's Defence Ministry to supply these patrols with weapons (Human Rights Watch, 1996; Stokes, 2005, p. 72; Hristov, 2009, p. 62; 2014, p. 81). This "laid the legal foundation for the active involvement of civilians in the war from 1965 until 1989" (Human Rights Watch, 1996, p. 13).

During the 1980s, a clear anti-guerrilla (and, in particular, an anti-FARC) focus of paramilitarism developed (particularly as a reaction to FARC kidnappings), linked to both the protection of large landholders' assets and to the illegal drug trade (Hristov, 2009; Grajales, 2011). Moreover, the paramilitaries systematically targeted civil society, including members of political parties, trade unions and indigenous groups (Hristov, 2009; Maher & Thomson, 2011; Maher, 2018). A case in point is the Unión Patriótica (UP), the left-wing political party founded by the FARC and the Colombian Communist Party. It is estimated that 2,000 to 3,000 UP members were murdered between 1986 and 1995, which included the assassinations of two of the UP's presidential candidates (see Maher & Thomson, 2018). During the 1990s, paramilitary groups continued to grow in numbers and size, eventually forming the United Self-Defence Forces of Colombia (known by its Spanish acronym: AUC) in 1997. This paramilitary umbrella group was duly classified as a terrorist group by a number of countries and international organisations, including the US government and the European Union.

Notwithstanding the US' designation of the AUC as a terrorist organisation, the US has played a role in the formation of Colombia's paramilitary groups. This includes Colombia's counter-insurgency strategy using key US Army Field Manuals and US Army Special Texts, which influenced the government's decision to create civilian forces and to establish "self-defence communities" (*juntas de autodefensa*) (Human Rights Watch, 1996, p.14). The US has also supplied arms, military training, and large amounts of aid for the Colombian government to execute its counter-insurgency strategy (Stokes, 2005). The US' counter-insurgency support for Colombia was uninterrupted during much of the Cold War and continued into the 1990s and 2000s (Stokes, 2005). In the late 1990s, a munificent US aid package typically referred to as Plan Colombia (and later the Andean Regional Initiative) marked an increase in US aid to

Colombia. Between 2000 and 2012, the US provided $8.5 billion of aid, three-quarters of which was spent on Colombia's military and police (Maher, 2018). While the key stated aim of Plan Colombia was focused on counter-narcotics, it was nevertheless underpinned by a counter-insurgency logic (for example, Stokes, 2005) and it has been argued that Plan Colombia was a response to the greater threat the FARC posed to Colombian government during the 1990s (Leech, 2003). As funds from Plan Colombia began to enter the country, there was "a corresponding increase in Colombian military human rights violations with an explosion of paramilitary violence" (Stokes, 2005, p. 97).

The bourgeoning of the AUC in the 1990s and early 2000s had particularly deleterious effects on Colombia's civilian population and affected the dynamics of the civil war in a number of ways. Firstly, the AUC was responsible for the majority of human rights abuses in Colombia according to most sources, responsible for 70 to 80 percent of human rights violations recorded in the country (see, for example, CINEP, 2005; Comisión Colombiana de Juristas, 2009; Leech, 2011, p. 126). Secondly, the AUC was responsible for the majority of forced displacement in Colombia (for example, see Ibáñez & Vélez, 2008, p. 662; Comisión de Seguimiento, 2009). The types of paramilitary actions that typically lead to forced displacement are types of violence that can be clearly classed as terrorism. For example, the paramilitaries employ violent tactics of assassinations, massacres, disappearances, kidnappings and threats of violence, as well as the destruction of homes, property, and livestock. This terror can ultimately lead to forced displacement as civilians flee the violence or threat of violence. This serves multiple political and economic goals for the paramilitaries and the Colombian government, as well as Colombia's oligarchy and transnational capital. Thirdly, the AUC was deeply involved in the illegal drug trade, which is estimated to have provided the group with 80 percent of its income and the paramilitaries were responsible for 40 percent of cocaine exports from Colombia, in comparison to an estimated 2.5 percent for the guerrillas (for example, see Brittain, 2010, p. 138).

