**MASTER THESIS**

*An examination of the influence of the FARC-EP on the economic development of Colombia*

**

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**Development and International Relations**

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**Abstract**

The purpose of this thesis was to investigate the connection between the influence of the FARC-EP and the economic development of Colombia. Furthermore, the goal of the research was to examine the influence of the international relations between the US and Colombia on the development of Colombia. In order to successfully conduct the research required for this thesis, a theoretical framework based on Marxism, neo-liberalism, international relations theory with a focus on internal conflict, and theories of war was created. This theoretical framework offered the basis for a broad and extensive study of literature related to the problem area. It presented the opportunity to conduct all-encompassing research, resulting in clear findings.

The research for this thesis comprised various significant elements with regards to the problem formulation, including but not limited to the economic and political development of Colombia, the development of the FARC-EP, the insurgency’s influence on the socio-economic development of Colombia, the influence of violence and internal conflict on the economy, and the implementation and effect of Plan Colombia. The results of the research indicated that the influence of the FARC-EP on the economic development of Colombia cannot be entirely disentangled from the influence of other relevant factors affecting the economic development of Colombia. However, in spite of the strong connection between the various elements that are relevant to the situation of internal conflict in Colombia and their influence on the country’s economy, it could be concluded that the influence of the FARC-EP on the economic development of Colombia is undeniable. This influence could be determined clearly as a result of the insurgency’s strong connection to numerous significant elements related to the economic development of Colombia.

**Table of Contents**

**Abbreviation List** ………………………………………………………………………………………………. 5

**Introduction** ………………………………………………………………………………………………. 6

**Problem Formulation** ………………………………………………………………………………………………. 8

**Methodology** ………………………………………………………………………………………………. 9

**Choice of Topic** ………………………………………………………………………………………………. 9

**Sources** ………………………………………………………………………………………………. 9

**Choice of Theory** …………………………………………………………………………………………….. 10

**Analysis** …………………………………………………………………………………………….. 12

**Limitations** …………………………………………………………………………………………….. 12

**Theory** …………………………………………………………………………………………….. 14

**Marxism** …………………………………………………………………………………………….. 14

Historical context of Marx’s critique on capitalism ………………………………………………………………………… 15

Historical materialism …………………………………………………………………………………………….. 17

**Neo-liberalism** …………………………………………………………………………………………….. 19

**IR Theory and internal conflict** …………………………………………………………………………………………….. 20

**Theory of War** …………………………………………………………………………………………….. 20

**Bargaining Theory of War** …………………………………………………………………………………………….. 22

**Background** …………………………………………………………………………………………….. 27

**Overview of the historical economic development of Colombia**  …………………………………………………. 27

**Recent economic development of Colombia** ……………………………………………………............................. 29

**Historical overview of the development of the FARC-EP** ……………………………………………………………… 31

**Recent development of the FARC-EP** …………………………………………………………………………………………… 34

**Analysis** ……………………………………………………………………………………………. 36

**The economic development of Colombia** …………………………………………………………………………………….. 36

Economic progress and policies .…………………………………………………………………………… ……………… 36

The CFTA ……………………………………………………………………………………………. 38

**The political development of Colombia** ……………………………………………………………………………………….. 39

President Pastrana …………………………………………………………………………………………….. 39

President Uribe …………………………………………………………………………………………….. 40

President Santos …………………………………………………………………………………………….. 40

**Plan Colombia** ……………………………………………………………………………………………. 41

Coca cultivation and drug-trafficking ……………………………………………………………………………………………… 42

The influence of drug-trafficking on the economy …………………………………………………………………………. 43

PNDA …………………………………………………………………………………………….. 44

Dislocation of people …………………………………………………………………………………………….. 45

**The development of the internal conflict** …………………………………………………………………………………….. 46

The FARC-EP and the situation in Colombia …………………………………………………………………………………… 47

An offensive against the FARC-EP ………………………………………………………………………………………………….. 48

**The influence of violence on the economy** ………………………………………………………………………………….. 49

Attacks on oil companies …………………………………………………………………………………………….. 50

The influence of the internal conflict on the Colombian economy ………………………………………………… 50

Economic development and the internal conflict …………………………………………………………………………. 52

Infrastructure ……………………………………………………………………………………………. 53

**The US and Colombia** …………………………………………………………………………………………….. 54

The historical involvement of the US and the fight against the FARC-EP ……………………………………….. 55

Terrorism and the fight against drug-trafficking ……………………………………………………………………………. 57

Coca cultivation and US involvement …………………………………………………………………………………………….. 57

USAID …………………………………………………………………………………………….. 58

USAID grants …………………………………………………………………………………………….. 59

**Colombia and other Latin American countries** ……………………………………………………………………………… 60

The Colombian economy compared to other Latin American countries ……………………………………….. 61

**The decrease in the influence of the FARC-EP** ………………………………………………………………………………. 62

**Conclusion** …………………………………………………………………………………………….. 64

**Perspective Taking** …………………………………………………………………………………………….. 66

**Appendix I** – Map of Colombia …………………………………………………………………………………………….. 67

**Appendix II** – GDP of Colombia: 1980-2010 …………………………………………………………………………………… 68

**Bibliography** …………………………………………………………………………………………….. 69

**Abbreviation List**

AED Accelerated Economic Development

ATPA Andean Trade Preference Act

AUC Autodefensas Únidas de Colombia [*United Self-Defense Forces of Colombia*]

BTW Bargaining Theory of War

CFTA US – Colombia Free Trade Agreement

ELN Ejército de Liberación Nacional [*National Liberation Army*]

FARC-EP Fuerzas Armadas Revolucionarias de Colombia – Ejército del Pueblo [*Revolutionary Armed Forces of Colombia – People’s Army*]

FDI Foreign Direct Investment

GDP Gross Domestic Product

ICIJ International Consortium of Investigative Journalists

IMF International Monetary Fund

IR International Relations

PC Plan Colombia

PCC Partido Comunista Colombiano [*Colombian Communist Party*]

PNC Plan Nacional de Consolidación [*National Consolidation Plan*]

PNDA Plan Nacional de Desarrollo Alternativo [*National Plan of Alternative Development*]

PPP Purchasing Power Parity

RMA Revolution in Military Affairs

UN United Nations

US United States

USAID US Agency for International Development

**Introduction**

The history of Colombia shows a complex and interesting profile of a country with great economic potential, which has been dealing with a variety of problems and has developed strongly in the past decade. The country has been dealing with internal strife practically since it became independent in the 1820s, with the only pause in the armed conflict occurring in the period from 1902 to the 1940s (Rochlin, 2010: 715). The development of Colombia is strongly influenced by the dynamical relationship between violence and the economy, which puts a strain on the country’s progress towards a stable society. Due to Colombia’s conflict with various violent actors the country continues to struggle for the power over its territory. This is confirmed by the fact that “[t]he country has enjoyed exceptional regime stability but is racked by internal conflict” (Holmes, Gutiérrez de Piñeres & Curtin, 2009: 3). In addition to the serious problems caused for the people, the Colombian economy has suffered over the past decades from the violence due to the country being an increasingly unattractive place for foreign as well as domestic investment.

Overall, the internal conflict in Colombia has influenced the country in various ways, including its economic development in recent years. In spite of significant improvements over the past decade, Colombia continues to struggle with the lack of a well-functioning system, which is illustrated by the fact that “[i]nternal conflict, authoritarian strains, tensions between modernity and underdevelopment, and the corrupting effect of drug trafficking all remain as troubling domestic issues, and regional disputes and tensions are creating further difficulties for Colombia” (Pardo, 2009: 84). These difficulties are partly a result of the fact that “[a]lthough Colombia is one of Latin America’s oldest democracies, with a history of unusually competent economic governance, it is also home to one of the most entrenched leftist insurgencies in the world and a brutal paramilitary movement” (Holmes, Gutiérrez de Piñeres & Curtin: 73).

The *Fuerzas Armadas Revolucionarias de Colombia – Ejército del Pueblo* [Revolutionary Armed Forces of Colombia – People’s Army] (FARC-EP) is the largest, most powerful and longest-established guerilla movement in Latin America. Unlike other guerilla movements, it has managed to sustain its revolutionary struggle as a military and political force against capitalism, fighting to achieve social change within Colombia’s capitalist system by means of violence (Brittain & Petras, 2009: xv). In Colombia, “[t]he historical settlement pattern, the distribution of the population, and the physical geography hinder effective central government control and provide opportunities for rebellion” (Holmes, Gutiérrez de Piñeres & Curtin: 12). The conflict between the Colombian government and the guerilla movements, principally the FARC-EP, has been influencing the country for over four decades and reached its peak during the late 1990s and early 2000s. The insurgent groups lack the forces to overthrow the government, and in recent years violence in the country has been decreasing, presenting broad opportunities for further economic development in Colombia. The exact number of guerilla soldiers is unknown, as official figures are often significantly different than estimates from other organizations (Brittain & Petras: 22). In spite of the extensive efforts of the government to reduce the strength of guerilla movements, the influence of the FARC-EP on the socio-economic situation in Colombia continues to exist (CIA World Fact Book).

The influence of the FARC-EP as a guerilla movement on a country with great economic potential will be further examined in this thesis. I will start by presenting an overview of the economic and political situation in Colombia, as well as an explanation of the origins of the FARC-EP. Altogether, this information in combination with the theoretical framework as set out in the theoretical chapter, will provide the context for a subsequent discussion of the influence of the FARC-EP related to the economic development of Colombia. The strong involvement of the United States (US) with Colombian policies results in a logical integration of the US and Colombian international relations (IR) into the topic. The influence of the US on the socio-economic situation in Colombia is mainly visible through the implementation of Plan Colombia (PC). The illicit drug trade, the influence of the FARC-EP on Colombia and the economic situation in the country are strongly interconnected, as will become clear in this thesis.

**Problem Formulation**

When looking at the history of Colombia, it cannot be denied that the FARC-EP has had a great influence on the development of the country. Colombia has a strong economic potential which is proven by the country’s significant development in the past decade. Combined with the possible decline of the forces of the FARC-EP, this raises the following question:

***What is the relation between the influence of the FARC-EP and the economic development of Colombia?***

This question is strongly interconnected with the following sub-question:

*In which way are the international relations between Colombia and the US related to the development of Colombia?*

In order to answer these questions, I will examine the influence of the FARC-EP on Colombia, by studying the historical development of the country in combination with the development and progression of the FARC-EP. In this thesis I will provide a clear idea of the influence of the FARC-EP on the economic development in Colombia. As economic development is influenced by various actors, I will examine in which way, if possible, the FARC-EP influence can be disentangled from other factors that have influenced the economic development of Colombia over the past decades. Furthermore, I will examine the influence of Colombia’s IR with the US related to the economic development of Colombia. Both countries and their policies are strongly interrelated and the US has had a great influence on Colombia’s development in the past years, mainly through PC. The strong connection between both countries allows for further research, which complements the research done in order to answer the main question in this thesis by providing a most complete overview of the situation in Colombia.

The theoretical framework used for my research is based on which theories I believe to be underlining the research conducted for this thesis the most. The theories found to be most useful for the further explanation of the topic resulted to be Marxism, neo-liberalism and theories of war and internal conflict, as will be explained further in the theoretical chapter (cf. Theory). Ultimately, although it is a challenge to distinguish the influence of the FARC-EP from other influencing factors, the impact of the FARC-EP on the economic development in Colombia will be graspable from this thesis.

**Methodology**

In this chapter I will thoroughly explain the process concerning the choice of topic, data collection and the choice of theory for this master thesis. This explanation is followed by a discussion of the limitations of my research, as well as an overview of the choices I made related to the writing of the analysis. As all choices made in the process of writing this thesis have been made according to my subjective opinion, these choices can always be questioned and critiqued.

**Choice of Topic**

I have always had a strong interest in Latin America, therefore, I decided to do my internship in South America and, consequently, write my master’s thesis on a subject related to the area. During my internship I learned that Colombia is regarded as one of the Latin American countries with a high economic potential. I knew about the various issues, often related to violence, which the country has been dealing with historically. Furthermore, I regularly came across information about the country’s largest insurgency, the FARC-EP. I believed there had to be a connection between the influence of the FARC-EP and the socio-economic progress of Colombia, and I wanted to know more about the causes for the relatively slow economic progress, in spite of the broad possibilities of the country to generate economic development. I have always had a strong interest in Colombia, therefore, I wanted to focus on the situation in the country and possibly learn about the possibilities for further development in the future. Choosing to focus on Colombia’s relations with the US was a direct consequence of the strongly interrelated policies of both countries, as well as the influence and involvement of the US with regards to the internal conflict in Colombia (cf. Analysis).

**Sources**

Due to the influence of a large insurgency such as the FARC-EP, and the importance of Colombia as a country with great potential in Latin America, there is plenty of data available on both topics. Finding relevant information that combines the two topics, however, made the research for this thesis more challenging. The data used for this thesis is collected from books, (news) articles and the Internet and was available in English, Spanish and Portuguese. In spite of the plentiful data available about various issues related to Colombia, it resulted to be more difficult to decide which data was most useful for the research for this thesis. Ultimately, I chose to use various books and articles as the basis for my research, carefully selected based on various criteria of which the most important factor, in my opinion, is whether the author provides an all-encompassing view on the situation in Colombia.

An example of a source that I chose to use as the basis for part of my analysis is the work of James J. Brittain. In his book *Revolutionary Social Change in Colombia: The Origin and Direction of the FARC-EP* he describes his findings, based on the research he conducted while spending several years in Colombian guerilla territory. Therefore, in my opinion, his work represents a realistic examination of the development of the FARC-EP, with findings, such as the estimated number of FARC-EP combatants, that may not always be confirmed by official figures. However, my personal beliefs are reflected in his findings, that I believe to be most accurate and objective. Furthermore, I chose to use the book *Guns, Drugs and Development in Colombia* as it provides a complete and well-rounded overview of the situation in Colombia, which allows for a deep understanding of the various elements that influence the economic development of Colombia. In order to study the economic development of Colombia I chose to mainly use economic articles from the Internet, as I believe this information allows for a thorough understanding of the current situation as well as the causes for economic development in the past decades. Ultimately, there were specific reasons for the use of each source that I included in the research for this thesis.

**Choice of Theory**

The process of determining which theories are most suitable to provide a relevant framework in order to examine the economic situation in the developing country of Colombia, which is influenced thoroughly by internal conflict, resulted to be challenging. As there is no single theory combining both aspects of the research for this thesis, namely the economic development of a country in relation with the influence of a guerilla movement on the socio-economic situation in the country, I chose to use both economic theory and theories of war and internal conflict in order to provide a complete theoretical framework. Ultimately, after carefully examining the broad possibilities to choose theories to use in the process of writing this thesis, and in order to write a theoretically based examination that is as well-rounded as possible, different types of theories are used as the basis for the research for this thesis. Together, I believe these theories present the most complete theoretical framework for the topic, which, in my opinion, would not have been equally achieved through the use of a different set of theories.

Firstly, the Marxist economic theory and neo-liberalism theory offer an economic angle to the research, which is important when looking at the economic development of Colombia. Marxist economic theory is valuable with regards to understanding the origins of the FARC-EP insurgency and the economic situation in Colombia at the time of its origin (cf. Background). Furthermore, neo-liberalism provides a useful theoretical basis when looking at the policies of the Colombian government in past years, focused on implementing neo-liberal strategies in an attempt to further develop the Colombian economy. A theoretical framework for the economic perspective of the Colombian government in the past years allows for a further understanding of the economic development of the country during that time. Secondly, due to the internal conflict Colombia is suffering from and the distinctive situation arising from the problems the government is facing, the groundwork to understanding the violence in the country is laid in a theory that discusses the relation between IR theory and internal conflict. As theories do not focus on internal conflicts only, it is common to study theories of political violence and/or interstate violence in situations of internal conflict. However, the bargaining theory of war (BTW), which originated fairly recently, partly focuses on internal conflicts. Therefore, the BTW is most relevant to internal conflict. Furthermore, it helps explain the situation in Colombia through the fact that both the FARC-EP and the government have tried to bargain on their disputes during past years. These bargaining efforts failed and, consequently, the internal conflict in Colombia is on-going, thereby affecting the economic development of the country.

Other theories that presented itself while researching which theories would be most fitting for this thesis were, for example, the International Regime Theory, Balance of Power Theory and theory of Offensive Realism. However, I chose to discard these theories based on the belief that these theories were not as applicable to the situation in Colombia as the ones that were ultimately selected. Both the International Regime Theory and Balance of Power Theory were discarded as they are mainly focused on IR and global structures, which makes it difficult for them to be applied to a situation of internal conflict such as the one in Colombia. Offensive Realism is equally focused on the international system as well as the expansion of the state and, therefore, not fully applicable to the situation in Colombia. Furthermore, there are various economic theories available, of which I believed, for example, capitalism and liberalism to be less applicable to the Colombian case than neo-liberalism and Marxism.

Intertwining economic theories with theories of war and internal conflict ultimately provides the best possible insight into the internal conflict in Colombia and its influence on the economic development, thereby including the influence of the FARC-EP on the economic progress of Colombia. The combination of the theories as they are described in the theoretical chapter is most useful for this thesis, as through the use of all theories mentioned the situation in Colombia can be investigated most thoroughly. The combined use of the theories in this thesis allows for a deep understanding of the situation in Colombia, through the focus of various theories on various but equally relevant elements of the situation in Colombia. As different theories focus on different elements of the Colombian development, the theories supplement each other, thereby providing a most fitting theoretical framework when combined. Therefore, I believe the combination of the applied theories provides the most complete theoretical framework possible as a basis for the research for this thesis.

