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Institute for the Study of the Americas, University of London

War, Peace, and Free Trade:

The Political Economy of War and the US - Colombia Free Trade Agreement

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For my parents, for everything.

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Introduction

“In Colombia, rivers of blood merge with rivers of gold. Glories of the economy, years of cheap money: in the midst of euphoria, the country produces cocaine, coffee and crime in insane quantities.”

Eduardo Galeano

The largest and most prolonged conflict in the Western Hemisphere, the war in Colombia entered into its fifth decade with a death toll numbering in the hundreds of thousands and a displaced population of several million. Despite a recent reassertion of government authority resulting in several severe setbacks for guerrilla groups, peace remains a distant prospect. The *Fuerzas Armadas Revolucionarias de Colombia* (FARC) retain significant military capabilities in parts of Colombia, while a new generation of decentralised paramilitaristic armed groups has emerged from the demobilisation of the *Autodefensas Unidas de Colombia* (AUC) to represent a major new challenge to government control. Conflict between these diverse groups and the Colombian armed forces remains a reality of daily life in much of Colombia, with the main victims being the vulnerable and impoverished rural population.

Amid this situation, in 2004 Colombia entered into negotiations with the United States of America for a bilateral free trade agreement (FTA), with a successful conclusion reached in July 2006. The proposed agreement quickly became mired in controversy and was indefinitely suspended by the US Congress in April 2008. While much of the debate on the appropriateness of the FTA focussed on labour rights in Colombia and the economic and national security implications of the agreement for the US, an additional argument put forward by FTA proponents in both Colombia and the US claimed that the agreement would reduce violence by promoting economic development in Colombia. This interesting justification of the FTA has been relatively neglected by academia, politicians and the media, a situation which this work hopes to begin to remedy by critically analysing the implications of the FTA on the Colombian conflict and questioning the

assumption that promoting development via free trade will automatically foster peace.

The theoretical foundation of this examination will be the political economy of conflict. The first chapter will begin with an overview of the relatively young but burgeoning literature on this subject, focussing on several themes which will be drawn upon in later chapters. The debate on the degree of importance attributable to economic aspects of conflict, the economic functions of violence, and the relationship between war and capitalism will all be explored as the theoretical framework of the dissertation is constructed. In the following section, these ideas will be contextualised in an overview of the political economy of the Colombian conflict.

The second chapter will analyse the development of the FTA. After placing the FTA in the context of recent US-Andean trade policy, its main provisions will be outlined. An overview of the controversy that engulfed the agreement will lead to an analysis of the claim that the FTA would foster peace by promoting economic development.

In the third chapter the preceding material will be brought together in a critical assessment of this claim, which will look at the FTA's implications for the Colombian war economy based on an understanding of the political economy of the Colombian conflict. The findings of this chapter will inform the policy recommendations outlined in the conclusion.

This work represents an attempt to contribute to and deepen the debate on the FTA by examining and assessing its implications for the Colombian conflict while helping to bring the literature on the political economy of the Colombian conflict up to date with recent developments. The US-Colombia FTA is of enormous consequence for Colombia and the violence that has blighted it for so long, and a comprehensive understanding of its potential implications is therefore hugely important.

Chapter 1 – The Political Economy of War

Section 1: The Economics of Civil Wars

i - The Nature of Contemporary Conflict

Much of the academic literature on conflict since the end of the Cold War has focussed on the changing nature of war, which has become dominated by internal conflicts. While explanations for the driving forces of contemporary conflict abound, four dominant theories have emerged from the debate on the nature of the 'new wars' and the motivations of the actors that are embroiled in them. The 'ancient ethnic hatreds' thesis locates the primary source of contemporary conflict in a resurgence of latent ethnic violence, societal fractures with long histories but largely contained by authoritarian governments during the Cold War (Pugh & Cooper 2004, p.18). In a prominent example of this thesis, Kaplan (2005) explores the complex web of cultural and ethnic animosity that pervaded the former Yugoslavia, 'ghosts' of old hatreds that haunted the region and caused the descent into violence and war during the 1990s.

A second strand of thought notes the absence or reduced importance of political or ideological factors in modern warfare, claiming that most modern wars are chaotic and that attempts to apply rational explanations to the violence and the actions of belligerents are doomed to failure. The key underlying cause of contemporary conflicts is the rise of a 'new barbarism', the savage irrationality of actors who use violence to pursue their own erratic and shifting goals, which may even encompass violence as an end in itself (Pugh & Cooper 2004, p.18).