As noted above, paramilitarism in Colombia has deep-rooted links to the Colombian state. This is perhaps most obviously manifested in the links between Colombia's public armed forces and paramilitaries, an "established fact," as Richani (2002, p. 103) points out. As Amnesty International (2002, p. 14) notes: "The paramilitaries, backed by the army, have sown terror in Colombia for decades. They have tortured, killed and 'disappeared' thousands of civilians. And all this with virtual impunity." In addition to the extensive links between the paramilitaries and the public armed forces is the extensive list of sources that document these

links.[vii] Cooperation between the public armed forces and paramilitary groups is far reaching, ranging from the military supplying the paramilitaries with material and intelligence, to direct collaboration in egregious human rights violations including extrajudicial killings, massacres, and forced displacement.[viii] The paramilitaries should therefore be understood as "pro-government militias" (for example, see Maher & Thomson, 2018).

It is also important to understand that paramilitarism penetrated far deeper into Colombian society than just collaboration with the public armed forces. In particular, paramilitarism has permeated the political landscape, with paramilitary groups building strong relationships with many local and national politicians, as well as public institutions (for example, see Amnesty International, 2004; Hristov, 2009, 2014). The links between Colombia's paramilitary groups and the country's politicians were illustrated by what became known as the *parapolítica* scandal. As part of the 2003-2006 paramilitary demobilisation process and the corresponding Justice and Peace Law, paramilitary leaders provided testimonies of their paramilitary activities. In addition to providing accounts of collusion with Colombia's military, these testimonies highlighted the extent to which paramilitarism was deeply embedded in Colombian politics and the paramilitaries' strong influence on Colombia's Congress (for example, see Human Rights Watch, 2010; Richani, 2011).

The continuation of paramilitarism in Colombia

Following the paramilitary demobilization process between 2003 and 2006, the Colombian government proclaimed the end of paramilitarism in Colombia, referring to the numerous armed groups that emerged out of this process as BACRIMs (based on the Spanish term *bandas criminales* or criminal bands/gangs). While some have accepted the BACRIM label (for example, Ince, 2013), this reclassification of Colombian paramilitary groups as purely criminal groups has attracted much criticism, linked to the deep inadequacies of the demobilization process (for example, Hristov, 2009, 2014; Human Rights Watch, 2010; Maher & Thomson, 2011). While some differences do exist between the AUC and successor paramilitary groups, there is nevertheless "considerable continuity in the way paramilitary forces operate" following the paramilitary demobilization process (Maher & Thomson, 2011, p.104; see also CODHES, 2009; Human Rights Watch, 2010, pp. 99-107; Hristov, 2009, 2014; Maher, 2018).

For instance, while the links between the illegal drug trade and successor paramilitary groups are often used as an explanatory factor to distinguish between traditional paramilitaries and BACRIMs (for example, see Ince, 2013), this actually demonstrates continuity with the

AUC, which, as noted above, was deeply involved in the drug trade. And like the AUC that preceded them, successor paramilitary groups continue to carry out "extra-judicial killings, forced displacement, disappearances, intimidation and threats to influence the activities of various movements jockeying for social reform such as labour unions, workers organizations and others" (Maher & Thomson, 2011, p. 104). Given that the demobilization process failed to dismantle paramilitary structures, compounded by the observation that successor groups are made up of numerous former AUC members who did not demobilise (for example, Human Rights Watch, 2010; Hristov, 2009, 2014; Maher & Thomson, 2018), it was perhaps predicable that, as CODHES (2009, p. 7) observes, successor paramilitary groups continue to operate with the same *modus operandi* as the AUC. This includes links to various state institutions (for a good analysis, see Hristov, 2014).

Paramilitary terror and the oil sector

As Hristov (2009, p. 60) argues, notwithstanding the different labels that have been applied to paramilitary groups at different periods in Colombia, paramilitarism has the following core characteristic: "the use of violence to advance the economic interests of a particular sector of society with the tolerance and support of the state." Colombia's paramilitary groups are typically understood to be right-wing militias because of their "fiercely anti-communist" ideology (Leech, 2006, p. 126) and because these groups espouse a key goal to "defend the interests of powerful domestic and international economic actors" (Amnesty International, 2004, p.5). There are also well-documented allegations of links between TNCs operating in Colombia and right-wing paramilitary groups. Some well-known examples include Chiquita Brands International, a US banana company, and the allegations of paramilitary links to multinational mining companies such as Drummond and Prodeco (the latter being a subsidiary of Glencore) (for example, see Apuzzo, 2007; Moor & van De Sandt, 2014).