**Analysis**

Analyzing the influence of the FARC-EP on the economic development of Colombia resulted to be challenging, as separating the influence of the FARC-EP from other factors influencing the economic progress in the country is difficult to accomplish. As I continued my research, I learned that the drug-trafficking and coca production in Colombia, the FARC-EP and its influence on Colombian society and the economic development of the country are strongly interconnected and basically inseparable. As the FARC-EP is closely connected to and for a large part controlling the coca cultivation and drug trade in Colombia, and the influence of illicit drug activities on the licit Colombian economy is undeniable, I believe that the influence of the FARC-EP on the economic development of Colombia is apparent, yet impossible to determine specifically. Therefore, I chose to focus on the different elements influencing each other and mainly the Colombian economy, and their relationships to each other. The findings of my examination are presented in the analysis of this thesis.

The influence of the US on the situation in Colombia and the IR between the US and Colombia are undeniably linked to the issues mentioned above and are, therefore, important in order to answer the problem formulation. Through PC, the US is strongly involved with the goal of eradicating coca cultivation and drug-trafficking in Colombia, thereby aiming to improve the licit Colombian economy and its prospects for the future. The specific influence of the FARC-EP on the Colombian economic development cannot be derived from an examination of the influence of the US on the country. However, the examination of the IR between both countries adds to a full understanding of the relation between the influence of the FARC-EP and the economic development in Colombia. In spite of the lack of a clear connection between the influence of the US in combination with the influence of the FARC-EP on the economic development in Colombia, the US impact on Colombia cannot be ignored, as will become clear in the analysis (cf. Analysis).

In the process of gathering information illustrating the relation between the influence of the FARC-EP and the economic development of Colombia, I encountered a great amount of remarkable articles and topics that I believed to be of interest to the topic. In order to present all relevant information in a structured manner, I chose to make use of a number of headlines, so as to provide a well-structured analysis. Furthermore, I focused on presenting the analysis both in chronological order, as well as by problem area.

**Limitations**

In the process of writing this thesis, I encountered several limitations. Although it would have been interesting to look at the overall situation with regards to the influence of internal conflicts on the economic development of Latin America, I believed it was best to focus on a specific situation, such as the one in Colombia. Furthermore, the topic is best combined with the focus on the IR between Colombia and the US, instead of a focus on the IR between Colombia and various global partners. Ultimately, I believe that I chose an interesting topic to focus on, which provided me with a great deal of useful insights into the current situation in Colombia with regards to its socio-economic development process.

However, the most important limitation encountered during the research for this thesis was how difficult it resulted to be to determine whether the influence of the FARC-EP is a factor that influences the economic development of Colombia, or whether it is a factor that causes internal conflict and only influences the Colombian economy in combination with other influencing factors. Although the complete separation of the various factors influencing the economic development in Colombia may not be achievable, I believe that within the limitations of my research I gathered the most complete overview of the situation possible with regards to the FARC-EP and economic progress in Colombia.

Furthermore, I encountered limitations with regards to the theories available for the topic that I chose, as I believe that no single theory is completely fitting for the research as it was intended. Within my range of possibilities, I believe that I used the combination of theories as it is most useful in the light of the research conducted for this thesis. Ultimately, in spite of the limitations I came across during the process of writing this thesis, I believe that I wrote this thesis to the maximum of my possibilities and capabilities at the time of writing and with the resources available.

**Theory**

In order to provide a well-rounded theoretical framework supporting the research conducted to write this thesis, two different angles to the topic need to be recognized. First, the focus on the economic development of Colombia and the socio-economic situation within the country, which can be explained through Marxist economic theory and neo-liberal ideology. Secondly, so as to explain the influence of internal conflict in Colombia, theories of war are included in the theoretical basis of this thesis, in order to ultimately explain the influence of internal conflict on the economic development of a country by combining both theoretical angles and applying them to the research conducted. Together, these theories provide a fitting theoretical framework for the examination of the relation between the influence of the FARC-EP and the economic development in Colombia, as both theories combined allow for the analysis of the developmental impact of an internal conflict such as the one in Colombia.

Although other theories provided some elements recognizable to describe the events in Colombia, ultimately, these other theories resulted to be less applicable to the research conducted in this thesis. The theories presented in this chapter provide a complete theoretical framework as they are combined. They supplement each other, so as to focus on every relevant aspect of the situation in Colombia which is researched through the questions described in the problem formulation. The theories used made it possible for me to fully grasp the topic chosen, whereas I believe that the use of a different set of theories would not have provided me with the same all-encompassing theoretical framework for this thesis.

**Marxism**

Marxist economic theory is different from other economic theories, as “Marx’s approach to the study of the economy is unconventional” (Economic Theories). Where economic theory usually attempts to understand the entire economic system through an examination of the different parts of the system, Marx focuses on the entire socio-economic system instead, thereby analyzing the influence of different elements of society on the economy. Marxist economic theory is, therefore, strongly interconnected with the analysis of sociological and IR aspects. Marxist beliefs and vision on IR originate from before becoming recognized as a formal field of study. The “[…] integration [of Marxism] into the Western canon of IR approaches is belated, partial and problematic, and symptomatic of the politics of social science governed by the great twentieth-century contest between communism and capitalism” (Teschke, 2008: 163). It was only during the 1980s that Marxism became an increasingly recognizable area of study in the field of IR. Nowadays, Marxist IR theory is one of the most vital subfields to challenge the conventional IR theories.

As was mentioned above, Marx distinguishes himself from other economists from his time through the fact that he does not consider economic science to be separate from other sciences such as history, sociology and anthropology. This is illustrated by historical materialism, which is “[…] an attempt at unifying all social sciences, if not all sciences about humankind, into a single ‘science of society’” (International Viewpoint). This argument further explains the strong connection between Marxist economic theory and IR. Although Marx tried to explain the social economy and interconnect various disciplines of study, economics were always meant to be the center of his theory. He was “[c]onvinced of the inevitable collapse of capitalism […]” (Economic Theories) and believed that the contradictions between relations and forces of production would become clear through a class struggle, because he stated that “[…] the history of all societies is a history of class struggles” (ibid). Marx was convinced that capitalism would cause its own destruction and that communism was the only possible end to the process of the evolution from feudalism through capitalism and socialism. He wrote about the economic background of this process in his book *Das Kapital*, which was published first in 1867 (Econlib).

**Historical context of Marx’s critique on capitalism**

While European imperialism extended and the world production was industrialized during the 19th century, there were considerable changes in property control and ownership, as well as transfers of the population, both internally and towards the colonies. During this time, economic affairs were transforming significantly, causing various socio-economic changes as a result of the rise of capitalism. Early liberal thinkers such as Adam Smith (1723-1790) and David Ricardo (1772-1823) developed the “[…] liberal ‘political economy’” (Devetak, George & Weber, 2012: 63), which dealt with social change concerning both politics and economics and became the basis for (neo-classical) economics as an area of study. The political economists of this time insisted that capitalism should be used more efficiently, by advocating that land ownership and wealth should be invested throughout the entire society instead of just within the established aristocracy. Hereby, they wanted to combine capitalist industrial production with social progress. However, “[t]he optimism and pragmatism of these liberal political economists […] ran into some rather stark practical problems during the course of the nineteenth century” (ibid), due to the increasing urban poverty as a result of unorganized urbanization and rural displacement. According to Marx and Engels, the world market was established based on the modern industry, ultimately leading up to the existence of a bourgeoisie[[1]](#footnote-1). Technology flourished under the influence of capital development, which is explained by the fact that “[…] the modern bourgeoisie is itself the product of a long course of development, of a series of revolutions in the modes of production and of exchange” (Marx, Engels & Harvey: 35-36).

With the rise of modern modes of production, workers had no other choice than to accept the poor terms of employment offered to them. However, they chose to dispute the wages and working conditions by confronting the industrial capitalists. In theory, the political economists foresaw harmonious relations between labor and capital, while in reality capitalism turned out to be the source of oppression and social unrest. This is the point where Karl Marx (1818-1883) and his friend Friedrich Engels (1820-1895) started to develop their alternative theory. They disagreed with the liberal political economists in many ways, however, they “[…] agreed that industrial development was necessary and desirable […]” (Devetak, George & Weber: 64). They saw the liberal political economists as bourgeoisie and disagreed strongly with the political and social implications of the modernization process connected to capitalism. While they wanted to progress further and modernize the industry, they believed that capitalism[[2]](#footnote-2) was to benefit the welfare of the entire society. Marx and Engels stated that “[s]ociety as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other – bourgeoisie and proletariat” (Marx & Engels, 1848: 9). When Marx came to England in 1849, he believed that the contradictions within a capitalist class society such as the one existing in England would automatically lead to a revolution and, eventually, a more equitable society. Although he was convinced of the necessity of such a revolution, he also believed that bourgeois capitalism was arranging its own downfall. Marx states that at a certain point, the productive forces of the bourgeoisie will cause over-production, thereby impeding the development of capital. Instead of a rise of capitalism, therefore, these conditions will “[…] bring disorder into the whole of bourgeois society, endanger[ing] the existence of bourgeois property” (ibid: 16). They bourgeois society can allow for further growth of wealth by either destructing part of the productive forces of their society, or by conquering new markets.

The most important features of Marxist economic theory are described in the book *An Introduction to International Relations* and are recognized as follows: “[…] first, an acknowledgement of the negative consequences of industrialized capitalism without completely dismissing its latent potential for an emancipated, post-capitalist society” (Devetak, George & Weber: 65). Secondly, a critical assessment of capitalism due to its generation of disparate social relations, ultimately leading to exploitation, domination and oppression of the proletariat. Third, the awareness that “[…] the domination of the great majority by a small wealthy minority which owns and controls the means of production creates the sources of class conflict” (ibid). Fourth, the critique on liberalism as the ideology of capitalism, stating that liberalism legitimizes exploitation and domination. Finally, the introduction of a method named ‘historical materialism’, which also explores “[…] potential sources of progressive social change” (ibid). As a result of the capitalist accumulation in Colombia, i.e. through the industrialization of agricultural production, the proletariat continued to grow as the lower middle class was unable to compete with large capitalists. The proletariat’s struggle with the capitalist bourgeoisie emerged quickly and continued to grow stronger. According to Marx and Engels, “[o]f all classes that stand face to face with the bourgeoisie […], the proletariat alone is a really revolutionary class” (Marx & Engels: 23). Although Marx and Engels conclude that the fall of the bourgeoisie “[…] and the victory of the proletariat are equally inevitable” (ibid: 25), the economic progress in Colombia continues, as well as the struggle of the FARC-EP for progressive change.

**Historical materialism**

Although Marx posed great critique on both capitalism and liberalism, he also had beliefs that were in common with those of the liberal political economists. Marx’s progressivist view on political economy was not liberal, and based on historical materialist theory which saw conflict as the foundation of history. Both Marx and the liberal political economists saw history “[…] as a progressive unfolding of better and *more* rational social arrangements in which people could look forward to more fulfilled, more ‘civilised’ lives than previous generations” (Devetak, George & Weber: 65). Marx and Engels, therefore, surely recognized the potential of capitalism - according to the will of the bourgeoisie - to generate progress for societies worldwide. However, when over-production as a result of the strong growth of capitalist accumulation occurs, the industry seems to destroy itself and even endanger the property of the bourgeoisie. In such a case, “[t]he productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property […]” (Marx & Engels: 16).

The socio-economic progress deriving from the spread of capitalism is not considered to be inevitable by Marx. Marx believed that in order to understand a society, the way in which production is organized is most essential and depends both on “[…] the forces of production […]” (Marx, Engels & Gasper, 2005: 24) and “[…] the social relations of production […]” (ibid). Both factors are interrelated and of influence to the production system of a society. He emphasizes that in order to establish progressive change for all classes, struggle is necessary, as the people in power will not easily give up on this power. Therefore, “[t]he key to historical, political and economic change depends upon organised struggles for change at those historical moments when the defenders of the status quo are at their most vulnerable – at moments of great class antagonism and crisis” (Devetak, George & Weber: 66). Ultimately, independent from the amount of inequality and suppression within a society, radical transformations will not arise automatically. Progressive change will only take place through struggles guided by strong political leadership. Most importantly, it can be stated that:

“[a]ccording to Marx, capitalism is exploitative, alienating, undemocratic, irrational, environmentally destructive, and prone to war. But it also creates the possibility of an alternative. Capitalism creates a huge urban working class, which Marx believes has enormous potential power if it can overcome its divisions to organize and struggle for its interests collectively. […] If […] [the workers] are able to use their collective strength to bring the system to a halt by general strikes and mass demonstrations, they can carry out a popular revolution that unseats the capitalists from power and creates a new social order, based on democratic workers’ control of the economy and society” (Marx, Engels & Gasper: 25).

In order to understand the theory of historical materialism, it must be explained what makes the theory materialist and what makes it historical. When Marx declared that the idealist philosophy[[3]](#footnote-3) of Hegel needed to be contrasted, he developed a method of analysis that was materialist in nature. This method was based on the system that individuals use to establish a life for themselves, which includes nourishment, habitation and clothing. Marx hereby puts primary value on the material element of a person’s social life, although he recognizes the significance of idealism. He states that “[h]ow individuals and societies intellectually conceive ‘modes of life’ is an activity integral to the human condition” (Devetak, George & Weber: 66), which leads to the fact that human beings are as they are, in a process that is changing historically. When the material conditions of a person change, history takes action and progresses. Ultimately, “[…] states, markets and all other human institutions must be understood as historical products, not abstract unchanging entities” (ibid).

Marxists see these institutions as an expression of the entire society. However, history is not the only factor influencing the progression of society, as history can only be made under specific circumstances not directly chosen by the people. Therefore, the history of a current society is basically the history of past class struggles. According to Marx, the driving force of history is the continuous struggle, “[…] shaping social relations and all the civil and political institutions that grow out of them, not least states, markets and the states-system – the political and economic manifestations of changing modes of production” (ibid). Instead of expecting peaceful social progress deriving from capitalism, as the liberal political economists expected, Marx believed the class struggles to increase as a result of the spread of capitalism. “By placing class conflict and struggles between capital and labour at the centre of its analysis, and by redescribing politics (the state and states-system) as a product emanating from the social relations of global capitalism, Marx’s theory of historical materialism offers a radically different understanding of the evolution of the international system” (ibid: 67). Marxists argue that “[…] the international system has been constructed by the upper classes and the wealthiest nations in order to protect and defend their interests” (Bukisa). It is commonly believed by Marxists that the international system serves the business interests of capitalist states and corporations. Marxist ideology represents the origins of the struggle of the FARC-EP, and, therefore, provides a strong basis for a further understanding of the arguments discussed in the analysis.

**Neo-liberalism**

Neo-liberalism first appeared as a type of political economy, introduced as a critique on Keynesianism[[4]](#footnote-4) (Gamble, 2001: 128). It is difficult to determine a single definition of neo-liberalism, but it is believed that the ideology was founded on classical liberalism as it was promoted by Adam Smith. This makes neo-liberalism both “[…] the ideology behind the most recent stage in the development of capitalist society […]” (Thorsen, 2007: 8) as well as a resurgence of the economic theories of Adam Smith. Neo-liberalism ideology is related strongly to monetarism[[5]](#footnote-5) and is believed to dominate current economic policies in Colombia, by decreasing the number of state regulations on the economy and by putting more emphasis on stable economic policies instead of ‘Keynesian’ objectives such as eliminating unemployment. The Colombian government strongly supports export and similarly aims to create a positive business environment as part of its neo-liberal economic policies. Furthermore, neo-liberalism believes, just as is generally assumed in classical liberalism, in “[…] the possibility of a ‘self-regulating market’ […]” (ibid). Optimal economic efficiency can be achieved through the market mechanism, with as little governmental intervention as possible.

Neo-liberal ideas were not expected to be turned into actual policies rapidly, but were established “[…] as the leading ideas both in the national politics of particular states, and perhaps more crucially in the international agencies of the global order” (Gamble: 128) soon after they originated. Neo-liberal ideology became influential across the world since the 1980s, when integration into the world market was strongly encouraged, combined with privatization, deregulation, and liberated competition and markets. Globalization is promoted as a means to liberalize markets, furthermore, neo-liberal ideology believes in the benefits of globalization on the development of people worldwide (Mittelman, 2005: 65). The significance of neo-liberalism became part of contemporary capitalism. Neo-liberal ideology provided a means by which capital could be restructured, independent from the Keynesian economic ideology. Economic policies should be based on sound monetary practices, instead of focused on economic growth and full employment. Neo-liberalism offers a clear-cut direction for the development of economic policies, namely the focus on “[…] recreating the widest possible conditions for markets to flourish, which means removing as many restrictions on competition as possible, and empowering market agents by reducing the burdens of taxation” (Gamble: 132). These are the conditions that the Colombian government has been focusing on since the introduction of neo-liberal policies in the 1990s. Ultimately, it remains difficult to clearly establish the definition of neo-liberalism, although the above described theory presents part of a useful framework for further reference in this thesis, especially in combination with the other theories discussed in this chapter.