Both these theses build on a third theory of modern conflict, which emphasises the role of poor governance in the emergence of internal conflict. Weak, failing or failed states lack the political capacity to uphold institutional alternatives to conflict, while a failure to maintain a monopoly on violence allows the emergence of armed actors that are able to challenge the authority

of the state. In addition, a lack of popular legitimacy may foster the growth of rebel movements and hasten the descent into war (Pugh & Cooper 2004, p.19).

A fourth strand in the academic literature on contemporary conflict argues, to varying degrees, that these theories are inadequate or erroneous. This strand calls for an increased focus on *economic* aspects of warfare, seeing them as crucially important in understanding and explaining both the incidence and nature of contemporary conflict. This area seeks to understand the role of economic factors in triggering, prolonging and ending conflict, the economic motivations of actors involved, and the relative importance of economic incentives to conflict as opposed to more traditional explanatory factors, such as political, ideological or ethnic grievances. The varied and complex literature on the economics of contemporary conflict will form the theoretical basis of this dissertation, and will be now be reviewed.

ii - Greed versus Grievance?

While the literature on the economics of civil wars varies substantially according to the explanatory weight and theoretical importance attributed to economic as opposed to other factors, a common thread uniting such theorists is the assertion that attempts to understand civil wars which forego an exploration of their economic aspects are inadequate. While the academic discussion over the importance of economic aspects of civil wars is often over-simplified into a dichotomous 'greed versus grievance' debate, this characterisation nevertheless offers a good point of departure for an exploration of the literature on this topic.

Writing in a series of World Bank studies, Paul Collier offers the most systematic study of the role of economic factors in initiating, prolonging and ending civil wars, and, particularly regarding his earlier work, can be taken as the foremost advocate of a 'greed-based' or economic explanation of contemporary conflict over 'grievance-based' theories which emphasise political and ideological factors. Through a statistical exploration of civil conflict since 1965, Collier sought to

test the commonly accepted notion that the most important variable in the initiation of civil conflict is the existence of large scale objective grievances. Collier examined the relationship between numerous political, economic, geographical, sociological and historical variables and the risk of civil conflict, and attempted to look beyond the 'grievance discourses' of rebel organisations through examining patterns of behaviour that would demonstrate the true motivations or 'revealed preference' of such groups, thus shedding light on what he calls the “hidden structure of rebellion” (Collier 2000a, p.5).

Collier came to the counter-intuitive conclusion that political and economic factors commonly associated with grievance-based explanations of conflict, such as regime type, economic inequality, and ethnic diversity, are not statistically associated with the incidence of civil conflicts, despite their prevalence in the ‘grievance discourses’ of rebel groups. The most important variables or risk-factors are a dependency on primary commodity exports and a lack of economic opportunities (due to low education levels, slow or negative economic growth and low incomes). These findings underlie Collier’s ‘predation theory’ of civil conflict, which holds that whether rebels are motivated by the desire to capture and control resources, by a lust for power, or by subjective grievances, the key risk-factor of civil conflict is the feasibility or opportunity of predatory access to finance which makes a rebellion economically viable, and which is most strongly linked to a dependence on primary commodities (which are generally highly lootable) and a poor, uneducated population that will be willing to join a rebellion (Collier 2000a, p.4). While this theory allows for a variety of motives for rebel groups, Collier seems to support a more cynical interpretation of rebel agendas: “the true cause of much conflict is not the loud discourse of grievance, but the silent force of greed” (Collier 2000b, p.101).

Collier’s work makes a valuable contribution to the debate by demonstrating the role of economic factors in increasing the risk of civil conflict, and by highlighting the need to look beyond the ‘grievance discourses’ of rebel groups, which may simply seek to legitimise far less defensible

motivations for insurrection. Collier's stance, however, has rightly been attacked by several authors for its excessive cynicism. Cramer (2006a) accepts the importance of primary commodities and poor economic opportunities for explaining civil wars, but criticises economic theories of war for according these factors near-exclusive explanatory weight. Economic theories of civil conflict often end up "fetishising commodities" and depoliticising conflict, misrepresenting the "direction of causality" of the generation of economic and non-economic motivating factors (Cramer 2006a, p.151). Wars which started for political (grievance-based) reasons may end up *creating* the very economic conditions often used to explain their initial incidence, such as (in Collier's case) a dependence on and predation of primary commodities, or a mass of impoverished, uneducated and hopeless people who will be more likely enter the conflict due to the lack of other economic opportunities (Cramer 2006a, pp.150-151). Cramer is highly sceptical of general theories of war, and calls for an appreciation of the fluctuating motives of warring parties. Greed or grievance can beget grievance or greed *ad infinitum*, while during a civil conflict ends and means may become confused – accessing finance as the *means* of fighting a war may become the *end* of the war, which itself simply becomes the means of securing finance (Cramer 2006a, p.176). Such uncertainties necessitate nuance, balance and sensitivity to historical and contemporary contexts.