As noted above, in addition to social movements, paramilitary violence has also been directed at left wing-guerrillas. For instance, both the ELN and the FARC have targeted oil infrastructure across Colombia, including bombing oil pipelines, which often disrupts or halts oil production with high financial costs for both transnational oil companies and the Colombian government. Furthermore, a key aim of the guerrillas is to extort money from oil corporations, which has been a lucrative revenue stream for Colombia's rebel groups.

The violence perpetrated by paramilitary groups is qualitatively different from the guerrillas. Rather than harming the interests of oil corporations, paramilitary violence serves

to protect those interests by establishing territorial control over areas with oil deposits. For example, in the Department of Casanare,[ix] Richani (2002) observes that the paramilitaries were central to protecting oil pipelines from guerrilla attacks by pushing the rebels away from villages in proximity to oil pipelines and by disrupting the guerrilla's ability to claim extraction and protection rents from the corporations operating in the area. In this way, the paramilitaries were able to establish and consolidate "buffer zones" to atrophy the influence of guerrillas in the areas surrounding pipelines.

Similarly, in the Department of Arauca (immediately north of Casanare), the AUC played a key role in providing security for the Caño Limón-Coveñas in collaboration with the state's armed forces. As part of security operations, the paramilitaries held numerous roadblocks and checkpoints in the area (Amnesty International, 2004, p. 11, 34; Maher, 2015a, 2018). Paramilitary groups were also able to penetrate Arauca's political landscape (for example, see Verdad Abierta, 2009), subsequently weakening the guerrillas' ability to raise money through oil royalties. To achieve territorial control in Arauca and undermine support for the guerrilla, the AUC imposed a regime of terror (Verdad Abierta, 2010) including assassinations, massacres, forced disappearances, forced displacement, robbery and theft as the paramilitaries sought to "purify" and "cleanse" Arauca of the guerrillas' influence (Marx, 2002, p. 2; WOLA, 2003, p. 3). This includes targeting politicians, trade unionists, human rights workers, journalists and the wider civilian population accused of being guerrilla members or sympathizers. This continued after the paramilitary demobilization process, with successor paramilitary groups operating throughout Arauca, including ERPAC (Ejército Revolucionario Popular Antiterrorista Colombiano), *Las Águilas Negras* and *Los Urabeños* (for example, see El Tiempo, 2009; Human Rights Watch, 2010).

As mentioned above, paramilitary terror has been crucial for the protection of the Caño Limón-Coveñas pipeline and enhancing the Colombian state's ability to attract FDI in the oil sector during the 2000s, enabling remarkable levels of FDI. More specifically, protecting the Caño Limón-Coveñas pipeline represented a "test case" for the Colombian government's ability to protect infrastructure across Colombia (DOS, 2004; GAO, 2005, p. 8). This focus on the Caño Limón-Coveñas pipeline was underpinned by the intense guerrilla campaign against the oil sector in Arauca. As Table 2.1 shows, between 1996 and 2001, the pipeline was attacked 530 times. In 2001, this peaked at 170 attacks. The situation in Arauca during this time is well illustrated by a confidential US cable. Referring to Arauca as the "Wild, Wild East,"[x] the cable states that the region represented "the best example of the challenges facing the GOC's [Government of Colombia's] attempts to create a secure working environment for oil

corporations" (DOS, 2001, p. 5). By 2003, the Colombian government had specifically incorporated protection of Colombia's infrastructure as part of its national security plan, stating that the government is "developing special programmes to prevent terrorist attacks against coal, electricity, petroleum, ports and airports, and telecommunications infrastructure" (Gobierno de Colombia, 2003, p. 58).