**IR theory and internal conflict**

IR theory is often regarded as a useful tool in explaining internal conflict, although civil war and domestic violence differ distinctively from interstate wars and, therefore, theories providing insights to these wars are not completely fitting to the situation in case of intrastate wars (Lake, 2003: 81). The focus of this thesis is on the impact of Colombia’s internal conflict on its economic development, for which there is no single fitting theory available. Therefore, the Theory of War as described below presents a relevant framework for further use in the research. Fully fitting theories to the particular form of violence occurring in a situation of internal conflicts are not yet available, and, consequently, both the commonalities and differences between intrastate and interstate war are examined by means of a general theory based on political violence. Consequently, by means of including both theories of war as well as economic theories, a broad and most relevant theoretical framework is available for a full analysis of the subject which allows for an understanding of the specific situation in Colombia.

**Theory of War**

In spite of the fact that examining the causes of interstate wars does not provide an all-encompassing theoretical framework for the situation in Colombia, where an internal conflict continues to have an impact on the development of the country, the general causes of war do reflect on intrastate wars and will, therefore, help create a complete overview of theory relevant to the topic. The following theory explains the various factors that, in certain combinations, cause the initiation of war. As a result, the theory is applicable to the case of internal conflict in Colombia. Theory of War is not widely examined, therefore, the work of Hidemi Suganami will be scrutinized in this theoretical discussion, as he researched the various causes of war extensively.

Historically, war has not always been regarded an issue requiring immediate research with regards to its causes. It was only after World War I that the general image of warfare turned more negative, around the same period of time when the field of IR became an area of academic study. Most nations are commonly not at war, it is, however, “[…] the intensely negative and often long-lasting consequences of war in the contemporary world that sustains our interest in the search for its causes” (Suganami, 2012: 190). In spite of the continuous research into the causes of war, there is not a unified answer to be found. This is due to the fact that resorting to war is based on human decisions, and these decisions differ in different situations. Therefore, war is not believed to have a singular cause, but rather a set of factors that, combined, may or may not cause war. These factors, some more common than others, are known as war’s contributory causes. Furthermore, there is the possibility that one or more of these factors are more than contributory, and are, in fact, essential in order for war to originate. These factors, in case they can be identified, would be known as war’s necessary causes. In spite of these various causes of war, there is one cause that cannot be ruled out under any circumstances, and this is “[…] that given state sovereignty and/or the selfish and aggressive nature of human beings war is bound to happen […]” (ibid).

It is often suggested that any independent sovereign state[[6]](#footnote-6) has the right to start a war at any given point in time. However, being an independent state[[7]](#footnote-7) and wanting to start a war are two factors not inherently connected – anymore. Historically, the freedom to start a war at will was part of state sovereignty, at least until World War I. Nowadays, the freedom to fight opponents is constrained and depending on both international law and the United Nations (UN). Nevertheless, the general image with regards to sovereign states and their right to warfare remains different from the image of a province and its right to commence a war. “Under what circumstances we consider it to be the sovereign state’s function to resort to force will depend on what theories of international politics we subscribe to” (ibid: 191). Examples of these theories are “[…] Martin Ceadel’s (1987) five types of thinking about peace and war: militarism, crusading, defencism, pacificism and pacifism [and] Martin Wight’s (1991) traditions of international theory – realism, rationalism, revolutionism and inverted revolutionism […]” (ibid), which are similar. Both ‘pacifism’ and ‘inverted revolutionism’ see absolutely no circumstances to justify warfare, while, on the other hand, both ‘militarism’ and extreme ‘realism’ glorify war. Furthermore, both ‘crusading’ and ‘revolutionism’ believe in the justification of war as a way to bring revolutionary transformations to the world. Finally, ‘pacificism’ and ‘defencism’ are similar to ‘rationalism’ and moderate ‘realism’, which see war as a justifiable means of maintaining international order and protecting national interests (ibid). ‘Revolutionism’ and ‘crusading’ can be regarded as the theories explaining the justification of war in the situation of Colombia.

Over the past century, the freedom of states to resort to war has already diminished considerably. Still, the preventive wars initiated by the US after September 11 illustrate that sovereign states are able to instigate war if they wish so, just as sovereign states are not the only violent challenges that exist, which is demonstrated by independent organizations such as the FARC-EP. Furthermore, there are wars within sovereign states, for example the conflicts between rebel groups and the government forces. The characteristic of war is that it is fought between organized groups, it is never a fight between individuals, but a clash of societies[[8]](#footnote-8). Yet, “[c]onflict between societies requires an ability and inclination to form social groups, each with a requisite degree of solidarity to make it possible for its members to fight for their respective groups” (ibid: 192). War is not only a matter of fighting, it is also a matter of social groups distinguishing themselves from other groups. War, therefore, derives from the incapability of human beings to live in a society with deep divisions.

**Bargaining Theory of War**

During past research in the study area of IR with a focus on conflict, such as the Theory of War, scholars attempted to define the factors that caused the government, individuals and systems to start a conflict. A more recent approach, known as the BTW, “[…] explains violence as the product of private information[[9]](#footnote-9) with incentives to misrepresent, problems of credible commitment, and issue indivisibilities […]” (Lake: 81). This approach to a theory focusing on conflict results in the belief that a failure in bargaining disputes ultimately leads to both sides of the conflict being worse off than they would have been, had they bargained efficiently. After all, it is always beneficial to both parties to negotiate where possible, as the costs of a conflict and war are excessive. In short, “[t]he bargaining model sees the essence of conflict, violent or otherwise, as disagreement over resource allocation and/or policy choice” (Reiter, 2003: 28).

The first common reason for bargaining to fail is parties possessing “[…] private information with incentives to misrepresent” (Lake: 82). If a party has certain knowledge that is not available to other actors, this is known as private information. However, in order for bargaining to fail and the eventual beginning of a war, “[…] an actor[[10]](#footnote-10) must also have some incentive not to reveal its private information since doing so would otherwise allow a mutually preferred bargain to be reached and the costs of war to be avoided” (ibid). War plans are common to be misrepresented, especially since they lose their value after being known to the opposing party. Therefore, negotiations are more likely to fail in a case where both actors have little incentive to expose their strategies because they expect a favorable outcome for themselves as a result of their strategy. A second reason for wars to occur is the lack of credibility that one actor has in respect of the other actor fulfilling its terms as discussed in the bargain. When a bargain is reached but parties cannot put faith in the other party’s future behavior with respect to the agreements made, this can result in war. Yet even when bargains are made at a time where both parties are considered credible, these commitments are not assured to last eternally, as uneven growth rates of the actors may result in incredibility. Third, bargaining may not be possible at all, when the issue under dispute is unable to be divided equally or at all between the parties. The indivisibility of an issue may lead to the parties having great difficulties in reaching a solution that is acceptable for both actors. Compromising may be even more difficult for some actors when the issue is strongly related to loyalty to the state (ibid: 83). The BTW has been used as a theoretical framework for various research programs, as the theory proves to be very useful in understanding the causes of war or, in the case of Colombia, internal conflict.

Anarchy[[11]](#footnote-11) can be regarded as essentially irrelevant, when looking at the strong similarities between failures in bargaining in different situations, as well as the equal amount of strikes and strategies that take place in both hierarchic states and situations of war and internal conflict. It is often assumed that anarchy influences domestic violence, and when several situations of domestic conflicts occurred during the early 1990s, many IR scholars believed that theories of interstate war were automatically applicable to these internal conflicts. Although there is some truth in this belief, it would be equally true to believe that “[…] the conditions for stability and effective bargaining in divided societies tells us just as much, if not more, about anarchy and international politics […]” (ibid: 84). Furthermore, although some states had to deal with anarchy followed by domestic violence, there are other examples of states that suffer from internal conflicts but are still effective functioning states. Therefore, “[t]here is no simple correlation between failed states[[12]](#footnote-12) and domestic violence” (ibid), as anarchy is not a necessity for domestic violence to take place.

Internal violence can be either a cause or a consequence of the breakdown of a state into anarchy, and whether authority unravels or reinforces depends on groups deciding to accept or reject the state’s hierarchy. Anarchy is considered to be endogenous, and although this was overlooked for a long time in IR theory, civil war now forces scholars to see this fact for a new and more complete view on politics and IR theories. Analytically speaking, “[…] the endogenous nature of anarchy implies that the common and often-prized distinction between IR (the realm of anarchy) and comparative politics (the realm of hierarchy) evaporates, at least when we try to understand internal conflict” (ibid: 85). Different groups can, at any given time, reject the hierarchy in a state by means of violence. Therefore, there is no actual difference between hierarchy and anarchy in a state, as a system is only able to exist through support of other parties. Just as hierarchy can be challenged by groups within a state, the existence of these groups is challenged by the state. “[…] [T]he anticipation of its destruction can cause groups to turn to self-defense to protect themselves” and, therefore, “[…] underneath every hierarchical façade [lies] the potential for internal conflict” (ibid).

In the light of this approach to the influence of anarchy, IR theories provide new concepts with regards to the study of internal conflict. An example of this is the security dilemma, which is one of the most important concepts in IR theory in terms of the study of internal conflict. While the security dilemma is usually regarded as “[…] an inherent feature of anarchy in which the efforts of one side to improve its security must necessarily threaten others, who respond in return, precipitating a cycle of escalation and potential violence” (ibid), in the case of internal conflict the security dilemma and its consequences appear prior to the emergence of anarchy, and may even be one of the causes for the state to fail. Instead of the security dilemma being a logical result of anarchy, in the situation of internal conflict combined with the BTW, it turns out that the problem is a result of “[…] a problem of asymmetric information coupled with a problem of credible commitment” (ibid). Each party is concerned about the preferences of the other party and, therefore, collects more arms than necessary in order to be prepared in case the bargaining attempts fail. It can be concluded that “[…] the security dilemma is neither unique to anarchy, since bargaining failures occur in many realms, nor inherent in IR, since there are mechanisms for mitigating bargaining failures even in the absence of a third-party enforcer” (ibid). It is difficult to determine whether the dangerous combination of private information and incredibility arises. As was confirmed that the difference between hierarchy and anarchy is irrelevant to the situation, the conditions from which violence between and within states arises may not vary significantly.

The most considerable weakness in the BTW is the role of “bad men”, for example the leaders that do not fear, and sometimes even desire, war. In the case of a conflict between two parties of which one is not afraid to run an elevated risk of commencing a war, the conditions for warfare as mentioned in the BTW are not sufficient to explain violence. The violent conflicts deriving from such a desire for war are difficult to reconcile by means of bargaining. The influence of these leaders is paralleled by “[…] the problem of “extremists”[[13]](#footnote-13) in internal conflicts who often appear to desire violence for its own sake or who possess aspirations that cannot be satisfied through bargaining, and, therefore, resort to violence” (ibid: 86). Although the influence of these war loving leaders is undoubtedly trivial, they are not solely able to lead an entire nation to war. They do not possess full control over the state. Ultimately, they have to be supported by a group or society, which allows them to take part in a costly conflict and use violence in the pursuit of their goals. Extremist leaders often seem to use violence towards other states and any opponents of their regime, however, at first this violence is only meant “[…] to alter the perceptions of moderates and shift their support to the extremists” (ibid) while the group is still bargaining for their demands.

Extremists have political preferences that are not commonly shared with the general public, therefore, they usually do not start their mission with a great support system. They are separated from the majority, and as a result from their alienation and political weakness their strategy is to provoke foreign threats, seeking to expand their support system by “[…] [heightening] fears within their own communities and thereby [driving] moderates into their arms for protection” (ibid). The following quote illustrates the aim of extremists with respect to violence:

“Extremists use violence not so much against the other side – although that may be a not undesired consequence – but to mobilize political power for their own purposes. Their ambition is to shift the balance of power in their favor and, over time, to shift the bargaining range closer to their ideals. By running a greater risk of war or even fighting a war, extremists seek to build support for their cause. Just as leaders facing a difficult election or domestic crisis can resort to violence abroad, extremist leaders who lack broad domestic support can provoke ethnic violence and exacerbate threats to build group solidarity” (ibid: 87).

Of course, the success of such a strategy depends solely on the response of both opponents and moderates. Firstly, a strong defensive reaction of the opponents would confirm the suggested hostility of the other, which could lead moderates to tend towards believing the extremists. On the other hand, “[a] modest or moderate response from the target may well reveal the extremist as a demagogue or provocateur” (ibid). However, during critical times, even the slightest change in the beliefs of moderates can cause them to follow the extremist into war. When in doubt about the true intentions of the opponent, the moderates could feel that supporting the extremist is ultimately in their best interest, as this group promises to protect them. Moderates do not want to feel vulnerable, and “[b]y playing on these fears, war lovers who lack broad support may threaten or use violence to drive frightened moderates into their arms and thereby create new supporters” (ibid). Furthermore, violence can be used by extremists to obtain more power at a later point in time, by creating a wider range of bargaining space for the future.

Ultimately, it can be concluded that IR theories and the study of internal conflict can add to each other’s research, as insights into the matter of domestic violence in a country are found at the interstice between the two areas of study. The BTW can be related to other theories of war, as “[…] the bargaining model is not necessarily a competitor with many leading theories, but rather these theories can be connected with the bargaining model” (Reiter: 33). Furthermore, the BTW can be related to a situation of internal conflict such as the one in Colombia, as although “[…] differences between interstate and intrastate war may be found and recognized as important” (Lake: 88), different types of violence ultimately are not profoundly distinct from each other. The theories presented in this chapter supplement each other with respect to the topic, thereby providing a useful and compatible combination building a strong theoretical framework for this thesis. Each theory provides a useful insight into the situation in Colombia, whereas the combination of theories sheds light on the complex nature of the internal conflict.

**Background**

This chapter presents an overview of the historical development of economic policies in Colombia, mainly during the 1990s, in order to provide relevant background information which allows for a deeper understanding of the arguments put forward in the analysis. Furthermore, the existing situation and current developments with regards to the Colombian economic progress will be discussed. Moreover, a summary of the origins and development of the FARC-EP, as well as an overview of relevant current developments related to the insurgency, is presented in order to be able to fully grasp the situation in Colombia and understand the way the country and its socio-economic development are affected by the largest guerilla movement in Latin America. The information presented in this chapter provides a solid basis for the further analysis of the topic in this thesis.

**Overview of the historical economic development of Colombia**

The Colombian government has always supported export in its policies, due to the historically high influence of the coffee sector. Coffee was the reason the Colombian economy was able to enter the world market, and due to the popularity of the product in the US, Colombia was able to finance its infrastructural improvements. Over time, Colombia was able to diversify its economy, which decreased the relative importance of coffee to the country’s total export. During *La Violencia*[[14]](#footnote-14), the Colombian economy suffered from high inflation rates and moderate economic growth. Similarly, the government implemented import-substitution policies as well as a fixed exchange rate during this time. With the emergence of the FARC-EP, occurring around the same period of time, the Colombian socio-economic development started to be impacted by the actions and demands of the insurgency, as it continued to expand its support from the Colombian people. An explanation for the Colombian people supporting an insurgency such as the FARC-EP can be found in Marxist economic theory, describing the fact that inequality in society can lead to a revolutionary struggle.

A few decades later, the liberalization program *apertura* that was introduced by the Colombian government in 1990 entailed not only tariff related policies, but also financial liberalization in the form of allowing free foreign exchange. The neo-liberal economic policies were against the Marxist economic ideology as put forward by the FARC-EP. Although the political and economic goals of the FARC-EP are not entirely clear, “[t]he FARC’s stated aim is to overthrow the Colombian state and replace it with a Marxist-style government” (Coha). The economic changes for Colombia that are advocated by the leaders of the FARC-EP include the reform of land combined with other measures aimed to benefit the poor. Other demands consist of “[…] an opening of the political process, the halt of neoliberal reforms that hurt the poor, and an end to U.S. intervention in Colombian affairs” (ibid). However, the Colombian government chose to follow neo-liberal economic policies, and in order “[t]o make Colombia more attractive to foreign investment, restrictions on direct foreign investment were reduced, and labor laws were rewritten to provide for increased flexibility in hiring and firing” (Holmes, Gutiérrez de Piñeres & Curtin: 42). In spite of continuous economic growth, Colombia still suffered an economic slowdown. Therefore, the *apertura* program was implemented during the 1990s. The program consisted of a range of political and economic reforms, aimed to liberalize the economy and thereby expand economic growth.

*Apertura* was set up according to the neo-liberal economic guidelines and included the promotion of export as well as the reducing of import tariffs in order to force the local industry to become more competitive. The plan was set in place to be executed over a period of four to five years, however, “[…] imports fell and foreign capital inflows increased faster than expected […]” (ibid: 43), which resulted in an acceleration of the process in order to control inflation. Ultimately, the rising inflation and capital inflows led to a trade deficit caused by the strong growth in import, not followed by a matching growth in export. The influence of the economic policies that were implemented during this time was still noticeable years later, however, they also continue to add to economic problems Colombia currently faces. Deriving from the *apertura* policies, there was a strong increase of capital inflow, partly due to the possibilities provided to repatriate illegal profits through Law 9[[15]](#footnote-15). Therefore, illegal revenues could be brought into the legal economy easily, leading to enormous inflows of money into the Colombian central bank. In order to reduce the influence of this large amount of capital entering the economy and to prevent strong inflation, the central bank decided to implement sterilization policies. The Colombian peso appreciated by more than 20 percent between 1992 and 1998, which severely hurt both export and the industries in import substitution sectors. Products became much cheaper due to the appreciated peso, and because the Colombian industry experienced difficulties in dealing with the influence of globalization, the economy was affected. Ultimately, this fact caused greater inequality in the Colombian society, thereby allowing the FARC-EP to continue its struggle.