These sentiments are echoed by several authors who argue for the need to transcend the dichotomy between economic and non-economic factors and move "beyond greed and grievance" (Ballentine 2003, p.259). Reductionist explanations of civil conflict must be avoided in favour of an appreciation of the dynamic interactions between economic *and* political factors in initiating, sustaining and ending a civil war (Cater 2003, p.20). This strand of the literature thus seeks a holistic understanding of contemporary civil conflict, a political-economy approach which acknowledges the deep importance of economic factors to civil wars, but does not do so at the expense of political factors, historical contexts and changing realities which will also be vital for designing effective policies to foster peace or avoid prolonging or intensifying a conflict.

iii - War Economies and the Economic Functions of Conflict.

David Keen's work on the political economy of conflict and the economic functions of violence (1990) challenges common understandings of the nature of war, arguing that these distort or conceal fundamental aspects or functions of conflict, especially regarding wartime economic processes (1990, p.19). Focussing his critique on two traditional conceptions of 'war as breakdown' and 'war as a contest', Keen builds a strong case for the need to appreciate and understand the economic processes bound up with conflict. Explicitly challenging the 'ancient ethnic hatreds' and the 'new barbarism' theses, Keen argues that war can and should be understood not simply as a descent into chaos, but as the transition to and emergence of an alternate political and economic order (1990, p.22). War transforms economies but does not destroy them, and thus can be characterised as "the continuation of economics by other means" (1990, p.27).

The emergence of a war economy, in which certain activities are made possible or are legitimated by the state of war, can confer huge benefits to certain actors who will therefore have a vested interest in prolonging a conflict and the beneficial economic order it makes possible, thus creating further incentives for violence (1990, p.24). This challenges the traditional concept of 'war as a contest' between various actors trying to win, an idea which may simply be a 'smokescreen' for the emergence and consolidation of a war economy which offers these actors greater benefits than a peacetime economy (1990, p.26). Under a state of war, violence is bound up with economic processes and can serve numerous economic functions encompassing the acquisition and pillage of resources, the gaining control of trade and land, the securing of protection rents, and the abusive exploitation of labour (1990, pp.29-31). An understanding of a particular country's war economy thus entails a thorough and holistic exploration of its various economic processes, the way they may benefit or harm various parties, and their relationship with violence and the conflict as a whole. Keen highlights the importance of properly understanding the dynamics of war economies, the need

“to map the benefits and costs of violence for a variety of parties...creating disincentives for violence and positive incentives for peace” (1990, p.37).

This point is especially relevant to international actors, given the fact that war economies are rarely isolated from regional and transnational economies but are in fact often sustained by them. Mark Duffield (2000) notes the links between much contemporary internal conflict and transborder trade, describing the globalisation of war economies. Expanding regional and global trade networks (both legal and illegal) provide the means through which violently accumulated assets can be realised, allowing warring parties to sustain and further enrich themselves, consolidating a war economy and prolonging the conflict (Duffield 2000, p.81). Noting the dependence of war economies on such transnational trade networks and the 'commercial complicity' of foreign companies, banks and governments with these processes, Duffield concludes that war economies will be “vulnerable to a concerted application of appropriate compliance and regulatory measures” (Duffield 2000, p.85) which could serve as the incentives and disincentives for peace and violence suggested by Keen.

The relationship between conflict and trade is also explored by Cramer, who examines the longstanding idea of 'pacific capitalism', the association between the advance of free trade and expanding peace. The 'liberal peace thesis' counts among its historical advocates Immanuel Kant and John Stuart Mill, and forms part of the development vision of institutions such as the World Trade Organisation (Cramer 2006a, p.203). Applied to contemporary conflicts, the thesis argues that “political and economic liberalisation...will cure the problem of violent conflict” by promoting development (Cramer, 2006b). Cramer criticises this idea, claiming that it “prettifies reality” by ignoring the conflictual and often violent nature of the transition to and the development of capitalism (2006a, p.204). Cramer notes the similarities between historical processes of capitalist development (such as the enclosure of the commons in England), and certain aspects of contemporary conflicts. War, he argues, can act as an 'enabling environment' for capitalist

development, a context which facilitates the coercive process of primitive accumulation, “the twin process of forceful asset accumulation and displacement of people” (2006a, p.217) which will form the foundation of post-war economic development (2006a, pp.208-216). Where there is lacking an effective state capable of maintaining a monopoly on the use of force, this process is likely to be more violent, protracted and unpredictable, and less progressive. Promoting capitalist development via free trade will not automatically make the process less violent or bring about a resolution of conflict. Recognising the shortcomings of the liberal peace theses, the challenge for policy-makers is to foster a more peaceful and progressive process of development.