Table 2.1 further illustrates a dramatic fall in pipeline bombings after 2001 as the paramilitaries, followed by the military, began to gain territorial control to protect oil interests in the area. And while US Congress granted an addition $99 million dollars to specifically protect this pipeline (in addition to Plan Colombia), the majority of this aid (namely, 88 percent) did not reach Arauca until mid-2005, well after the bombings had declined from their peak in 2001 (Maher, 2015a, 2018).[xi]

<TABLE 2.1 HERE>

On the one hand, the decline in pipeline bombings enabled oil to be extracted from Caño Limón as normal as the oil facility has storage tankers with a seven-day holding capacity, allowing the pipeline to be repaired without lowering production (GAO, 2005). On the other hand, the ability to reduce pipeline bombing so effectively in the Arauca "test case" provided greater investor confidence that the Colombian government could protect vital oil infrastructure across the country, which has facilitated a flood of inward FDI to Colombia's oil sector (Maher, 2015a, 2018). Multibillion-dollar projects were duly undertaken, including new oil pipelines such as the $4.2 billion Bicentenario pipeline (which traverses parts of Casanare and Arauca) and other multimillion-dollar projects, such as oil depots to accommodate 'supertankers' to export Colombia's oil. However, greater security for oil investors was achieved in large part by terrorizing civilians in areas of economic interest, with high levels of human rights violations perpetrated by the paramilitaries in concert with the public armed forces.

In addition to addressing challenges to oil production, the AUC targeted social organizations that were deemed to challenge wider oil interests in Arauca. This included groups seeking to improve labour conditions (and thus increase costs for oil corporations) and groups that were vociferously opposed to oil exploration, such as indigenous groups, who contested the expansion of oil activities on their ancestral lands.[xii] Moreover, very similar to the AUC's modus operandi, successor paramilitary groups continued to direct violence "at specific civil

groups to maintain a climate of fear among their members," which advanced "interconnected political and economic goals by suppressing progressive social forces that may challenge capital interests" (Maher & Thomson, 2011, p. 104). This makes Colombia a "very attractive to foreign investment as poor working conditions and low wages keep profit margins high" (Maher & Thomson, 2011, p. 96).

While on the one hand, terrorizing civilian groups has repressed opposition to the expansion of oil exploration in the region, lowered labour costs and kept labour unions "in check," on the other hand, widespread forced displacement perpetrated by both the military and the paramilitaries has cleared swathes of land of inhabitants, enabling further expansion of oil exploration and production in the Department of Arauca (Maher, 2015a, 2018). To put this into context, between 2000 and 2009, 61,324 people were forcibly displaced in the Department of Arauca, according to data published by the Colombian government (Figure 2.1). This represents approximately 40 percent of Arauca's population during this period. The numbers of IDPs spiked from 2002 onwards, after the paramilitaries and the public armed forces entered the Department and consolidated their presence.

< FIGURE 2.1 HERE>

Source: Acción Social[xiii]

Municipalities that are strategically important for protecting oil interests in Arauca were acutely affected by forced displacement. Namely, Arauca City, Arauquita and Saravena (where the Caño Limón oil complex is located and where the oil pipeline traverses) and Tame (an area with a high number of indigenous people, where the Capachos oilfield is located and where the Bicentenario pipeline traverses) were particularly affected. Greater oil production and oil exploration were realised in these areas following high levels of forced violence (for more data and analysis, see Maher, 2015a, 2018).

There are clear parallels between the observations in the Arauca case and other oil producing regions of Colombia. This includes the Departments of Meta and Casanare, which, together with Arauca, accounted for the majority of oil production in Colombia (approximately 70 percent) during the 2000s (see Maher, 2015a, 2018). Similarly, in Putumayo, oil companies were "hesitant to exploit the vast oil reserves that existed mostly in rebel-controlled regions" which "changed with the arrival of right-wing paramilitaries in the late 1990s" and the implementation of US aid (Plan Colombia), "both of which resulted in greater security for oil operations" (Leech, 2006, p. 160). Patterns of violence are similar in these Departments when

compared to Arauca, including high levels of paramilitary violence directed at the civilian population (see Maher, 2005a, 2018). In this light, while security for oil investors increased during the 2000s, levels of security for large numbers of Colombian citizens significantly declined.