The political reforms that were implemented around the same period in time brought success to Colombia in terms of international credibility and peace negotiations, however, their influence caused problems for the Colombian economy in the long term. This is due to the fact that the government, during its reforms, made promises of providing social services without regarding the implementation or funding for these services. Ultimately, large parts of the population continued to suffer from poor socio-economic circumstances, mostly as a result of the internal conflict. Furthermore, the new policies aimed at liberalization of trade, as is explained through the implementation of neo-liberalism. This resulted in an industry that focused more on capital than on labor, and many people became unemployed. The industry was not able to cope with changes in the Colombian and global political and economic environment and an economic crisis occurred in 1998. The turning point for the Colombian economy came in 1999, when “[…] unemployment was at its highest, while per capita GDP and the growth rate of GDP were at their lowest” (ibid: 44). Rising unemployment rates were partly caused by the relatively expensive labor in Colombia, as a result of wages being above the state equilibrium. Instead of overpaying employees, the industry then tends to bring in more capital instead of labor. However, in order to lower the unemployment rates, lowering salaries should be accompanied by adaptations to the complex rules of labor legislation. While the government attempted to change the labor-market legislation by making hiring and firing more flexible, other factors influenced the industry and, therefore, unemployment did not decrease. The political reforms of the early 1990s initiated a shift in the Colombian economy to a capital-intensive industry, with less focus on labor participation.

**Recent economic development of Colombia**

Colombia has recently experienced a decade of strong economic growth, as a result of strong economic policies and the search for free trade agreements (FTA) with not only the US, but other countries including “[…] Canada, Mexico, Switzerland, the EU, Venezuela, South Korea, Turkey, Japan, and Israel [...]” (CIA World Fact Book). Colombian exporters are encouraged to diversify their exports to other countries than the US and Venezuela, the two countries that are traditionally the principal trading partners of Colombia (Index Mundi). The FTA with the US is expected to be implemented in 2012, after it was approved by the US Congress in October of 2011 (cf. CFTA). Due to the Colombian economic policy based on neo-liberal ideology, the country is now able to handle external shocks. Gross Domestic Product (GDP) is growing and inflation is under control, which has lead to Colombia’s investment grade being upgraded by the three major rating agencies[[16]](#footnote-16). However, Colombia is very dependent on oil exports, which makes the country vulnerable to alterations in oil prices. The country is the “[…] third largest Latin American exporter of oil to the US” (CIA World Fact Book). In spite of the great importance of the oil sector in Colombia, the industry is dealing with persistent strike activity. This is illustrated by workers that started a new protest in January of 2012 whereby production was shut down at an oil field in the north of Colombia, damaging the state-owned oil corporation *Ecopetrol.* The government’s oil production could be influenced considerably if strikes continue to take place (Latin America Monitor).

Furthermore, the economic development of Colombia is challenged by the existing problems deriving from inadequate infrastructure and the influence of heavy flooding. In addition to these problems, the unemployment rate of Colombia remains one of the highest numbers in Latin America, with 9.2% (CIA World Fact Book). It may be clear that “[i]nequality, underemployment, and narcotrafficking remain significant challenges, and Colombia’s infrastructure requires major improvements to sustain economic expansion” (Index Mundi). In spite of strong economic growth, the infrastructure in Colombia desperately needs to be improved in order to expand further economically. Moreover, the severe flooding that hit Colombia at the end of 2010 produced damages of at least an estimated $6 billion. Heavy rains continued to damage the country in 2011 and have lead to hundreds of deaths as well as millions of displaced inhabitants (CIA World Fact Book). Many inhabitants of FARC-EP controlled areas in Colombia feel forced to flee as a result of the impact of violence or the deteriorating economic conditions in the area (Global Post).

Foreign direct investment (FDI) in Colombia is mainly depending on the oil sector. FDI “[…] reached a record $10 billion in 2008, but dropped to $7.2 billion in 2009, before beginning to recover in 2010, notably in the oil sector” (Index Mundi). Colombia’s investment climate improved significantly over the past years as a result of the reforms in mainly the oil and gas sectors, as well as the export-led economic growth policies according to neo-liberal ideology. With regards to the Colombian business environment, it is clear that in spite of a policy that is focused on attracting investments, the lack of sufficient infrastructure in Colombia continues to affect the economic development of the country. Colombia will only be able to benefit from the growing demand for its raw materials if substantial investments for the improvement of the transportation network are made. Furthermore, the country’s growth potential is affected by inflexible labor markets and insufficient human capital (Latin America Monitor).

The *Departamento Administrativo Nacional de Estadística* [National Administrative Department of Statistics] (DANE) states that during the third quarter of 2011, the Colombian GDP grew by a 7.7% year on year rate. This increase was the highest since the last quarter of 2006, and was even more remarkable due to the fact that this growth was achieved during a time of decreasing global economic growth and international uncertainty (Economist Intelligence Unit). The expansion of GDP is mainly driven by the oil, mining and construction sectors. Furthermore, the planned improvements on the Colombian infrastructure reflect in productivity figures, illustrated by a 20.9% year-on-year growth rate in public construction. The Colombian economy shows a high internal demand for products and services, resulting in a decrease in the unemployment rate and a strong rise in imports (ibid). Ultimately, Finance Minister Juan Carlos Echeverry expects the Colombian national economy to grow by 4 to 5% in 2012. Meanwhile, the country’s debt figures are decreasing (Colombia Reports).

**Historical overview of the development of the FARC-EP**

When looking at the origins of the FARC-EP, it is important to recognize the influence of the *Partido Comunista Colombiano* [Colombian Communist Party] (PCC) in the revolution against the Colombian capitalist class and imperialistic state system. During the past decades, “[…] the FARC has grown from a small peasant organization to its present unprecedented military strength” (TNI). Unlike communist parties in other Latin American countries, the PCC managed to establish itself beyond the urban centers, including the peasants from the Colombian countryside in their communist ideology. The influence of the communist party in the rural areas of Colombia is unusual in the Latin American context. It is often stated that the FARC-EP originated from combined strengths of the Colombian Liberal and Communist Party, however, the organization was instigated by self-defense groups against the repression during *La Violencia*, and these groups were lead by the PCC only (Brittain & Petras: 2-5). Ultimately, the people’s support for the targets of the FARC-EP “[…] is also a product of the lack of government response to the severe hardships faced by peasant farmers in the region” (TNI). However, in spite of the claims of the FARC-EP that the insurgency fights for the rights of the people of Colombia, especially for the poor, the support from Colombian peasants results to be quite limited with only 5% of Colombians supporting the FARC-EP nowadays, according to national polls. Detractors of the insurgency claim that this number is not surprising, as “[…] the FARC is extremely out of touch and unconcerned with the interests of the Colombian public today, including the rural populace” (Coha). The situation was different at the time of the emergence of the FARC-EP.

In order to put a stop to the disorder occurring during *La Violencia*, the Liberal and Conservative parties agreed to the construction of a truce known as the National Front, whereby the two principal parties would share the political office irrespective of the electoral results. The PCC and its political power derived from support from both urban and peasant workers and was dismissed from the political process in Colombia. Furthermore, the political power of the influence of the PCC was stopped by making the party illegal. Not only the political power of the peasants was restricted, as the introduction of a new economic model known as accelerated economic development (AED) by the National Front put a great strain on the rural population. “The rationale behind AED was to maximize capital through the concentration of agriculture, with industrialization by large landowners” (Brittain & Petras: 7). The capitalist industrialized farms were supported heavily by the state, in order to ensure maximum efficiency of land use. This caused the industrialized farms to grow heavily during the 1960s, as part of the AED, resulting in loss of land and a decrease in production for the small producers and a great rise in displacement amongst the rural population. The Colombian government mainly aimed to increase export, rather than allowing small farms to produce for local consumption. Peasants that lost their land to the industrialization process migrated to urban centers. Therefore, the effects of this rural industrialization were, firstly, “[…] an increased reserve army of labor in the urban centers, reducing the cost of labor while increasing surplus profits for industrial capitalists” (ibid). Secondly, the monopolization of rural areas ended in the hands of capitalists, bringing more power to the Colombian bourgeoisie. Lastly, an emergence of self-defense groups occurred. These groups were part of the PCC, and emerged in a response to the violent repression of communist beliefs by the National Front. As a result, instead of surrendering to the political-economic domination, the self-defense groups challenged the capitalistic upper class in Colombia, a process that has been described in the Theory of War (cf. Theory of War). The peasantry turned out to be “[…] a more active revolutionary force than the working class” (TNI).

The self-defense groups originated in the south of Colombia during the 1950s and 1960s and are often regarded as “[…] autonomous enclaves of radical peasants” (Brittain & Petras: 8). However, these independent communities are strongly related to the ideology of the PCC, and are subsequently connected to the guerillas. The FARC-EP officially originated on May 27, 1964, and was officially recognized as a guerilla movement two years later. In 1964, the FARC-EP announced “[…] its intention to use the armed struggle as part of a political strategy to seize national power” (TNI). Based on the PCC ideology, the guerilla movement aimed to protect rural civilians against capitalistic interests, and “[…] established itself as a goal-oriented defense-based peasant collective in the face of extreme political and militaristic coercion” (Brittain & Petras: 8). The peasant communities became areas in which the people had the power to follow different political directions from those offered by the state.

Furthermore, “[a]rmed opposition in Colombia was also bolstered by the exclusionary nature of the Colombian political system” (TNI). The exclusionary political system entailed the dismissal of the PCC from the political process in Colombia. As a result, many of the peasants saw the state as their most important enemy, and, therefore, started communities in order to create a safe place. The description of the communist organization in rural areas of Colombia is incomplete without acknowledgment of the “[…] militant construction and political goal of the self-defense groups” (Brittain & Petras: 10). These groups were not social organizations afraid of violence, partly as a result of *La Violencia*, and they understood the need to protect themselves against the regime and upper class interests. The communities were ready for a revolution and were strongly influenced by the PCC. The network of self-defense groups later founded the FARC-EP, therefore, it can be stated that “[…] guerilla warfare was ‘the intensification’ of an already existing class-based struggle” (ibid: 11). The guerilla groups were a threat to the existing regime and class structure, which resulted in the repression of the communities. The crucial elements explaining the organization’s progress towards a revolutionary struggle can be clarified both through Marxist economic theory and the Theory of War. Based on the Theory of War, it can be stated that the struggle of the FARC-EP is aimed to bring revolutionary change to Colombia, thereby protecting the country’s national interests. Ultimately, the internal conflict in Colombia is fought between organized groups, making it a clash of societies as is explained through both Marxism and the Theory of War (cf. Theory).

The FARC-EP started to grow significantly during the 1980s, but only in the 1990s the organization managed to grow even stronger than in the preceding three decades combined, due to the “[…] rise of neoliberal economic policy and increased state repression […]” (ibid: 16). The reason for the growth that initiated during the 1980s is the fact that support for the guerillas was “[…] nourished by the lack of space for political participation and legal opposition” (TNI), as is explained through the exclusionary political system in Colombia. Over the course of a few years, the guerilla movement obtained a substantial influence in the vast majority of all municipalities in Colombia. This resulted in a large territory being no longer controlled by the government, but instead run by the FARC-EP without any sign of state influence.

 According to James J. Brittain, based on his extensive research in the area over the course of several years, the extent to which the guerilla movement has grown over the 1990s is much larger than described by many scholars. However, “[c]ollecting information on the number of combatants in the FARC-EP is understandably difficult” (Brittain & Petras: 19). He states that between the late 1990s and the early 2000s, when the organization was at its peak, there were an estimated 40.000 combatants connected to the FARC-EP. The strong growth of the organization can be explained by the continuous struggle of the peasant workers with regards to the political-economic suppression by the state. This is explained through the neo-liberal policies of the Colombian government that do not benefit a large part of the population. The governments of both Colombia and the US declare that an increased amount of guerillas has been killed, captured or deserted in recent years. However, the losses mainly occurred in the already weaker areas of control, and the main targets were political leaders of the FARC-EP. Furthermore, the military wing remained practically untouched and the organization’s overall strength remained in the form of fewer, more concentrated fronts. Therefore, in spite of the decline in the insurgency’s strength during the past years, “[…] it is ill-informed to assess that the FARC-EP has seen its end” (ibid: 21). However, the Colombian military states that the FARC-EP will not be able to recover from the loss of its members at the hands of armed forces, as the insurgency experiences great difficulties in recruiting new guerillas. When the insurgency consists of a strongly reduced number of combatants, they are left disabled. They are, consequently, forced to stay hidden due to the reduced capacity of their economic resources, manpower and terrorist attacks (6topoder).

**Recent development of the FARC-EP**

The Colombian government and the media argue that the FARC-EP is losing power considerably. The organization suffered strongly in early 2008, when two of its most important leaders were killed, followed by commander-in-chief Manuel Marulanda Vélez, who died a natural death. The government stated that the possibility of forced peace negotiations or military defeat is very real, due to the loss of power through desertion and insufficient internal cohesion, resulting in the possible eradication of the FARC-EP (Brittain & Petras: 22). When prominent FARC-EP leader Guillermo León Saenz, better known as Alfonso Cano, was killed in 2011, this was considered to be a triumph for the Colombian government. However, further progress towards peace does not necessarily derive from this triumph, as the FARC-EP continues to fight and does not seem to plan on giving up (Economist, 2011: 45). The government of Colombia is taking over control throughout the country, and has obtained presence in each of the departments. Nonetheless, neighboring countries remain worried about Colombian violence crossing the border into their land. Colombian citizens flee into neighboring countries due to the guerilla influence and organized illegal narcotics organizations (CIA World Fact Book).

Several major campaigns were implemented recently to fight the guerilla movements, including PC. As is proven by various attacks on capitalist targets by the FARC-EP (cf. The influence of violence on the economy), the Colombian government is far from declaring the eradication of the guerilla movement. The FARC-EP has managed to infiltrate the cities and obtain urban support, although these urban areas were considered to be safe from guerilla influences for decades. Critics, such as Cesar Caballero, the former director of DANE, state that President Uribe has manipulated statistics to make Colombia appear safer, which brings doubt to the achievements that have made him popular amongst both the Colombian and US government (UT San Diego). This statement suggests that President Uribe did everything in his power to uphold the common belief in an improved and safe Colombia in order to stimulate the country’s economic development. Yet it should be clear that as long as exploitation, inequality and displacement of people continues to exist in Colombia, there will be a basis for opposition and a possibility for guerilla groups to recruit new members frustrated with the disparities in their society, which is underlined by Marx’s economic ideas and the Theory of War. A further discussion on the influence of guerilla warfare on the economy will be presented in the analysis (cf. The influence of violence on the economy).

With the expansion of the FARC-EP into urban areas, the internal conflict has spread to areas of Colombia that were previously unaffected. Although the power of the guerilla movement in the cities is not as forceful as in the traditionally occupied rural areas, the influence of the FARC-EP in urban areas should not be underestimated. It is essential for a revolutionary movement to be supported by the people suffering most under the political and economic system of the country. Ultimately, it can be stated that “[…] what began as a peasant-led rural-based land struggle in the 1960s has since been transformed into a national political-military social movement illustrating a vision[[17]](#footnote-17) of alternative development through a socialist society via armed struggle” (Brittain & Petras: 29-30). A complete overview of the historical development of the FARC-EP allows for a deeper understanding of the impact of the insurgency and its relations to the economic development of Colombia.

**Analysis**

The coherence between the economic development of Colombia and the development of the FARC-EP is studied in this chapter, thereby illustrating the influence of the FARC-EP on the country’s economic development. Although there are other insurgencies and paramilitary organizations affecting the Colombian society, the focus in this thesis is on the impact of the FARC-EP. Furthermore, the economic development of Colombia and the influence of the US on this development, for example through the implementation of PC, will be further examined. As the various elements affecting the economic development of Colombia are strongly intertwined, these elements are discussed both consecutively and simultaneously in the analysis. The analysis is presented chronologically, as well as per key problem area, in sub-chapters in order to create a clear structure.

**The economic development of Colombia**

The traditional economic growth of Colombia since the 1960s was the result of a government making sound macroeconomic decisions, irrespective of what the Colombian lower class would need to reduce inequality within the country. Neo-liberal economic policies were implemented by the Colombian government during the 1990s, when “[…] Bogotá adhered to economic policies that favored the economic interests of the United States and multinational corporations in return for increased military aid that served the interests of Washington and Colombia’s political and economic elite” (Colombia Journal). The FARC-EP does not agree with neo-liberal economic policies, which, according to Marxism ideology, lead to increased inequality within society. According to Marx, capitalism resulted to be the source of oppression and social unrest, as was the case in Colombia. The process of the initiation of an internal conflict as a result of inequality is explained through the vision of Karl Marx on economic progress, whereby he defines different classes within society based on unequal incomes and standards of living, combined with the Theory of War that allows for an understanding of the causes of war, as they were present in the Colombian society at the time of the emergence of the FARC-EP.