In the next section, the ideas of greed versus grievance, war economies, and the links between conflict and development will be placed into the specific context of the Colombian conflict. This will form the basis of the following chapters, which will undertake an examination of the US-Colombia FTA and its implications for the war in Colombia.

Section 2: The Political Economy of the Colombian Conflict

i - Greed or Grievance?

How relevant are economic factors to the Colombian conflict? References to the social, political and economic grievances that triggered and sustain the Colombian conflict long dominated the literature on the topic and the rhetoric (or 'grievance discourse') of the rebel groups themselves (Röhl 2004, p.5). Since the 1990s, however, increasing attention has been paid to economic aspects of the conflict as well as the role of economic motivations, or greed, in driving the violence, with some of the more strident proponents of economic theories of conflict such as Collier citing Colombia as “a paradigm example of such a rebellion motivated by greed” (Röhl 2004, p.8). Evidence for this characterisation of the Colombian conflict appeared to be mounting during the 1990s as the violence intensified, with guerrilla groups and paramilitaries competing for access to

finance and often compromising their stated social or political commitments in the process (Gray 2008, p.654). This gave added credence to the argument that the guerrillas had abandoned any previously held grievance-based political goals in favour of the pursuit of material benefits, while paramilitary groups and sections of the armed forces were more akin to mafia-like criminal organisations.

Despite this characterisation of the Colombian conflict as fundamentally greed based, most examinations of the economic aspects of the conflict have taken a more nuanced approach. While accepting the importance of economic motivations in explaining the conflict, Pecany and Durnan (2006) argue that explanations that attempt to focus on them entirely and isolate them from other factors are insufficient, failing to explain, for example, the FARC's origins or its sustained social support base among the peasantry (2006, p.98). Gray (2008, p.67) calls for “a more comprehensive political economy” approach to the conflict which accords sufficient explanatory weight to the myriad factors that facilitate and fuel the violence.

LeGrand (2003), Röhl (2004), Garcés (2005), and Henderson (2007) all accept the important role of grievances in triggering the Colombian civil war, but note its evolution into a conflict increasingly, and perhaps primarily, driven by greed. Grievances remain important however, particularly as a sustaining force for the conflict such as through generating support for the various actors, creating extra sources of finance (such as displaced peasant turning to coca production) or new sources of manpower (such as from displaced peasant turning to employment in one of the various armed groups (Hristov 2009, p.161)). Both economic and non-economic factors, and their interaction, are thus vital to understanding the dynamic of the conflict. Echoing the arguments of Keen and Cramer outlined in the first section, greed and grievance can both lead to further grievance or greed, and the direction of causality is vital to understanding the economic dynamics at work in the war economy. In a holistic examination of these dynamics, Richani (1997; 2002) develops the idea of a Colombian 'war system' which is sustained by a positive political economy in

which the continuation of war is preferable to the pursuit of peace for the actors involved.

ii - The Colombian War Economy

The increased interest in economic aspects of the Colombian conflict has led to a number of studies of the country's 'war economy', focussing on the financing of the various armed groups, the economic conditions that help to sustain and prolong the conflict, and the benefits to the various actors that accrue from the state of war.

As with many other examinations of the political economy of war, the majority of studies of the Colombian war economy focus on the various commodities that fuel the violence both by financing the various armed groups as well as creating incentives for violence. Unsurprisingly, the commodity that receives most attention is coca, the raw material for cocaine. Cultivation of coca by Colombian peasants has boomed since the late 1980s, and has been linked by several studies to poverty, instability and lack of state presence (Diaz & Sanchez, 2004, Rocha, 2000). A resilient crop that will grow in relatively infertile conditions and produce several harvests a year, is easier to transport and offers far superior price stability and profit than legal alternatives, coca is an economically rational and often unavoidable choice for many impoverished farmers (Holmes 2008, p.106).