Paramilitarism and the coal sector

The oil industry is not the only sector of Colombia's economy that has benefitted from paramilitary terror. The coal industry is a case in point. For example, a report by Moor and van de Sandt (2014) has documented paramilitary violence in the Department of Cesar, where a number of transnational coal companies operate. While all armed groups are responsible for the victims of violence in the Department, the AUC "caused disproportionately more deaths and displaced persons in the 1996–2006 period" (Moor & van de Sandt, 2014, p. 22).

The type of paramilitary terror observed in Cesar draws clear parallels with the Arauca example given above. The paramilitaries carried out widespread violence, including selective assassinations and massacres. The AUC also targeted specific groups deemed inimical to the interests of the coal sector, such as trade unions. Moreover, the "pervasive effect of the paramilitary violence" in Cesar is the "displacement of thousands of peasant families from their homes" (Moor & van de Sandt, 2014, p. 72). The clearing of people from their land subsequently enabled the operations of the coal sector to expand in these areas.

This violent process of accumulation is highlighted by the testimonies of ex-paramilitaries. One ex-paramilitary commander said the following with regard to forced displacement in the municipality of El Prado:

> "All this is done because of the coal-rich land: it brings in a lot of money, and that explains this [forced] displacement. A plot of land that is under dispute is worth nothing. Where there has been murder and people have been displaced, you can buy a hectare of land for 150,000 COP (USD 75)" (quoted in Moor & van de Sandt, 2014, p. 75).

Similarly, another ex-paramilitary commander stated that "We were ordered to be present there to put as many people as possible under pressure to sell their land," adding that "It was a place where they knew there was much coal in the ground, and where in future Drummond or some other company, such as Prodeco, would buy these plots of land" (quoted in Moor & van de Sandt, 2014, p. 75).

As Moor & van de Sandt (2014) argue, this process of forced displacement cleared the

way for the fraudulent purchase or the occupation of land by intermediaries, with mining companies subsequently purchasing the land to expand their mining project "in the full knowledge that it encompassed the lands of forcibly displaced families, the sale of which, according to Colombian law, is considered an illegal act" (p. 75). Similar to the Arauca case noted above, violence related to the coal sector has been directed at indigenous communities, Afro-Colombians and trade union groups (for example, see the edited volume by Chomsky, Leech & Striffler, 2007; see also Livingstone, 2004, pp. 92-95).

The paramilitaries and palm oil

There are a number of other sectors of Colombia's economy that have benefitted from paramilitary terror. This includes palm oil, which is increasingly exported to international markets. Under the presidency of Álvaro Uribe, the Colombian state began to promote palm oil exports and the production of bio-fuels became a priority for the government during the 2000s (Maher, 2018, pp. 179-80). Palm oil can be used in a variety of products, for instance, food and cosmetics products, engine lubricants, and so on, stimulating global demand. In its effort to promote palm oil, the Colombian government offered incentives to palm oil producers, including laws and decrees aimed at promoting the expansion of palm oil through (*inter alia*) reductions in tax on investments in agro-industrial projects (for example, see Consejo Nacional de Política Económica y Social, 2008, p. 5).

Palm oil was also touted as a powerful alternative to illegal crops, in particular coca (the raw ingredient of cocaine), and, as a result, it was argued that palm oil would weaken a key revenue stream of the guerrillas. According to the Uribe government, African palm could be an industry with opportunities of employment for demobilizing paramilitaries. However, as Rojas Mejia (2011) notes: "the oil palm boom has fueled the re-emergence of right-wing drug gangs" (n.p.) and has been "accompanied by massacres, targeted assassinations of community leaders and mass displacements" in many parts of Colombia. Rojas Mejia (2011) goes on to note that "the oil palm has been, like coca, both a blessing and a curse (n.p.). Both crops are lucrative, but both have drawn the attention of big businessmen and the death squads that accompany them."