**Economic progress and policies**

There are plenty of signs that the Colombian economy has been growing firmly in the past decade. “[…] [S]trong fiscal reforms and a business-friendly, pro-market economic environment have helped Colombia to generate sustained growth in the period from 2002 to 2007, before the current global downturn took hold” (QFinance). This resulted in a reduction of poverty levels by 20% as well as a decrease of 25% in unemployment rates since 2002, combined with a strong growth in FDI. Furthermore, economic growth can be determined when comparing the value added in different sectors, as well as the increase in gross capital formation[[18]](#footnote-18) and limited inflation of the Colombian currency[[19]](#footnote-19), which has remained relatively stable over the past decades. In spite of countries dealing with internal conflicts usually experiencing strong inflation rates, Colombia’s inflation rates continued to be unaltered. Further indicators of economic health are labor-force participation and unemployment rates, of which Colombia has an unusually high labor-force participation, which derives from the large number of the young population choosing to work over pursuing further education, and the fact that many Colombian women work outside their homes. Ultimately, this extremely high labor-force participation leads to an insufficient number of jobs being available in Colombia, and, consequently, “[…] the third-highest unemployment rate in Latin America […]” (Holmes, Gutiérrez de Piñeres & Curtin: 33). In addition to its relatively high unemployment rates, Colombia was not attracting as much FDI as the other Latin American countries. However, Colombia has recently been able to improve its business climate which resulted in an enormous increase in FDI. In spite of historically having the lowest number of FDI, Colombia managed to attract the third-highest inflow in FDI by 2005, only following Brazil and Mexico. “Increases in FDI are a signal that foreign markets have confidence in Colombia’s future” (ibid: 35), as well as a confirmation of the positive impact of neo-liberal ideology on the economic development of Colombia.

When the global economic crisis affected private investment in Colombia at the end of 2008, it was proven that “[t]he government’s pursuit of sound economic policies prior to the global downturn meant that it was well placed to loosen fiscal and monetary policy to boost domestic demand” (QFinance). The fiscal policies of the Colombian government allowed for the financial system to remain sound, and the IMF expects for public debt to decrease rapidly once the economy starts to recover. Furthermore, the IMF stated that “[…] the flexible exchange rate policy has helped protect the external position in the face of adverse shocks” (ibid). Consequently, it can be said that economic policies have lead to Colombia showing great economic potential for the future. Colombia is one of the emerging markets attracting considerable attention from investors worldwide, as the country offers a diversified economy and substantial population, combined with prospects of significant economic development in the nearby future. Due to the improved internal security policies and the growing economy, as well as the business-friendly environment and broad natural resources, Colombia has great economic potential. Challenges to this potential include “[…] a persistent budget deficit, one of the highest unemployment rates in the region, a weak infrastructure, an underdeveloped capital market and a continued reliance on commodities” (Colombia Forum 2011).

For President Santos it is most important to ensure high economic performance in order to be able to be re-elected in 2014, therefore, the neo-liberal economic policies of Colombia remain focused on facilitating business. Export growth is decreasing but Colombia is still expecting a growth in GDP of approximately 4.4% in 2012 (Economist Intelligence Unit), followed by a stronger economic growth from 2013-2016 as a result of a positive global economic environment and continuing strong investments in the Colombian mining and oil sectors. Even though the economic growth experienced over the past years has helped to decrease the levels of inequality and poverty in Colombia, the global economic crisis also has its impact on Colombia (Shifter, 2009: 76).

**The CFTA**

As the US – Colombia Free Trade Agreement (CFTA) was not established rapidly, many Colombians were left frustrated as to why Colombia still did not have an FTA with the US, while other Latin American countries with smaller economies and weaker relations to the US did have an FTA (Pardo: 89). The FTA between the US and Colombia will further strengthen the relations between both countries. It will also contribute to the economy through the creation of extra jobs as a result of removed high tariff rates on US exports, thereby allowing the market to benefit fully from international trade, as it is supposed to according to neo-liberal ideology. Furthermore, the CFTA will build more confidence in international trade through an enhanced confidence in the IR between the US and Latin America, and specifically Colombia (Shifter: 81). The CFTA was finally agreed upon due to the fact that violence has been decreasing rapidly over the past decade in Colombia, which gave the US the confidence necessary in order to establish an FTA. They also considered the fact that US exporters would lose a significant market share in Colombia without an FTA, and the economic benefits ultimately convinced the US of the importance of the CFTA. “For Colombia, an FTA with the United States is part of its overall economic development strategy” (Angeles Villarreal, 2011: 2).

It is expected that the CFTA will create economic growth for Colombia, both through a growing demand and increased competitiveness, as well as through a strong growth of FDI in the country. The CFTA will hopefully put pressure on Colombia in order to improve its infrastructure and benefit fully from the growth in its economy, but in any case the CFTA is believed to be crucial to the Colombian economy due to the greater possibilities for international trade between the two countries as a result of the FTA (Latin Trade). The importance of the FTA between Colombia and the US derives from the fact that the US is the most important trading partner for Colombia, both in imports and exports. Although in the current situation the US exports less to Colombia than it imports, there are broad opportunities for American companies in the country as Colombia has a population of 45 million inhabitants, combined with the fifth largest economy in Latin America (Export.gov). This makes the country an increasingly important economic partner for the US, which will only be enhanced by the FTA between both countries (Colombia FTA).

**The political development of Colombia**

**President Pastrana**

The political situation is one of the factors that is of great influence to the development of Colombia, especially with regards to the internal conflict. Andrés Pastrana Arango was the President of Colombia from 1998 until 2002, a period during which he was challenged by the continuously increasing amount of guerilla attacks, the widespread production of narcotics and the growth of paramilitary groups. Therefore, PC was introduced in 1999, which was presented as a six-year strategy aimed to deal with the problems Colombia was facing. The strategy was supported by the international community, however, it was mainly the US that was involved in the implementation of PC. “Plan Colombia was a comprehensive program to combat narco-terrorism, spur economic recovery, strengthen democratic institutions and respect for human rights, and provide humanitarian assistance to internally displaced persons” (State). Further details about PC and its implementation are explained in the sections about PC (cf. Plan Colombia).

In November of 1998, Pastrana created a neutral zone in the south-central part of Colombia, which was meant to serve as an area to be used for peace negotiations between the FARC-EP and the government. According to the BTW, this would allow for bargaining that could possibly eliminate the risk of internal conflict. The negotiations remained very limited, meanwhile, the attacks and extensive coca production by the FARC-EP continued, thereby weakening the possibilities of reaching an agreement (cf. Bargaining Theory of War). Ultimately, control over the neutral zone was regained by the government troops, forcing the FARC-EP to withdraw into the jungle while the number of attacks kept increasing. According to Marx’s theory of historical materialism, the FARC-EP needed to continue its struggle in order to establish change for all classes in the Colombian society, as power will not be given up easily (cf. Marxism). Colombia is not only struggling to combat various insurgencies diminishing or even eradicating governmental power in great parts of the country, it also has to deal with the illegal drug industry that has been increasingly expanding its networks throughout Colombian society and politics since the 1970s (Holmes, Gutiérrez de Piñeres & Curtin: 3).

**President Uribe**

President Álvaro Uribe was the head of Colombia from 2002 onwards, when he promised to keep pursuing the goals as they were set out in PC as part of a long-term strategy to improve security within the country. The strategy entailed “[…] political, economic, and military means to weaken all illegal armed groups” (State). The government, at that time, made an effort to negotiate peace with the FARC-EP under the conditions of a cease-fire as well as the end of kidnapping and drug trafficking activities. Therefore, it may be clear that bargaining was an essential part of the involvement of both the Colombian government and the FARC-EP in the internal conflict.

In 2007, following PC, the Colombian government introduced a new strategy aimed to establish government presence in the areas outside of state control. The new strategy was acknowledged as the *Plan Nacional de Consolidación* [National Consolidation Plan] (PNC) and intended to re-establish governance in the rural areas of Colombia that were mainly influenced by the guerilla movements. The government sought to improve its presence in these areas by “[…] improving access to social services – including justice, education, housing, and health – strengthening democracy, and supporting economic development through sustainable growth and trade […]” (ibid). Ultimately, the period between 2002 and 2008 resulted in a decrease in the number of homicides by 44%, as well as terrorist attacks by 79%, kidnappings by 88% and a 60% decrease in the number of attacks on the Colombian infrastructure (ibid). In 2008, the FARC-EP suffered three major losses in their leadership (cf. Background). Although no major multi-front attacks were executed by the FARC-EP since 2000, it remains clear that the organization continues to exist and influence the development of Colombia. Efforts to negotiate peace with the FARC-EP were finally frozen in 2010, underlined by the BTW as the theory states that internal conflict is a result of failed bargaining efforts.

**President Santos**

In 2010, Juan Manuel Santos took office as the President of Colombia. So far, the Santos administration has been keeping up with the positive development of an increase in security in the country, by means of capturing and killing guerilla fighters, as well as a forced decrease of the production of cocaine. President Santos is aiming to further improve domestic security, and he continues to follow the neo-liberal economic policies implemented by President Uribe (Index Mundi). Furthermore, the increased safety and security within the country shows through the fact that tourism has doubled since 2004, as well as the use of the Colombian road system.

Part of the ongoing development of Colombia is the growing attention to human and labor rights, which plays an important role in the Santos administration and is illustrated by “[…] increasing the budget for the government’s program to protect human rights defenders and labor leaders, engaging in frequent dialogues with non-governmental groups (NGOs) and unions, and reducing corruption in the government and military” (State). President Santos also introduced a new legislation guaranteeing a better distribution of the royalties deriving from the extractive industry, as well as a compensation for Colombians that lost their land as a cause of the violence in the country (Index Mundi). This illustrates that the Colombian government is aware of the impact of the internal conflict on the people and the local economy, as well as the great inequalities that exist within the country. These inequalities, which have been historically present in Colombia, resulted in what Marx would describe as a class society, of which the impact remains noticeable today. Therefore, the Colombian government is now aiming to decrease inequality and allow for victims of the internal conflict to benefit from the economic development of the country.

Ultimately, in spite of the internal conflict that has been going on in Colombia for several decades, the Colombian government is exceptionally stable, as is democracy in the country, especially when compared to other Latin American countries (Holmes, Gutiérrez de Piñeres & Curtin: 47). The internal conflict in Colombia resulted from the incapability of human beings to live in a highly unequal society, as a situation developed which is described in the Theory of War, explaining the emergence of internal conflicts as a result of inequality. Furthermore, it proves that there is no need for internal conflicts to cause the demise of a state as per the BTW, as Colombia is still an effectively functioning state (cf. Theory).

**Plan Colombia**

During the 1980s and early 1990s, Latin America was hoping for stronger international cooperation, especially in the Andean region. Finally, it was decided by President George Bush Senior and the presidents of Peru, Bolivia and Colombia that there would be a number of development programs established in the region, focused on eradicating the influence of drug-trafficking. Furthermore, the Andean Trade Preference Act (ATPA) “[…] established preferential access to U.S. markets for export products from Colombia, Peru, Ecuador, and Bolivia” (Pardo: 87). It was only few years later that it became clear that the US policies were not focused on the development of Latin America, but on international security issues. The only exception to this is Colombia, where PC has helped Colombia to progress steadily, in spite of the numerous challenges that continue to exist. PC is a program which aims to not only eliminate drug-trafficking, but also focuses on issues related to narco-trafficking activities such as violence and poverty. The program intends to improve both socio-economic development and law enforcement in order to eradicate the internal conflict and the issues deriving from it (Fukumi, 2008: 177). In order to achieve the goals as they are set out in PC, the power of the FARC-EP needs to be eliminated. This underlines the fact that the issues of the FARC-EP, drug-trafficking activities, violence and internal conflict in Colombia are strongly interrelated.

**Coca cultivation and drug-trafficking**

Colombia has been dealing with the issue of illicit economies in its territory for decades, of which drug-trafficking is an example of a problem that intensified during the mid 1970s. The repressive actions of the US government in Mexico and Jamaica, during the late 1960s and early 1970s, led to a migration of plantations of marihuana to the Colombian department of La Guajira, thereby strengthening the Colombian narco-trafficking activities. When the North American demand for cocaine exceeded the demand for marihuana during the late 1970s, the Colombian drug-traffickers replaced the Miami Cubans in the trafficking of cocaine to the US (Santos, 2006: 173). At first, the Colombians imported cocaine from Bolivia and Peru, however, during the 1990s the North-American politics forced the governments of Bolivia and Peru to eradicate the majority of their plantations. This resulted in a migration of plantations to the southern and central regions of Colombia (Guaviare, Caquetá, Cauca, Choco, Nariño and Putumayo)[[20]](#footnote-20), which made the country the global leading producer of coca leaf.

In a country that has been controlled by an oligarchy since its independence, where other social groups were excluded from political participation and did not profit from economic reforms and social structures, the beneficial conditions for the production of coca leaves attracted thousands of coca farmers that saw illicit cultivation as a way of survival. As can be explained through Karl Marx’s economic theory, the class system and the inequalities deriving from it influence the economic development of a country (cf. Theory). Furthermore, these conditions contributed to an exacerbation of the historical rates of violence and internal conflict, involving the state right-wing paramilitaries and leftist guerillas. The expansion of narco-trafficking added to an institutional and economic crisis, a systemic violation of human rights, attacks by the leftist guerillas against North-American oil corporations, an internal war and the possibility of the extension of the conflict to neighboring countries which made Colombia one of the priorities in the security policy of the US government by the late 1990s (ibid: 174). The initiation of the Colombian internal conflict can be explained through both the essential elements as described in the Theory of War, as well as the BTW. Originally, “[t]he Colombian government’s attempt to launch Plan Colombia was designed to involve the international community in its domestic drug control projects” (Fukumi: 178). However, in due course, PC became a plan sponsored by the US government with approximately $7.5 billion, intended to bring peace to Colombia and eradicate the problems of poverty, civil war and drug-trafficking. Over the past years, the US have been reducing funds for PC at a rate of 10 to 15 per cent annually, therefore, with an approved $465 million dollars in 2011 and $400 in 2012, the prospects for 2013 are that $332 million will be approved (El Tiempo).

The illegal-drug trade undoubtedly influenced the economic situation in Colombia, and although there may have been positive effects on the economy during the early 1980s, it is commonly accepted that the Colombian economy no longer benefits from the influence of drug trade. During a time when it was difficult for Colombia to borrow money, the drug trade provided the inflow of capital, thereby stabilizing the economy during the debt crisis in Latin America. The attribution of the illegal-drug trade to the economy was undoubtedly significant, however, disadvantages of drug trade include high costs for the state. These “[…] costs are both direct, such as governmental resources diverted to fight the problem, and indirect, such as the effects of violence and uncertainty on economic, political, and social institutions” (Holmes, Gutiérrez de Piñeres & Curtin: 105). Ultimately, in spite of the economic benefits of the drug trade, the eventual effects of illegal-drug trade on the economy are not worth the benefits.

**The influence of drug-trafficking on the economy**

It is commonly known that Colombia has been dealing with issues of violence and the illegal-drug industry, both harming the country’s economy. Being involved in drug-trafficking does not only support the internal conflict directly, it also influences the economic development through the fact that the illicit economy undermines the legal economy. This is illustrated by the fact that the trafficking of drugs has worsened the equal distribution of wealth in Colombia, thereby increasing the amount of violence occurring as a result of poor economic conditions. Furthermore, the FARC-EP’s involvement with drug-trafficking “[…] has hampered local development efforts, thus creating economic discontent that may benefit guerillas” (ibid: 88), as is explained through the Theory of War. Ultimately, while further examining the connection between violence and economic progress, it was concluded that “FARC violence is purported to reduce GDP […]” (ibid: 128). On the other hand, paramilitary violence aims to protect different resources, and is, therefore, expected to influence the GDP in a positive way. Ultimately, the Colombian government is making all the possible efforts to create the best possible conditions for its market to flourish, through the regulations that are set out according to the neo-liberal ideology (cf. Neo-liberalism).

The particular effect of violence on the economic development of Colombia is closely connected to the influence of drug-trafficking. National economic trends in terms of coca production, economic growth and unemployment illustrate that “[…] increases in coca cultivation negatively affect long-run employment” (ibid: 103). During the first part of the 1990s, both GDP growth and coca production remained stable, however, towards the end of the decade unemployment rose and GDP growth decreased. Furthermore, productivity declined, according to some scholars as a result from the augmentation in crime related to the illegal-drug industry. Since an income deriving from illegal activity is twice the average income in Colombia, it is more attractive for people to work in the illegal sector. The attractiveness of illegal activities is a result of the economic situation in Colombia, as can be explained through the economic theory of Karl Marx. Another explanation to the economic downfall of the late 1990s can be found in the ‘lost half decade’ of 1998 to 2002, during which economic growth was extremely weak and poverty rates grew strongly (The Citizen).

The fact that PC was aimed at controlling drug-trafficking practices and fighting guerilla movements in order to encourage economic development shows that insurgencies, such as the FARC-EP, especially when connected to the illicit drug industry, have had an impact on the development of the Colombian economy. PC aims to ameliorate the situation in Colombia in various ways, including development projects and improved law enforcement. Furthermore, the connection between economic development and the influence of drug-trafficking and illegal insurgencies such as the FARC-EP is shown through the fact that the emphasis in PC is on economic development, yet most strategies are aimed at controlling the illegal-drug industry. The original PC was altered and “[w]ith the encouragement of the United States, the emphasis was directed more to dismantling the connection between insurgency groups and drug trafficking with military involvement, rather than projects for economic development” (Fukumi: 181). These alterations did not change the overall objectives of PC, there was solely a shift in the priorities set out by Colombia, under influence of the US. Ultimately, the cocaine industry and the violent activities of insurgency groups are so closely interconnected that one cannot exist without the other, yet the international perception of PC was changed significantly by the implementation of the new focus. The lack of economic and social development programs in PC reflects the fact that issues such as inequality and weak governance affect the situation in Colombia. PC is, therefore, not able to solve core problems affecting the economic development of Colombia (ibid: 185). These core problems include the great inequality within the country, and, consequently, the class struggle that has evolved into an internal conflict.