Pecany and Durnan (2006) describe coca as an eminently lootable commodity, easily extracted and transported, with an excellent value to weight ratio and subject to global prohibition which both increases its profitability while also preventing the government from partaking in or controlling the trade (2006, p.99). Colombia's various armed actors have profited immensely from the boom in coca cultivation in Colombia, with their involvement in the cocaine trade fuelling the expansion of the FARC and the paramilitary through the 1990s, and continuing to finance them today. The guerrillas appear to capture profit mostly from the lower echelons of the cocaine trade, enforcing a tax on the cultivation of coca and the production and transport of coca paste. Taxing the

coca trade has expanded to become the FARC's most important source of finance, with some estimates accounting it for as much as 70 per cent of its annual income (Pecany & Durnan, 2006). The AUC and sections of the new generation of paramilitary groups that have proliferated since the demobilisation process also tax the coca trade, but are also heavily involved in the production and transport of cocaine, by far the most profitable stage of the trade. Many paramilitary groups are also directly formed and financed by narcotraffickers, and in 2000 the then leader of the AUC Carlos Castaño admitted that the cocaine trade financed 70 percent of paramilitary activities (Livingstone 2003, p.134).

In addition to fuelling the conflict by financing some of its main protagonists, the cocaine trade helps to perpetuate the violence by exacerbating social and economic grievances that underlie support of and employment in armed groups as well as increased coca cultivation. These result from the increased violence caused by the trade; increased dispossession, poverty and inequality as narcotraffickers launder their money through acquiring vast tracts of fertile land; and antagonising of the peasantry caused by unsubtle counterdrug initiatives such as aerial spraying.

While the cocaine trade is of unquestionable importance to the conflict, Richani (2003) warns of the dangers of focussing solely on drugs to the exclusion of sources of armed group finance. Numerous other commodities fuel the violence in Colombia. Guáqueta (2003) notes that “in Colombia, all natural resources have become directly or indirectly lootable” (2003, p.92), enmeshed in a complex war economy in which armed groups finance themselves through “the extortion of coal-mining operations, the illegal exploitation of emeralds and gold, the theft of cattle and extortion of cattle ranchers, and the extortion of farmers in general and of private-sector companies producing legal crops, such as bananas and oil palms” (2003, p.92).

Particularly important to the war economy is oil, from which both guerrillas and paramilitaries have extracted considerable finance. In a study of the impact of oil on the dynamics of the Colombian conflict, Pearce (2004) notes how the *Ejército de Liberación Nacional* (ELN) was

able to rebuild itself after near military annihilation through a concerted campaign of extortion and kidnapping targeting oil companies, a strategy which including the repeated bombing of oil pipelines to encourage the payment of a war tax to the guerrillas (2004, p.13). Paramilitary groups have also extorted money from oil companies in the form of the *vacuna*, a 'vaccination' against violence and instability (Pearce 2004, p.14), symptomatic of the strategy of most companies operating in Colombia to opt for appeasement of armed groups through offering payments (Pearce 2004, p.4).

iii – War and Development in Colombia

In addition to providing means of war finance to the various armed groups, natural resources also fuel the conflict by acting as an incentive for violence and a cause of competition between armed groups for access to and control of resource rich areas. Discovery of valuable commodities, or development of an area to facilitate their extraction is very often linked to a subsequent escalation in violence, which again feeds into conflict-sustaining grievances alluded to earlier (Richani 1997, p.64).

An increasing number of academics and commentators see this process as evidence of a disturbing side effect of prolonged war in Colombia, arguing that the conflict serves to facilitate a highly coerced and violent form of economic development of rural areas. Oslender (2007) notes the collusion between armed groups and various economic interests to violently attain land and turn it towards large scale development, a process increasingly exemplified by the burgeoning palm oil sector. Violent displacement of entire populations is posited not as an unfortunate by-product of the conflict, but as a systematic strategy at the service of economic exploitation and extraction of land and resources which is often constitutionally protected as the communal property of its Afro-Colombian or Indigenous inhabitants (Oslender 2007, p.758). In this disturbing characterisation, “forced displacement is not the result of the armed conflict, but its objective” (Oslender 2007, p.61).

These arguments are echoed by Ross (2007), who traces Colombia's "brutal route to modernization" (Ross 2007, p.64) in which a coerced mass-exodus of the peasantry from rural areas advances the interests of a small paramilitary-linked economic elite. Following the ideas of Cramer outlined in the first section, Ross notes the historical links between such clearance and the process of capital accumulation all over the world, but stresses the exceptional brutality of the process in Colombia (Ross 2007, p.59). In a groundbreaking exploration of the growth and consolidation of paramilitarism in Colombia, Hristov (2009) also notes that violence and economic development need not be mutually exclusive or incompatible, and in Colombia are often mutually *reinforcing*, with violence facilitating and accelerating the process of simultaneous capital accumulation and dispossession (2009, p.206). Hristov also notes the dual purpose of violence in the Colombian system, functioning both "as an instrument to contain opposition and to enrich" (2009, p.207).