Colombia's paramilitary groups are deeply entrenched in the palm oil industry and have been responsible for the majority of human rights violations within that sector (for example, see Grajales, 2011; Maher & Thomson, 2011; Maher, 2015b, 2018). With clear parallels to the examples discussed above, various NGOs and media sources have documented how

paramilitary groups use violence or threats of violence to acquire large swathes of land for palm oil cultivation, forcibly displacing thousands of people (including forced land sales) and clearing land to be subsequently used to grow African palm. Once the paramilitaries take control of the land, they then protect palm oil plantations from guerrilla attacks, as well as terrorize civilian groups deemed to challenge the interests of palm oil firms. These include indigenous and Afro-Colombian groups who oppose the expansion of industrial tree plantations such as palm oil on their land, as well as trade unions vying for better pay and conditions from palm oil companies (for example, see Maher, 2015b, 2018). Paramilitary attacks on trade union groups have also aimed to make Colombia's palm oil market more competitive in international markets in light of lower labour costs in leading African palm exporting countries such as Indonesia and Malaysia (Maher, 2015b, 2018).

Conclusion

This chapter argues that particular types of terrorism can serve the interests of capital and can facilitate economic processes such as FDI that contribute to economic growth. This type of terror is labelled as pro-business terrorism (Maher & Thomson, 2016). It would nevertheless be naïve to argue that all types of terrorism have pro-business and pro-growth effects. However, it would be similarly problematic to hold that all forms of terrorism exclusively inhibit processes linked to economic growth. The ongoing academic debate needs to be nuanced, as Powers and Choi (2012) have previously attempted. But their corrective to the flawed view that terrorism has homogeneous economic effects does not go far enough. In other words, their conceptual framework ignores the pro-business potential of terrorism. The terrorism perpetrated by Colombia's paramilitary groups is a case in point.

This chapter argues that the case of paramilitary terror in Colombia demonstrates a clear case of pro-business terrorism and that future research analysing the economic effects of terrorism should fully appreciate the varied violent strategies employed by different terrorist groups to achieve political and economic goals. While this pro-business terrorism produces positive economic effects for some actors (for instance, TNCs, states, paramilitary groups, large landowners, drug-lords, agro-industrialists, and cattle ranchers), it is crucial to reiterate that this type of development has deeply inimical effects for millions of people who are directly and indirectly affected by the violence.

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Endnotes

[i] The country's two largest guerrilla groups, the Revolutionary Armed Forces of Colombia (known by its Spanish acronym, FARC) and the National Liberation Army (ELN), were formally established in 1964.

[ii] According to this definition, all armed actors within Colombia's civil war (namely, the public armed forces, the paramilitaries and the guerrillas) have repeatedly used terrorism as a violent tactic (Leech, 2011). Nevertheless, in the context of this edited volume, this chapter focuses on the economic effects of paramilitary terror.

[iii] For a good overview of this literature, see Sandler and Enders (2008).

[iv] For a more in-depth review of this literature, see Maher (2018)

[v] In 2000, inward FDI stock in Colombia totalled $11.2 billion, which rose to $75.1 billion in 2009 (UNCTAD, n.d.). Similarly, Colombia's exports totalled $13.2 billion in 2000 and rose to $57 billion in 2011 (DANE, n.d.).

[vi] For example, in 2012, inward FDI to Colombia's oil sector totalled $5.4 billion (34% of total FDI), followed by the mine and quarry sector, which attracted $2.3 billion (15% of total FDI) (Banco de la República, n.d.).

[vii] A full list would be too exhaustive to give here; however, for some examples, see: Human Rights Watch, 2010; Richani, 2002; Amnesty International, 2004; Comisión Colombiana de Juristas, 2010; Stokes, 2005, CODHES, 2009; El Tiempo, 2009; Hristov, 2009, 2014; Maher and Thomson, 2011; CINEP, n.d.

[viii] It is also crucial to acknowledge that the public armed forces have carried out widespread human rights violations without the assistance of the paramilitaries (for example, see Brittain, 2010: 133-4).

[ix] Colombia is made up of 32 Departments, which are divided into 1,122 municipalities.

[x] In reference to Arauca's location in eastern Colombia.

[xi] This additional aid package was used for the purchase of 10 helicopters and other military equipment (GAO, 2005: 3-14).

[xii] These groups are granted inalienable rights to their land under Colombia's 1991 constitution.

[xiii] Acción Social, a Colombian government agency, recorded IDP data during the 2000s; these data have been used in this chapter. Forced displacement data later became available at the Departmento para la Prosperidad Social and later simply as the Registro Único de Víctimas (RUV): http://rni.unidadvictimas.gov.co/RUV