**PNDA**

The *Plan Nacional de Desarrollo Alternativo* [National Plan of Alternative Development] (PNDA) originated as a result of the fumigation processes, and aimed to provide economic support to the affected areas. However, the livelihoods of the people affected by the fumigation process were not secured sufficiently by the PNDA. Although the economic progress of the Colombian society was to be ensured through the PNDA, even the communities that voluntarily eradicated their coca production were not assisted sufficiently and, therefore, forced to dislocate. This resulted in the inequalities and class society remaining intact. Ultimately, in spite of the promises made, “[…] the peasants feel there is no sign of alternative development” (ibid: 198).

The effectiveness of the PNDA is similarly influenced by the FARC-EP, as the safety of the people participating in the implementation of the program is at stake. Certain regions of Colombia, including the ones suffering from the fumigation processes, are controlled by the FARC-EP and paramilitary groups, which makes it dangerous for development agents to work in those areas. Other projects aimed at developing the Colombian economy are sabotaged by guerilla insurgencies. Therefore, economic development can only take place through an effective combination of factors as improved governance, law enforcement and a better social infrastructure.

**Dislocation of people**

The internal violent conflict in Colombia has led to the massive dislocation of people, resulting in depopulated rural areas and rapidly growing cities unable to deal with the strong growth. These factors impose a local war economy, whereby agricultural production is disrupted, for example through the strong growth in coca plantations. Furthermore, the country suffers from poor service infrastructure, whereby schools, health services and transportation facilities are unavailable. Water and electric supplies are insufficient, livestock and harvests are destroyed, the local markets are severely disrupted and people’s property is confiscated. The local population has to deal with a new “taxation” system in order to ensure their safety. Ultimately, “[t]he annihilation of local authorities and the killing and prosecution of its symbols often accompany the physical destruction of the economic infrastructure” (Pedersen, 2002: 177).

Coca production is one, however not the sole explanation for violence and internal conflict in Colombia, because other countries that produce coca do not suffer from the same amount of violence as Colombia does. Furthermore, there are other countries that do experience violence, without producing coca. It can be stated that the origin of the internal conflict in Colombia can be found in more than one explaining factor, of which the enormous coca production is just one. The eradication of coca cultivation as executed through PC has resulted in a further increase in dislocated people, forced to leave their land in search of jobs as land became unusable for cultivation and alternative economic development programs were not set in place. The people living in areas relying on coca cultivation lost everything and did not receive aid, causing them to move away. According to USAID, “[…] a great damage to the local economy was caused in the fumigated areas, but the Colombian national economy is unaffected” (Fukumi: 195).

Ultimately, the rural population is decreasing while rural inhabitants increasingly work in the service-related or manufacturing sectors instead of the agricultural sector solely. This is partly due to the fact that many people felt forced to dislocate, as a result of the violence and lagging economic development in their area, caused by the actions of the FARC-EP. “Colombia’s rural population has fallen from 47 percent to 27 percent, while there has been a simultaneous increase in rural population density […]” (Holmes, Gutiérrez de Piñeres & Curtin: 31). The rural population density[[21]](#footnote-21) in Colombia now is the highest amongst its Latin American peers, which allows the state to create development centers in rural areas and provide services to the residents. A side effect of the dislocation caused by the violent influence of the FARC-EP is the amount of working-age people that is forced to relocate to urban areas, which causes massive growth in urban centers as is illustrated by numerous shantytowns and satellite cities. Therefore, the indirect influence of the FARC-EP on the economic development of Colombia is the high amount of poverty and unemployment in these urban areas (Pedersen: 179). It must be clarified that Karl Marx did not have a negative image of capitalism in general, as he did see the opportunities for economic development for the entire society. However, he had a critical view of capitalism, as it often leads to disparate social relations, as is the case in Colombia. The Colombian rural population was exploited and oppressed by the capitalist class, which ultimately resulted in a class conflict and the emergence of the FARC-EP.

**The development of the internal conflict**

Throughout the 1990s, the Colombian internal conflict caused tragic and enormous dimensions in numbers of dead, wounded, and missing persons, abductions, massacres and refugees. On the side of the leftist guerillas, there was a significant growth in power of both the FARC-EP and the *Ejército de Liberación Nacional* [National Liberation Army] (ELN). At the same time, there was an expansion in the actions of the right wing paramilitary groups, such as those of the *Autodefensas Únidas de Colombia* [United Self-Defense Forces of Colombia] (AUC). President Pastrana declared a drug war, rearming and modernizing the armed forces and police, after announcing a negotiated solution with the insurgencies. For Pastrana, Colombia was at war against two different things: drug-trafficking and the guerilla movements. In July of 1998, the President met with Manuel Marulanda Vélez, the leader of the FARC-EP, in order to negotiate a peace agreement in which the government established a demilitarized zone in the Colombian jungle, while maintaining the offensive against the guerillas in other regions. The agreement was part of a development plan called *Cambio para Construir la Paz 1998-2002* [Change to Build Peace]. For three years, the FARC-EP was in dialogue with the government, executives of transnational corporations, committees and politicians, foreign journalists, trade unions and students. Despite these efforts, the peace process failed, and as a result the internal conflict progressed, as can be explained through the BTW (Santos: 174-175).

For the traditional political class, the reason for the bargaining failure was the generosity of the government, which, by succumbing territory to the FARC-EP, provided its regrouping, training and weaponry. From the side of the FARC-EP, Marulanda Vélez justified the failure through the intransigent position of the government to negotiate key issues on the agenda of the guerillas, such as equal political participation, the division of land, the break with the neo-liberal economic policy and the end of PC (ibid: 175). The FARC-EP is based on Marxist principles, which are not supported by the Colombian government. According to many analysts of the subject, amongst the several factors that led to the failure of the peace project, the primary one has been the internationalization of strategies for the resolution of the Colombian conflict and the fight against drug-trafficking with interference of the US government through PC. PC was introduced in 2000 and transformed President Pastrana’s peace plan into a military anti-drug and counterinsurgency plan, even though Pastrana’s original version of PC consisted of something different. When the peace talks between the government and the FARC-EP in the south of the country commenced, productive investments and the development of poor and isolated areas of the country were part of the negotiations. Furthermore, the FARC-EP and the Colombian government were meant to settle together on the fate of economic resources from the international community.

When the US entered the scene in 1999, the first thing they did was discard the FARC-EP from discussions on the use of economic resources from PC. Furthermore, they assisted the army and took control of the war in the south of the country. This resulted in the complete disappearance of the contents of the peace talks that were decided in the initial version of the plan, turning it into an anti-drug and counterinsurgency plan. The FARC-EP, consequently, discarded the plan under the allegation of assault on the peace process and continued the conflict. PC, which was initially expected to last until December of 2005, was drawn up in an English version only. The program foresaw an investment of $7.5 billion, of which the US would provide $1.3 billion. The Colombian government added $4 billion, of which 80% would come from external resources and the additional 20% from fiscal adjustments and taxes under control of the International Monetary Fund (IMF). Additional financing would come from European countries and international institutions (ibid).

**The FARC-EP and the situation in Colombia**

The FARC-EP is, historically, mainly present in rural and poor areas of Colombia, thereby raising support from the population for its goals. It has not been generally agreed on whether or not inequality and violence are interrelated, therefore, poverty and inequality cannot be considered to be the direct sources of the internal conflict in Colombia. However, both are commonly recognized as significant and contributing factors to the conflict. This is illustrated by the fact that “[o]ne direct connection between poverty and Colombian violence is that in many cases the guerillas, regardless of ideology, offer relatively higher wages than other available agricultural jobs, and this facilitates recruitment” (Holmes, Gutiérrez de Piñeres & Curtin: 81). The agricultural sector did not grow as steadily as the overall Colombian economy, which may be a result of unsuccessful land reforms during the past decades. The fact that the FARC-EP has been able to grow significantly over the past decades is not only a result of “[…] their increased ability to generate revenues through extortion, kidnapping or threats to local authorities and sectors of the civilian population” (TNI). It is mainly through their ability to take advantage of the existing Colombian regime that requires extensive reforms with regards to its socio-economic institutional framework, that the FARC-EP has been able to take control over parts of the country and, thereby, influence the economic development of Colombia. Continuous struggle shapes Colombia, as was described by Marx in his theory of historical materialism.

The FARC-EP insurgency can be explained through many factors including the country’s history and geography, as well as the government, economy and demography. Furthermore, it is noticeable that the internal conflict in Colombia does not derive from different ethnic or religious groups, which suggests alternative explanations for the conflict, such as the factors described in the Theory of War and BTW. These factors include both contributory and necessary causes for war, as well as the failure of bargaining efforts. As for the FARC-EP, it can be stated that its rise was “[…] a result of a lack of opportunities for the population, a failure of the political system to be inclusive, and a lack of professionalism in public administration” (Holmes, Gutiérrez de Piñeres & Curtin: 73). The Marxist background to the ideals of the FARC-EP further explains this statement. However, it must be stated that the factors responsible for causing the conflict are not necessarily the same ones leading to the persistence of the conflict, especially in the case of the FARC-EP. Guerilla movements, such as the FARC-EP, have historical criticism against the Colombian state as well as the country’s elite. There are a few necessary factors required for the success of an insurgency, which are “[…] a home base, a resource base, access to a supply network, and access to international trade” (ibid: 74). The economic history and geographical features of Colombia make the country very viable for an insurgency like the FARC-EP.

**An offensive against the FARC-EP**

Assisted by US military strategists and supported by a broad technological base of radars, aircrafts, helicopters and war material offered or sold by the US, the Armed Forces of the Colombian state implemented a tough offensive against the guerilla groups in 1998. The Armed Forces were used to combat illicit cultivation in the departments of Nariño, Cauca and Putumayo, by use of chemical arms. Furthermore, it should be added that hundreds of US soldiers, spies and civilian contractors did not only go to Colombia to assist the Colombian army in the anti-drug and insurgency plan, but also to guarantee security and protect the economic interests of large US corporations. According to studies done by the International Consortium of Investigative Journalists (ICIJ), the approval of PC by the US Congress was arranged through heavy lobbying by the companies interested in oil reserves in Colombia. This illustrates the strong ties between the US and Colombia. These companies became a permanent target of guerilla actions, which entailed blowing up oil pipelines and kidnapping executives, ultimately damaging business. Therefore, military intervention by the US was crucial for the oil companies in the region.

Under PC, the US military began air security missions in the areas of oil corporations activities. It might be because of this geo-economic dimension that PC possibly explains the concentration of FARC-EP bombings in the south of the country, such as the Putumayo department, as this area possesses a lot of oil. Furthermore, the introduction of PC represented an increase in military activities of US private corporations in the Andean region. In fact, the US government had been using the services of private military corporations in the region since 1990. When PC was introduced, there was an increase in the hiring of private military companies to develop information services, research, intelligence, logistics, surveillance and training of the Colombian military, as well as the fumigation of illicit crops. While the US Congress does not allow greater military presence in Colombia, these companies may satisfy the disposition of the US to increase its aid to President Pastrana, as well as the need to fight guerilla movements in order to gain control over narco-trafficking (Santos: 178-179). Altogether, it may be clear that US presence in Colombia, both governmental and corporate, is of great importance to the developmental process of Colombia.

**The influence of violence on the economy**

The security issues in Colombia, deriving from violence, drug-trafficking and the influence of the FARC-EP, have had an impact on the business climate for foreign companies. The impact of the internal conflict on the economy is shown through the fact that companies are afraid to invest in Colombia as a result of the influence of the actions of the FARC-EP and the violence deriving from the internal conflict. However, FDI is now increasing as a result of the pro-business mentality and efforts made by the government in the past years in order to decrease the impact of the violent conflict. “Colombia is a resource-based economy, and while unemployment and poverty is high compared with some in the region, the influx of foreign investment may raise the standard of living in the country” (International Business Times). While neighboring countries such as Venezuela and Bolivia have been resistant towards FDI, Colombia is focusing on attracting more FDI to the country, as part of its neo-liberal economic strategy. Although many investors are scared due to the history of drug-trafficking and violence that has terrorized Colombia, the influence of these factors is now decreasing because of the policies implemented by President Uribe aimed to attract FDI and develop the country’s industry.

Although it is generally assumed that violence and crime are simply part of the problems countries in Latin America and Africa have to face, the reality is that violence and crime cause problems in nations worldwide. However, crime rates usually increase faster and are much more violent in developing countries. Both Colombia and South Africa used to be considered the most violent countries in the world for a long period of time, and Colombia has still not been able to fully lose its image of a violent nation (McIlwaine, 1999: 454). In early February of 2012, two attacks were carried out on police stations within 24 hours, which indicates that security is still an issue within Colombia in spite of the significant improvement of the situation in recent years. The attacks have been blamed on the FARC-EP, therefore, the tensions between the Colombian government and the FARC-EP remain high (Latin America Monitor).

**Attacks on oil companies**

The FARC-EP has influenced the development of the Colombian economy by attacking the oil infrastructure facilities of the government. In 2008, a series of attacks on the largest oil pipeline of Colombia were executed, hindering the production of an estimated 800.000 to 3.000.000 barrels of oil. Furthermore, “[t]he guerillas strategically destroyed important transportation routes needed to control the flow of oil and military supplies throughout various departments in the north of the country” (Brittain & Petras: 23). While the attacks on these pipelines were executed, another front assaulted the security forces guarding the real target of the attack; the largest pipeline owned by the Colombian *Ecopetrol* and American *Occidental Petroleum*. The attack took place only “[…] hours after US ambassador to Colombia, William Brownfield, visited the area and applauded the progress made in areas of security and economic prowess as a result of the FARC-EP’s decline” (ibid).

**The influence of the internal conflict on the Colombian economy**

It has become commonly accepted that Colombia has been suffering from an internal conflict for decades and that, as a result, the Colombian society is affected by violence. According to Karl Marx, conflict is the foundation of history, as would be applicable in the case of Colombia. The internal conflict is more intense in parts of the country that provide products and natural resources, e.g. petroleum, bananas and coca, as well as the transportation systems within the country (Solidarity). Essentially, violence in Colombia seems to be connected to the capitalist accumulation in the country. However, violence mainly emerged as a result of the inequality deriving from capitalist accumulation, providing a platform for guerilla movements to originate. There is no proof of economic growth, poverty and violence being inherently interconnected. The significant capitalist accumulation emerged as a result of the neo-liberal and capitalist focus of the Colombian government, leading to the creation of greater wealth for part of the population. It may be clear that a lack of governmental presence throughout the country has contributed to the many internal conflicts Colombia has been dealing with historically. This is also illustrated by the fact that “[t]he relatively low military spending and small military force for a country facing a decades-long insurgency reflect the historical weakness of the Colombian state” (Holmes, Gutiérrez de Piñeres & Curtin: 77).

The previous lack of concern from the government for the peripheries of the economy resulted in a large amount of people without access to basic facilities, thereby becoming more vulnerable to the influence of an insurgency such as the FARC-EP, as is explained through the Theory of War. According to the Theory of War, the FARC-EP can be regarded as a sovereign organization that has the freedom to start a war when deemed necessary. The economic factors supporting guerilla violence are both the lack of economic means for a large part of the population, thereby creating grievance, and the source of motivation as well as the funding[[22]](#footnote-22) for the creation of an insurgency looking to start a conflict. Basically, “[…] it is important to examine economic factors to understand both recruitment and resource aspects of nonstate violence” (ibid: 81).

The influence of the FARC-EP on the Colombian economy also becomes clear through the impact of violence on the efforts to reform land, as well as the higher production costs and risky investments in rural areas. Altogether, these factors deriving from violence caused by the internal conflict worsen the quality of life in Colombian rural areas. Consequently, “[p]oor economic conditions precipitate violence, and violence has negative effects on the economy” (ibid: 85). Another factor confirming that the FARC-EP influences the economic development of Colombia is the insurgency’s strong involvement with coca production, as illicit drug cultivation puts a strain on the development of an economy. The FARC-EP is involved in activities related to coca cultivation which tend to create more violence in the area. It is stated that there is more “[…] FARC fighting in areas of economic expansion, weak state presence, and agricultural production, including coca” (ibid: 87). It is well-known that drug-traffickers are often forced to pay taxes to the FARC-EP and that there are strong connections between the guerilla movement and the illicit drug network, therefore, the FARC-EP does influence the Colombian economic development.

**Economic development and the internal conflict**

“One of the most significant changes in the guerilla forces in the 1990s has been their increased control over local economic resources and increased economic reserves to fuel their war machine” (TNI). The FARC-EP has been able to generate an income that allows for further existence through extortion and kidnapping, combined with the organization’s involvement with various sectors of the illegal-drug trade. As was stated before, the Colombian economy only started to take off again after President Uribe initiated a program to combat violence, which reassured the international community of the economic potential of Colombia. Although the internal conflict in Colombia cannot be designated as the sole factor contributing to the lagging economic development[[23]](#footnote-23), through the connection between violence, conflict, drug-trafficking activities and socio-economic development, it may be clear that all factors are interrelated, and, therefore, of significant influence to one another. As a result of the problems the country is facing, the Colombian economy has not yet grown to its full potential, in spite of the steady economic growth only interrupted by episodes of crisis. In particular since President Uribe took office, the economy has improved significantly and in 2005 Colombia became the third most popular destination for FDI in Latin America (Holmes, Gutiérrez de Piñeres & Curtin: 8). The Colombian government lead by President Santos has determined that the five factors receiving immediate attention in order to stimulate the economy are agriculture, extractive industries, housing, infrastructure and innovation (Index Mundi).