This dissertation will draw on these understandings of the political economy of the Colombian conflict in the hope of bringing the literature up to date with recent developments, specifically regarding the merits of the proposed free trade agreement with the United States. In the following chapter, I will outline and analyse the US-Colombia FTA, the huge controversy it generated, and the argument put forward by its proponents that, by facilitating economic development, it would encourage peace in Colombia.

Chapter 2: The US-Colombia Free Trade Agreement

After placing the US-Colombia FTA in the context of recent trade policy, this section will explore the controversy that embroiled the agreement following its negotiation. It will then focus on a neglected but important argument put forward by proponents of the FTA, which characterised the agreement as a means of reducing violence and promoting peace in Colombia.

i - The Development of Recent US-Andean Trade Policy

The US-Colombia FTA demonstrates continuity with recent US trade policy towards Colombia and the Andean region as a whole, in that it can be understood as complementing a broader drugs control strategy. In 1989, President George H.W. Bush proposed the Andean Trade Preference Act (ATPA), which was subsequently passed in 1991 and formed the central economic element of the administration's counter drug strategy for the region, the Andean Initiative (Perl 1992, p.13). The goal of the ATPA was to support the expected results of increased coca crop eradication and interdiction efforts by encouraging the development of licit economic alternatives to drug production or trafficking. The legal economies of Colombia, Ecuador, Peru and Bolivia would be strengthened through encouraging the expansion and diversification of the non-drug related export base by improving access to the US market. To this end, certain products were provided with duty-free or reduced tariff access to the US market, with Colombia the largest beneficiary of the program in terms of export volume (Hornbeck 2002, p.6).

While it is difficult to isolate the program's impact from those of other development and counter-narcotics programs, it is fair to conclude that it did not meet expectations – although the program did encourage the growth of some non-traditional exports such as cut-flowers, “there was no major change in the production structure of ATPA economies, particularly in the biggest ATPA beneficiary, Colombia, which actually experienced a large increase in coca production in the 1990s”

(Hornbeck 2002, p.2). The exclusion of dominant exports such as oil and textiles also limited the potential impact of the program until these were qualified to receive preferential treatment under the reimplemention and expansion of the ATPA as the Andean Trade Preference and Drug Eradication Act (ATPDEA) in 2002. This resulted in a large increase in the value of regional exports to the US (largely due to the high price of oil), as well as the overall proportion of exports which entered the US duty-free. This stood at 90 per cent in 2008, and encompassed the twenty leading regional exports (USTR 2009, p.8).

Despite the disappointing results of ATPA/ATPDEA in terms of encouraging Colombian export diversification, the program undoubtedly played an important role in the increase in the volume and value of trade with the US, and maintaining the benefits of the programs are seen by the Colombian government as vital for consolidating the the perceived progress achieved since the program's inception (USITC 2007, s.5-8). Given the temporary nature of ATPA/ATPDEA, which initially expired in 2001 and since its renewal in 2002 under the George W. Bush administration has been extended on a periodic, short-term basis, this progress is built on precarious foundations. This underlies the strong support demonstrated by the Colombian government for 'locking in' the benefits of the ATPA through negotiating an FTA with the US. The major concessions that inevitably come with such agreements were seen as a necessary price to pay for avoiding a precipitous decline in exports, and creating a more predictable and attractive investment climate through allaying investor fears of being undercut by foreign competition, in the event of the withdrawal of ATPA/ATPDEA benefits and the re-imposition of duties (USITC 2007, s.5-6). For the US, negotiating an FTA was seen as a way of maintaining the economic aspects of the regional drug control strategy while simultaneously improving access for its own exports to the Colombian economy which under ATPA/ATPDEA continued to face an average tariff of 12 per cent (US Department of State, 2008). A bilateral FTA would thus make possible 'two way' free trade rather than the 'one-way' free trade of ATPA/ATPDEA (Rice, 2008).

With strong support for an FTA from officials on both sides, negotiations began in May 2004, initially aiming at a US-Andean FTA incorporating the United States, Peru, Ecuador and Colombia. After these talks became stalemated, the US and Colombia proceeded with negotiations on a bilateral basis, successfully concluding an agreement on the final text of the US-Colombia FTA on July 8th 2006 (Villareal 2006, p.1).

ii - The Main Provisions of the FTA

The US-Colombia FTA is a “comprehensive free trade agreement” (Villareal 2006, p.3) which would eliminate most barriers to the trade in goods and services between the United States and Colombia. The agreement is a complex and detailed document exhaustively covering all aspects of trade relations, with the most important provisions dealing with market access and investment.

In terms of access to the US market, the main benefit to Colombia of the FTA would be to secure and make permanent the preferential treatment received under ATPA/ATPDEA. The agreement would also provide a slight improvement in market access for products excluded from ATPA/ATPDEA – for example, the quota for the export of Colombian sugar to the US would be increased from 25,000 to 75,000 metric tons, although it would still face the previous tariff rate (Schott 2006a, p.7). For the US, the agreement would enormously improve access to the Colombian market for US exports, with 80 per cent of tariffs on industrial and consumer goods removed immediately, with the rest gradually eliminated over ten years (USTR, 2007b).

While access for US agricultural exports was a sensitive issue given the importance of the agricultural sector to the Colombian economy, major concessions were made by Colombia. The FTA would result in the removal of protective mechanisms such as the Andean price band system (which functioned to stabilise fluctuating prices for various agricultural products) and fixed quotas on imports (Oxfam 2006, p.6), while tariffs on established imports from the US such as high quality beef would be removed immediately. Against US opposition, Colombian negotiators managed to

obtain a transition period for some more sensitive products such as pork and poultry, for which schedules of gradually declining tariffs and expanding quotas were agreed upon with various time periods up to fifteen years (Josling 2006, p.123). However, although measures such as these appear to offer protection for vulnerable Colombian producers, critics have pointed out that the excessive size of the quotas will “effectively neutralise any potential benefit from the extended implementation periods” (Oxfam 2006, p.10).

Chapter 10 of the FTA text commits Colombia to numerous provisions designed to facilitate and encourage investment in the country, particularly through removing investment regulations, and improving protective mechanisms for investors. The ability of Colombia to positively discriminate in favour of domestic investors over foreign investors would be curtailed, with the FTA ensuring that “with very few exceptions, US investors will be treated as well as Colombian investors (or investors of any other country) in the establishment, acquisition, and operation of investments in Colombia” (USTR 2007a, p.3). Performance requirements (such as rules or incentives to encourage the purchase of inputs from local sources, or the employment of a specified level of nationals) would also be proscribed (Oxfam 2006, p.17).

The FTA is also designed to encourage and facilitate US investment in Colombia through establishing a more predictable legal environment in which all forms of investment would be granted the same legal protections granted to foreign investments in the United States, encompassing rights to fair compensation in the event of expropriation (Villareal 2006, p.5). Furthermore, companies would have the right to claim compensation for cases of indirect expropriation, in the event of the passing of laws or regulations (such as a rise in the minimum wage) which might impact on future profits. In these situations, the FTA would grant investing companies the right to sue national governments in international courts (Oxfam 2006, p.18).

The FTA's key provisions reflect the main aim of the Colombian government regarding the agreement – increasing foreign investment in Colombia. The considerable concessions made to the

US are seen as an acceptable price to pay for achieving a more attractive and stable investment climate through securing permanent market access to the US and agreeing to strict investment rules (Schott 2006a, p.5).

iii - The FTA Controversy

While the FTA successfully passed through the Colombian Congress in 2007 and was deemed to be in compliance with the constitution by the Colombian Constitutional Court in June 2008, in the United States it quickly became mired in controversy. On April 7th 2008, President Bush signed a letter sending the US-Colombia FTA to Congress for approval (White House, 2008a). In the preceding speech, he emphasised the urgent nature of the FTA and the legal requirement of Congress to come to a decision within 90 days of the transmission of the bill – a reference to the 'Fast Track' process which limits Congress to a yes or no vote on executive branch-negotiated trade deals within a set time limit. Bush was essentially attempting to force a vote on the FTA without negotiating with Congress to gain the necessary support for passage, and despite warnings from House Speaker Nancy Pelosi that there remained deep concerns regarding violence against Colombian workers (US Congress, 2008). The move, lacking in established political etiquette, resulted in a Congressional backlash and a vote to suspend fast-track authority for the Colombian FTA, removing the time limit on the vote and effectively suspending it indefinitely (Tucker & Wallach 2009, 6f). While the suspension of the Colombian FTA vote can be largely understood in terms of US domestic politics and power relations between different governmental branches, it nonetheless increased the politicisation of the FTA and escalated the debate surrounding its implementation.