Many of the current economic problems Colombia is dealing with derive from the influence of the drug industry. Negative effects from the drug trade causing problems for the country’s economic development include “[…] increases in smuggling, concentration of land ownership, deterrents to both foreign and domestic investment, and changes in prices” (Holmes, Gutiérrez de Piñeres & Curtin: 105). The drug trade equally influences Colombia’s political credibility, which has its reflection on the economy. In spite of an investment climate that can be considered fairly favorable, as was mentioned before, Colombia is dealing with the image of a dangerous country to invest in, and foreign interest in investments in Colombia decreased as a result of the great extension of violence within the country. Domestic violence does not only drive FDI away, it also influences the number of foreign experts that wish to live and work in Colombia, thereby limiting the sources of expertise. Violence is strongly related to the illegal drug trade and internal conflict in Colombia. The insecurity within the country costs a great deal, which in turn influences decisions that have to be made for the long-term and damages the economic progress. Not only the industrial sector is influenced by the domestic situation, also “[…] in the rural economy, both the internal conflict and the growing drug trade added to an already challenging economic environment” (ibid). The possibilities for the FARC-EP to build a strong network of guerilla combatants damaged Colombia’s economic development through the organization’s vast involvement in coca cultivation and illegal drug-trafficking, as well as through the violence connected to these activities.

**Infrastructure**

An important factor influencing the economic growth of Colombia is the country’s infrastructure. The lack of a well-functioning transportation network is impeding Colombia’s economic growth, and is only recently starting to improve under the leadership of President Santos. According to the president of the Colombian Infrastructure Chamber, Juan Martín, “[…] the “monumental backwardness” of Colombia’s transport network […] is perhaps the biggest obstacle to economic growth” (Economist: 37). Furthermore, “[i]nfrastructure is key to the profitability of an operation” (International Business Times), and without a sufficient transportation structure there are limited possibilities available for companies to do business in more remote parts of Colombia. However, the country has been improving its infrastructure in recent years, which opens up new possibilities to foreign investments.

Part of the reason for the Colombian transportation network to not be developed properly is the influence of the FARC-EP, as many of the investments in infrastructure over the past decades were destroyed by guerilla actions. However, Colombia’s natural geography has always made transportation difficult, due to large mountain chains and areas of jungle. Furthermore, politics have influenced the lack of development of the country’s infrastructure, as the government set other priorities or suffered from corruption. Colombia’s lacking infrastructure came 79th out of 139 countries on a ranking by the World Economic Forum, and the costs of this are enormous. As the poor infrastructure leads to extremely high costs of transportation of goods, the government came to the conclusion that annual GDP growth could raise by a full percentage point if the transportation issues were to be resolved (Economist: 37). Under the administration of President Santos, there will be an increase in the spending towards improving the infrastructure, especially after the heavy floods the country has suffered in recent years. Not only will the damage done by these floods be repaired, the government has also announced an investment plan worth $55 billion for the next ten years.

While “[r]oads are the first order of business” (ibid), there will also be a focus on waterways and even a railway to connect major cities with ports. Not only is the development of the country’s infrastructure of major importance to the Colombian economic development, the country similarly has obligations to other South American countries through the regional integration plan that was launched in 2000. This plan includes 33 projects with regards to the Colombian infrastructure, and aims to improve the strategic crossroads in Latin America. Altogether, “[w]ith the economy growing at over 4% and foreign capital pouring in, funding these projects is not a problem” (ibid: 38). The challenges lie in the difficulties with regards to ensuring timely production, as well as building projects of high quality with the budget allocated. While inefficiency and corruption remain significant issues in Colombia, as well as in the rest of Latin America, the country has improved greatly in the past decade. Where President Uribe made it possible for Colombians to safely travel within their country, President Santos is now improving the infrastructure to make it easier for people and goods to reach their destination (ibid). Improvements in the Colombian infrastructure would not be possible without the decline in power of the FARC-EP, therefore, it is clear that the FARC-EP has hindered the economic progress of Colombia over the past decades.

**The US and Colombia**

Historically, the US has been strongly involved in Colombia’s development, especially during the early 1990s. By 1992, “[…] the Andean region was receiving more US military assistance than any other region in Latin America” (Rochlin: 721), with a total of $147 million for Colombia, Bolivia, Peru and Ecuador. Yet, while the administration of President George Bush Sr. was very involved with Colombia, this changed when President Clinton took office in 1993. Colombia was no longer seen as a strategic problem for the US, and, therefore, Colombia was largely ignored in spite of the escalation in its drug production. The focus of the US government was no longer on the eradication of illegal drugs at their source, but instead on the treatment of drug use, thereby aiming to diminish the demand. The disregard for Colombia until 1998, the year when Colombia entered an economic crisis and the country made a bargaining attempt with the FARC-EP, was also due to the fact that the Colombian government had apparent ties to drug-trafficking activities. However, with the growing strength of the FARC-EP came the interest of the US to fight not only the most powerful leftist guerilla group, but also the other Colombian insurgencies that had grown significantly (ibid: 728).

When looking at the historical development of US involvement in Colombia, it cannot be denied that the Obama administration faced a challenge with regards to its international relations with Latin American countries, including Colombia. However, Latin America generally shares the same opinion and interests with the US, such as “[…] the need to preserve and create jobs in the face of the global economic downturn; expand growth and trade; reduce poverty and inequality; combat organized crime and drug trafficking; […] manage migration flows; and strengthen international institutions of governance” (Lowenthal, Piccone & Whitehead, 2009: vii). Both the US and Colombia base their economic policies on neo-liberal ideology. This makes it undeniably important for the US to improve its international relations to the south, as cooperation may result useful.

Although both the US and Colombia have made considerable investments aimed at diminishing drug-trafficking activities, the illegal drug trade remains virtually intact. These investments were made through PC, which was established with the goal of eradicating illicit drug-trafficking and improving security in Colombia. Though coca production decreased in several regions of the country, overall, the measures taken as part of PC have not been able to fully eradicate the illicit drug activities in Colombia. In 2008, the Government Accountability Office stated that “[…] Plan Colombia had helped improve the security situation in Colombia but had failed in its goal of reducing the cultivation, processing and distribution of illegal narcotics by 50 percent in six years” (Shifter: 74). While the US focused on regulations meant to diminish drug-trafficking, cocaine being available at lower prices and with higher purity rates makes it seem like the drug supply to the US has actually increased during the early 2000s. Furthermore, due to the focus on the illegal drug trade, other important elements of PC, such as the improvement of security, seemed to be for a large part disregarded. Ultimately, it can be stated that “[t]he U.S. emphasis on the drug trade over security has been a response more to U.S. domestic politics than to Colombia’s needs” (ibid: 77).

**The historical involvement of the US and the fight against the FARC-EP**

To a large extent, it can be said that the military dimension of PC did not only include the combat against drug-trafficking, but also sought to contemplate another concern of the US security policy, which is related to combating movements considered to be extremist and terrorist towards the US policy. This way, the expansion of the actions of the FARC-EP and ELN in the Colombian internal conflict became a target for the US. According to Antonio Navarro Wolf (2002), the way in which the illicit cultivation expanded in Colombia during the 1990s, was through the leftist Colombian guerillas that had always been very poor, and now started to collect taxes (extortion) on the activities of the drug-traffickers, creating a powerful source of financing for their activities. Taxes on illicit crops became the main source of financing for the FARC-EP, surpassing kidnappings and other extortions (Santos: 177). Nowadays, the FARC-EP has brought its extortion practices to a new level, as the insurgency is aiming at multinational companies, specifically in the oil sector. Victims are sent a letter, urging them to collaborate with the FARC-EP’s “002 Law”, which is known to be extortion. When the requested amount of money is not transferred without delays, the effects usually become clear through violent attacks (Insight Crime).

In a country marked by deep social inequalities, the resources gained from extortion practices allowed the FARC-EP to create an immense army of guerillas. The Theory of War describes the fact that people suffering from fear are more likely to join a guerilla movement such as the FARC-EP, as they are looking for protection, something which is offered to them by the insurgency. Between 1995 and 1998, the FARC-EP won basically every battle against the Colombian army. According to Wolf, the first ones to realize this were the Americans in 1998, when Commander Charles Wilhelm of the Southern Command of the US Army stated that if there would be no intervention to change the situation, in five years the FARC-EP would win the war. Therefore, the US decided to intervene with its militarized version of PC, unifying the problems of narco-trafficking and guerilla movements, similarly aiming to exterminate the FARC-EP and ELN. After analyzing the military offensives of PC, Mario Ramírez Orozco concluded that it was necessary to take into account that the areas where the offensives were concentrated were those areas where control of the guerilla insurgents was predominant, while the areas under control of the right-wing paramilitary groups were largely excluded (Santos: 177).

PC is seen as a sign of the Revolution in Military Affairs (RMA)[[24]](#footnote-24) and was supported by the US due to fears of the FARC-EP taking over large territories in Colombia. The US and Colombian utilization of the RMA as a counterforce to the FARC-EP relied on new strategies of warfare that weakened the forces of the FARC-EP, but did not tackle the root causes of the rise of insurgencies in Colombia, as they can be determined through Marxist theory. Therefore, it can be questioned what the true influence of the US policies has been on the economic development in Colombia, as the FARC-EP continues to put a strain on the country’s development. The importance of weakening the FARC-EP is shown through the US investments in PC, as “[o]ver 75 per cent of the $6 billion so far divulged through Plan Colombia has been devoted to military and police assistance, with the rest going to institutional programmes and to a lesser extent to social programmes” (Rochlin: 716).

There are many controversial aspects surrounding the creation of PC. First of all, with regards to the issue of combating narco-trafficking, the plan was to follow the US guideline policy, which stated that drug use in their country was not a problem of domestic demand, but of external supply. This led to the immediate introduction of a strategy based on the eradication of crops through fumigation and militarization of the combat in the producing countries. In this sense, although the proposed plan considered socio-economic factors and human rights, the repressive military character of the program turned out to be the central factor. It was established that the US could maintain 500 militaries and 300 civilians in Colombian territory. The School of the Americas took upon itself the responsibility of providing support and training to the Colombian army. In relation to the support of the regional programs and the peace process, most resources were for military projects in order to combat drugs. Another issue to note is that part of the finances that were initially meant for the military in Colombia was used directly to buy military equipment from US companies such as Bell Textron and United Technologies. Ultimately, PC put Colombia in a select group with Israel, Turkey and Egypt, as the main recipient countries of heavy weaponry, elite forces training and assistance in military assistance from the US (Santos: 177). Overall, since 2000, the US has sent aid worth approximately $7 billion, mostly comprising of military aid, to Colombia. This money was mainly meant to fight the drug-trafficking and insurgencies controlling the situation in Colombia. The amount of aid made Colombia the “[…] largest recipient of U.S. military aid after Israel” (Global Post).

**Terrorism and the fight against drug-trafficking**

The various strategies involving the creation of PC by the US gained more force with the election of Álvaro Uribe Vélez as the President of Colombia and the publication of a new anti-terrorist doctrine of the government. Both President Bush and Uribe shared the idea that guerillas are essentially terrorist groups that control the narco-trafficking industry, thereby reducing the complex internal conflict in Colombia to a combat against terrorism. PC was, therefore, included in the US strategy to combat terrorism, with the justification of fighting against drug-trafficking, and making Colombia one of their political allies.

Five years after the establishment of PC, data from the Colombian and US government showed a decrease of 36% in the production of cocaine, from 617 tons in 2001 to 390 tons in the beginning of 2005. However, Colombia continues to be the world’s largest producer of cocaine, representing 56% of the total production. Furthermore, the coca leaf plantations that were eradicated by the government troops often are replanted, even in places such as nature reserves, where fumigation is no option. Altogether, the implementation of the US policy with regards to the combat of drug-trafficking in Colombia has produced little results with regards to the elimination of the activities of drug-traffickers. The US strategy itself contributes to this, by privileging repressive actions and law enforcement, and by neglecting fundamental aspects that are involved with the advancement of narco-trafficking in Colombia, such as the deep social, political and economic inequalities of society (Santos: 180-185).

**Coca cultivation and US involvement**

The US consumes about 44% of the global cocaine production, which makes the country the most important market for Latin American drug-trafficking activities, including Colombia. Furthermore, “[…] the Latin American narcotics trade is pertinent to U.S. national security interests because of its actual or potential negative interaction with other transnational challenges and potential threat contingencies” (Chalk, 2011: 48). The main focus of the Colombian government with regards to the eradication of coca cultivation has been on destructing the coca plantations, both manually and by fumigation processes. “Between 2003 and 2009, the Bogotá government invested $835 million to underwrite these programs, a figure that is expected to surge to $1.5 billion by 2013” (ibid: 60). In spite of all efforts to significantly decrease the Colombian drug-trafficking activities, both by the US and Colombian governments, “Colombia still constitutes the principal source of cocaine for both the U.S. and global markets, accounting for 90 and 80 percent of respective consumption” (ibid: 63).

Therefore, the influence of coca production on the Colombian economy, and thereby the influence of the FARC-EP which controls a large part of the coca production, continues to exist. The overall cultivation, both licit and illicit, and consequently the Colombian economy, is affected by the fumigation processes. Not only are the effects of the fumigation possibly the cause of various health issues and has the coca production not yet decreased significantly in spite of the destruction of large amounts of crops, the investments in the fumigation programs continue to grow. The effectiveness of these programs is reasonably questioned by the public, diminishing the popular support for the Colombian government and “[…] driving local producers into the hands of insurgents and legitimating their rhetoric that the government is engaged in a rapacious drive to destroy peasant livelihoods” (ibid: 64). This statement is confirmed by both the Marxist economic perspective, as well as the Theory of War (cf. Theory).

**USAID**

In general, it can be stated that the focus of US aid to Colombia has changed over the past decade. Currently, US aid is more centered around nonmilitary elements, and although “[t]he greater part of the relationship is still based on strengthening the armed forces, creating a more democratic and civilian-ruled state, and encouraging practices that are respectful of human rights […]” (Pardo: 89), have caused a positive change in the perspective of the US government. USAID assists the Colombian government in various issues, including the support of victims and civil society and the protection of human rights. Furthermore, USAID focuses on the expansion of government services throughout the country and the implementation of a new justice system, stronger governance, improved health care and education facilities. USAID is mainly concerned with the “[…] social and economic development opportunities to Colombians who have been affected by the conflict” (USAID).

The amount of US aid to Colombia has dropped by 50% over the past five years, when approved funds decreased from $603 million to $332 million (El Tiempo). The decrease in aid to Colombia results from the limited impact of PC on the eradication of coca cultivation, and the criticism on the US aid to Colombia deriving from this. Furthermore, it became known that human rights violations in Colombia continue to exist on a wide scale (Open Democracy). The decrease in aid does not seem to stop based on predictions for the future and the steady decrease of funds, which demonstrated a $200 million decrease from 2010 to 2013 only. This aid is independent from the resources that Colombia receives from the Pentagon, which represent approximately $100 million per year. Ultimately, USAID aims to support the Colombian government in facilitating economic growth by creating a positive business environment, improving the factors that challenge Colombia’s economic development and allowing FDI and trade to blossom, all according to the neo-liberal ideology as it is followed by the government of Colombia (El Tiempo).

An indirect influence of the US presence in Colombia worth mentioning is the negative implications that derive from Colombian military units receiving an increased amount of aid from the US when they work more efficiently. This resulted in the killing of civilians, forging them as guerilla kills and thereby receiving more aid from the US, because “[t]he Colombian military faces significant political pressure to produce concrete results in its war against the FARC” (Global Post). This incident is known as *falso positivo* [false positive] and was the result of an unofficial system rewarding high numbers of kills in combat with promotions and benefits. It was discovered only later that the number of deaths was connected strongly with the amount of aid received.

In some ways it can be stated that “[…] the US relationship with Colombia has revolved around drug control policy” (Fukumi: 186). Furthermore, “Plan Colombia was based on the idea that economic development, security and peace were directly linked, [and] this appealed to the Americans who believed that the reduction of cocaine production would help to solve drug trafficking and the problem of insurgency groups” (ibid: 188). In any case, the influence of the US involvement on the Colombian socio-economic development is undeniable. Eventually, the efforts of the US to improve the situation with regards to the internal conflict in Colombia have, therefore, been relatively successful.

**USAID grants**

Carlos Mario Jiménez, better known as Macaco, is one of the most feared paramilitary commanders in the history of the Colombian internal conflict and the claimed owner of palm oil cooperation Coproagrosur. In 2009, it became clear that in 2004, Coproagrosur received a grant from the US Agency for International Development (USAID), paid for through PC (Ballvé, 2009: 22-24). It seems that the US grant has provided a notorious drug-trafficker, part of the paramilitary forces, with money – while PC aims to fight the illegal drug-trade in Colombia. USAID officials state that they look for projects that give the Colombian people a chance at an alternative to illegal activities, instead of enabling illegal activities such as drug-trafficking. However, “[…] a study of USAID internal documents, corporate filings and press reports raises questions about the agency’s vetting of applicants, in particular its ability to detect their links to narco-paramilitaries, violent crimes and illegal land seizures” (ibid: 24).

USAID supports the Colombian government in its efforts to improve the internal security and economy of the country, as well as the living conditions of the Colombians, especially for those who need help the most. The key objectives for USAID are providing alternatives to producing illegal drugs and strengthening state presence and effectiveness, particularly in certain areas of the country (USAID). However, not only Coproagrosur received a grant from USAID, there was an additional $650.000 awarded to Gradesa, another palm oil company with suspected links to paramilitary drug-traffickers on its board of directors. Therefore, the US involvement in the economic development of Colombia through establishing PC, aimed to reduce drug-trafficking and violence and thereby improving the economic environment, resulted to be less efficient than expected as the US is actually subsidizing drug-trafficking. While the US are fighting narco-trafficking activities, USAID gives money to palm oil companies which are used by paramilitary insurgencies to launder money and fund their violent actions (Ballvé: 24).

**Colombia and other Latin American countries**

The Colombian people suffer from relative poverty in spite of an economic policy that is generally considered to be successful. Although the Colombian economy has historically been developing steadily, […] violence restrains economic growth and drugs distort the economy” (Holmes, Gutiérrez de Piñeres & Curtin: 3). It is estimated that roughly two million of the country’s inhabitants have left since 1985, due to the country’s exceptional homicide rates and the amount of political violence. While the security in Colombia has been improving over the past decade, the Colombian internal conflict and the problems deriving from it seem to be spreading into neighboring countries. This fact is illustrated by the presence of the FARC-EP in both Ecuador and Venezuela, near the Colombian borders, as well as the shift of major drug production in Peru and Bolivia. In order to solve the significant challenges Colombia faces with regards to drug-trafficking and guerilla movements, extensive cooperation between the Andean countries is indispensable. This requires changes in Colombian foreign policies, whereby “[…] Colombia needs to work through low-level diplomacy and multilateral channels to gradually rebuild trust at the highest levels and restore cordial relations with its neighbors” (Shifter: 74).

Due to the unique relations between the US and Colombia, other countries in Latin America were left feeling ignored which has a negative effect on the IR between both the US and Colombia with the rest of Latin America. Both the other Latin American countries as well as the EU were not particularly in favor of the close connection between the US and Colombia. It was considered that “[t]he high financial dependence on international resources for Plan Colombia allowed large donors, such as the United States, to influence the project strongly and push their own priorities” (Fukumi: 183). Not only do both countries have limited diplomatic ties to the rest of Latin America, the strong bond between the US and Colombia has also caused difficulties for the IR between Colombia and Venezuela. It is clear that the US and Colombia have built a strong relationship through extensive investments over the past years, which is beneficial to both countries and will continue to exist. Colombia and Venezuela share a long border, together with residents living in the border area and a $5 billion annual trade between the countries. Not only Venezuela, but other countries in the Andean region similarly suffer from tension deriving from the strong ties between Colombia and the US (Pardo: 90-95).

In spite of the high interdependence between Colombia and Venezuela, “Venezuela froze diplomatic ties and imposed trade sanctions on Colombia in July [of 2009] after Colombia announced that it would sign a military agreement with the U.S. allowing the North American country access to seven of its military bases” (Colombia Reports Venezuela). The trade sanctions had a great impact on trade between the neighboring countries, specifically in the border area, as “[f]or each country, the other is the second-biggest trading partner (after the United States in both cases)” (Economist). Recently, the relations with Venezuela and Ecuador have been re-established by President Santos, which allows the nations to create a stronger cooperation with regards to border security, trade and counternarcotics (State).

**The Colombian economy compared to other Latin American countries**

In spite of the clear improvements in the economic situation of Colombia since the early 2000s, the standard of living of the population is lagging behind that of the people in other Latin American countries. The life expectancy for Colombians remains stable at the third-lowest rate in Latin America, possibly resulting from the ongoing internal conflict in the country (Holmes, Gutiérrez de Piñeres & Curtin: 36). Yet, Colombia is one of the countries that has been improving its sanitation facilities the most, which provides hope for the future in terms of an improved standard of living. Violence affects the population in various ways, for example through the amount of wounded people as a result of the internal conflict, which is shown through the high costs of health care. On the contrary to developed countries, “[h]igh health expenditures in developing countries frequently indicate a crisis rather than a healthy population and high quality care […]” (ibid: 38). Furthermore, although economic growth depends on investment in education, Colombia spent the smallest percentage on education from all Latin American countries in 2004. This is a consequence of the high investments in the military and health care, which shows that insurgencies such as the FARC-EP strongly influence the decline of education in Colombia, and thereby the economic development of the country as this is strongly linked to the human capital available.

It may be clear that Colombia has not yet developed to its full potential, which is probable to derive from the internal conflict and weak governmental control. In fact, economic insecurity dominated the 1990s and it was mainly after President Uribe dealt with various security issues within the country that the Colombian economy started to develop (ibid: 45). As a result of the neo-liberal ideology that is followed by the Colombian government, the country’s economic development has been progressing rapidly. Furthermore, a changing global context with a prominent role of emerging economies similarly influenced the Colombian economy. The fact that Colombia’s economy is doing so well in spite of the severe issues the government is dealing with, such as the violence deriving from the impact of insurgencies such as the FARC-EP, makes it valid to wonder how well off the Colombian people would have been, had it not been for the influence of the internal conflict in the country. This argument is underlined by the BTW, which states that both sides of the conflict are usually worse off than they would have been, had they bargained efficiently (cf. Bargaining Theory of War).

**The decrease in the influence of the FARC-EP**

Although the influence of narco-trafficking and the FARC-EP on the economy is diminishing, both factors still pose a threat on the economic development of the country. Kidnappings continue to occur and President Santos has made it clear that foreign companies are not to pay any ransom to the insurgencies, as this will only allow for violence and insecurity to grow. “The influx of investments into the country, and an increase of economic growth outside of illegal drug operations and illegal mining, will hopefully limit the influence of [the] FARC” (International Business Times), because an increase in investments “[…] ultimately adds to the quality of life for the average Colombian citizen” (ibid). With the higher quality of life there is more pressure on the illegal activities of organizations such as the FARC-EP, as they are becoming known as pariahs. With a decrease in inequality within the country it will become more difficult for the FARC-EP to recruit new members, as can be explained through Marxist theory. Therefore, security with regards to FDI increases, and combined with the pro-business mentality in Colombia and the neo-liberal economic policies, the country is becoming an attractive place for foreign companies to invest in.

Another important factor decreasing the influence of the FARC-EP is the growing involvement of the Colombian government with regards to establishing relationships with the population. This is mainly done by offering jobs and training to the largely unemployed and poor Colombian citizens, thereby strengthening the people’s ties to the government instead of to the rebel groups. “[…] [J]ob training is popular in Latin America as an attempt to help the labour market insertion of disadvantaged youth, and also as a way of providing skills to low-income groups […]” (Ibarrarán and Rosas, 2009: 2). In order to make sure that the training is demand driven, the private sector should be included in the training programs by sharing part of the costs. An example of a training program offered by the Colombian government is the program *Jóvenes en Acción* [Young People in Action]. This program is offered to the working population between 18 and 25 years old and aims to improve the level and quality of employment for young people (DNP).

Furthermore, the illegal mining that takes place in Colombia, for a great part led by the FARC-EP, is a challenge for the Colombian government. This problem equally offers possibilities for foreign mining companies entering Colombia and offering better work conditions for the people, thereby reducing the influence of the FARC-EP on the economy (International Business Times). Political violence in Colombia remains a problem, due to the fact that there is a chance of security issues affecting the general sentiment towards financial investments in Colombia. The country has established a strong and consequent economic policy (Economist Intelligence Unit). However, it is not realistic to expect that the Colombian problem with violence will disappear in the near future, as peace negotiations with the FARC-EP are still on hold. On the other hand, “[…] even in the unlikely case that a formal peace was reached with the weakened FARC” (Shifter: 73), violence would still continue to be a problem in Colombia.

Based on the analysis, which presents extensive research on the topic of the connection between the influence of the FARC-EP and the economic development of Colombia, related to the influence of the IR between the US and Colombia, various findings can be established. The research, as well as the findings, are underlined by the theoretical framework as it was set out in the theoretical chapter (cf. Theory). The final findings are presented in the conclusion.

**Conclusion**

It resulted to be a challenging task to disentangle the different factors influencing the economic development of Colombia. As the different elements that form part of the internal conflict are strongly connected and interdependent, it is complicated to distinguish the particular influence of one factor on the economic development of Colombia. The coca production and drug-trafficking, violence, infrastructure, inequality and poor standards of living, as well as the political development of Colombia are all connected and influential with regards to the economic development of the country. The influence of the FARC-EP can be recognized through each of these factors.

The infrastructure, which has historically been influenced by the actions of the FARC-EP, has had a significant influence on the economic development and lack thereof in Colombia. In this sense, the economic development of Colombia was disturbed by the guerilla actions of the FARC-EP. It is only recently that the Colombian government has started to make strong efforts to improve the infrastructure within the country (cf. Infrastructure), thereby aiming to further develop the Colombian economy. Furthermore, coca production and drug-trafficking activities have formed a great part of the Colombian economy over the past decades, and the revenue of these illicit drug activities has provided the FARC-EP with sufficient capital to continue its fight against the Colombian government (Chalk: 39). The economic development of Colombia has been influenced by the FARC-EP, for had there not been such an insurgency, the land could have been used for different variations of cultivation, thereby allowing the legal Colombian economy to progress. Moreover, the violence resulting from the actions of the FARC-EP damages the image of Colombia with foreign investors, thereby influencing FDI and, consequently, the Colombian economy. When looking at the relations between the US and Colombia, it may be clear that the US has had a strong influence on the economic development of Colombia, and that this impact is an indirect result of the influence of the FARC-EP on the situation in Colombia. The US became very involved with Colombia as a result of the high insecurity level within the country, and through PC there have been various interventions that, ultimately, helped progress the Colombian economy.

However, it remains difficult to establish whether or not the FARC-EP has had an exclusive impact on the economic development of Colombia. It may be clear that that the actions of the FARC-EP have influenced the business climate as well as the development of the infrastructure necessary for a healthy economic development, however, a country’s economic development is depending on a great variety of factors which makes it impossible to conclude that the FARC-EP is solely responsible for impeding the economic development of Colombia. Furthermore, there are many positive economic outcomes deriving from the recent focus of the government on eradicating violence and improving security within the country.

In terms of the relation between the influence of the FARC-EP and the economic development of Colombia, from the research conducted for this thesis it can be concluded that there indeed is a connection between the two elements. The impact of the FARC-EP on the country and its socio-economic development is discussed in this thesis, as well as the influence of the IR between the US and Colombia on the economic development of Colombia. The internal conflict has had a great impact on the development of Colombia, however, it cannot be determined precisely which issues are a result of the internal conflict, or of a combination of factors influencing the economic development of Colombia. Therefore, the sole influence of the FARC-EP on the economic development of Colombia cannot be determined, although it has become clear that the insurgency has had an undeniable impact on the Colombian economy.

**Perspective Taking**

Based on the research conducted for this thesis, I have been able to determine that there is a definite connection between the actions of the FARC-EP and the economic development of Colombia, in combination with the IR between Colombia and the US. Alternatively, I could have chosen to focus on the IR between Colombia and the EU, or between Colombia and other Latin American countries, thereby focusing on different relationships that influence the Colombian economic and political development. However, had I chosen this different focus, I would not have been able to thoroughly investigate the influence of the IR between two countries on the policies of Colombia, as I believe this influence is extraordinarily strong in the case of the US. The US has been very involved with the Colombian situation, therefore, I believed it was most relevant to research the relations between the US and Colombia, instead of focusing on a wider variety of countries and their influence on the economic development in Colombia. This would have most probably resulted in a more superficial analysis due to limited space, and, consequently, would have produced a limited possibility to conclude on something specific.

For this thesis, I chose to focus on a fairly detailed area of investigation, by limiting myself to the influence of the FARC-EP, the economic development and the influence of the IR with the US. However, I believe these factors have all been crucial in the developmental process of Colombia during the past years. I could have chosen to illustrate the influence of the various violent insurgencies within Colombia on the overall progress of the country, whether or not in relation to the US. However, this specific area of research was what interested me the most, because I felt it was most relevant to the current situation and general sentiment in Colombia. Furthermore, I believe there would have been various sets of theories applicable to the subject of this thesis. The focus on economic development could have provided me with a reason to use various economic theories in order to create a complete theoretical economic framework for this thesis. However, I felt that focusing on the IR theories related to war and internal conflict was equally important due to the focus on the influence of the FARC-EP on the economic development in Colombia. The applied theories reflect my way of approaching the subject, and surely the project would have resulted differently had I chosen another set of theories.

Other approaches to this master thesis would have been similarly interesting and relevant to examine, however, I had to choose which subject I wanted to focus on and which approach I believed would allow me to learn the most from this assignment. I believe I gained an in-depth understanding of the matter through the research I have conducted and, therefore, I was able to answer the problem formulation.

**Appendix I**

**Map of Colombia**

(Maps of World)

**Appendix II**

**GDP of Colombia: 1980 - 2010**

(Index Mundi)

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1. “By bourgeoisie is meant the class of modern capitalists, owners of the means of social production and employers of wage labour” (Marx, Engels & Harvey: 33). [↑](#footnote-ref-1)
2. Capitalism is “[…] defined as a social system based on the accumulation of capital or the extraction of surplus value […]” (Devetak, George & Weber: 64). [↑](#footnote-ref-2)
3. Idealism is considered to be the opposite of materialism, known as a philosophy that reduces the importance of material things to minds looking to find an immaterial mind ([Stanford](http://plato.stanford.edu/entries/hegel/#NatIdeGerTra)). [↑](#footnote-ref-3)
4. Keynesianism are the economic theories developed by John Maynard Keynes (1883-1946), which focus on “[…] deficit spending by [the] government to stimulate business investment” (Free Dictionary). [↑](#footnote-ref-4)
5. “Monetarism is an economic school of thought that stresses the primary importance of the money supply in determining nominal GDP and the price level. The ‘Founding Father’ of monetarism is economist Milton Friedman. Monetarism is a theoretical challenge to Keynesian economics that increased in importance and popularity in the late 1960s and 1970s” (Econweb). [↑](#footnote-ref-5)
6. One sovereign state is not more important than another. There are more than 190 “[…] equally sovereign political communities […] in the world” (Suganami: 191). [↑](#footnote-ref-6)
7. Note that the factors causing a state to initiate war are equally applicable to insurgencies, such as the FARC-EP. [↑](#footnote-ref-7)
8. In this case, societies can be seen as groups. [↑](#footnote-ref-8)
9. Private information is determined as “[…] knowledge an actor possesses that is not available to the other” (Lake: 82). Examples of private information include preferences, strategies and fighting methods. [↑](#footnote-ref-9)
10. An actor can be an individual, group or state. In the case of Colombia, one actor would be the government, whereas the other actor would be the FARC-EP insurgency. [↑](#footnote-ref-10)
11. Anarchy is “[…] the absence of any higher authority” (Lake: 84). [↑](#footnote-ref-11)
12. A failed state is not a situation that can be classified and defined easily. From a legal perspective a failed state can be described as “[…] one which, though retaining legal capacity, has for all practical purposes lost the ability to exercise it. A key element in this respect is the fact that there is no body which can commit the State in an effective and legally binding way, for example, by concluding an agreement” (ICRC). [↑](#footnote-ref-12)
13. Extremists are people with strong beliefs or opinions, especially in political matters, that go to extreme lengths to reach their goals. [↑](#footnote-ref-13)
14. *La Violencia* took place from 1948-1965 in Colombia, a period during which the country suffered from politically and economically motivated violence in the form of riots and vandalism, causing the loss of almost 200.000 lives ([UNB](http://www.lib.unb.ca/Texts/JCS/CQ/vol009_4fall1989/zackrison.pdf)). [↑](#footnote-ref-14)
15. Law 9 allows for a legal exchange of any amount up to $20.000. [↑](#footnote-ref-15)
16. Standard & Poor’s, Moody’s Investors Service and Fitch (US News). [↑](#footnote-ref-16)
17. The ideology of the FARC-EP can be summarized in the representation of the poor rural population against the Colombian bourgeoisie, and the opposition against the influence of the US in Colombia, multinational corporations, the privatization of the country’s natural resources, and violence from right-wing paramilitary organizations (CFR). [↑](#footnote-ref-17)
18. Gross capital formation is measured as a percentage of GDP and “[…] consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories” ([World](http://data.worldbank.org/indicator/NE.GDI.TOTL.ZS/countries/HT-XJ-XM?display=graph) Bank). Examples of fixed assets are general land improvements as well as railways, schools, roads and hospitals. Inventories are the possessions of companies in the form of stocks, as well as work in progress. [↑](#footnote-ref-18)
19. The Colombian Peso is the currency of Colombia. [↑](#footnote-ref-19)
20. Also see Appendix I (Map of Colombia). [↑](#footnote-ref-20)
21. The rural population density in Colombia has grown significantly, which is illustrated by the higher potential for agricultural development and a greater ease for the state to provide services to small rural centers, as opposed to the situation in case of a largely dispersed rural population. [↑](#footnote-ref-21)
22. The funding for the FARC-EP’s struggle derives mainly from illegal drug-trafficking activities, as well as kidnappings and extortion practices. [↑](#footnote-ref-22)
23. Statistics on the GDP of Colombia during the period 1980 to 2010 can be found in Appendix II. [↑](#footnote-ref-23)
24. An RMA is “[…] a major change in the nature of warfare brought about by the innovative application of new technologies which, combined with dramatic changes in military doctrine and operational and organisational concepts, fundamentally alters the character and conduct of military operations” (IWS). [↑](#footnote-ref-24)