Concerns over the potential implications of the FTA on the US economy echo the debates on previous trade agreements such as NAFTA, although in this case the stakes had been raised somewhat by the developing global financial crisis and the apparent fragility of the US economy.

Protectionist concerns were voiced regarding the impact of the agreement on US jobs, agriculture and industry (e.g. Pallesen, 2008), while Pelosi claimed that a vote to suspend the FTA was synonymous with “a vote to put the priorities of the American people first” (US Congress, 2008). Surprisingly, however, those taking such an economic nationalist stance found themselves outflanked by free trade advocates due to the one-sided nature of US-Colombian trade relations under the ATPA/ATPDEA system, which granted Colombia substantial access to the US market without according concomitant access to US exports to Colombia. The FTA, advocates argued, would prove a boon to US agricultural, industrial and service exports by removing the high tariffs currently faced, and could therefore be characterised as an effectively cost-free (albeit minor) stimulus package for the ailing US economy (Marczak, 2008).

The domestic economic implications of the FTA, however, were completely overshadowed as a focus for critics of the agreement by the labour rights situation in Colombia. Citing the grim history and recent statistical evidence of violence against trade unionists as well as Colombia's pervasive climate of impunity (e.g. Human Rights Watch, 2007), critics, including then Presidential candidate Barack Obama, argued that implementing the FTA would make a mockery of the labour provisions contained in the agreement, while simultaneously diminishing any incentive for the Colombian government to improve the situation (Redmond, 2009; Sweeney, 2009). Beyond violence against trade unionists, concerns were also voiced with the wider human rights situation in the country, particularly regarding persistent massacres and the plight of the steadily increasing population of internal refugees, the largest in the world except for that of Sudan (Amnesty International 2008, p.38).

Advocates of the FTA responded to these criticisms with a gushing defence of the Uribe administration's record on human rights, strongly supported by a lobbying “blitz” funded by the Colombian government (CIPCOL, 2008b). Emphasis was placed on the progress made by the Uribe administration in this area, with supporters arguing that trade union murders had declined, with

safety improved by a special government protection program and additional funding for efforts to end impunity for violence against trade unionists (US Department of State, 2008). Despite the accuracy of these claims being called into question by human rights groups (Human Rights Watch, 2007), Bush's stance remained firm: “in discussions about the Colombia free trade agreement, some members of Congress have raised concerns about the conditions in Colombia. President Uribe has addressed these issues” (Bush, 2008).

Seeking to imbue the FTA with added importance and thus increase the costs of opposing it, the Bush administration also argued that it was of vital importance to the national security of the US. This argument worked on the concerns of many in the US with the rise of an anti-American 'new left' in Latin America, embodied by the Venezuelan President Hugo Chavez. Rejecting the Colombian FTA, Bush argued, would mean abandoning the United States' most loyal ally in an increasingly hostile region, and would play into the hands of Chavez as he sought to expand his influence and portray the US as unreliable partner. While rejecting the FTA would “embolden the voices of populism in the neighborhood” (White House, 2008b), implementing it would “provide a powerful rebuke to dictators and demagogues” in Latin America (Bush, 2008).

The 'national-security justification' of the FTA came in for surprisingly little criticism, with opponents preferring to focus on Colombia's human rights situation – understandable given the political risk of being characterised as treating US national security lightly. However, a number of politicians and analysts did challenge the argument: Congressman Mike Michaud accused the Bush administration of cynically “pushing an agenda under the guise of national security in order to promote its own interests” (Michaud, 2008), while prominent Colombia analyst Adam Isaacson noted the myriad and dangerous potential applications of the argument and the outdated, Cold War style outlook on which it was founded (CIPCOL, 2008).

iv – The 'Pacific Capitalist' Justification of the FTA

Somewhat marginalised amid the attention paid to these issues was an additional argument put forward by FTA proponents in both the US and Colombia that through promoting economic development it would play a vital role in aiding Colombia in its battle against drugs and violence, and thus facilitate peace. In terms of the FTA acting to reduce drug cultivation and trafficking by fostering the growth of new alternative economic activities and strengthening existing ones, this echoes the justification of the ATPA/ATPDEA system and demonstrates the continuity of the economic aspects of US counter-narcotics strategy in Colombia. Regarding the FTA, however, this justification has been expanded to more explicitly include violence as well as drugs, with US officials describing it as “a critical tool to provide licit jobs and economic alternatives to violence” (USTR, 2008a) and Bush claiming that “the economic benefits the agreement brings to Colombia would strengthen the fight against drugs and terror, by creating a more hopeful alternative for the people of Colombia” (Bush, 2008).

This broader justification of the FTA is symptomatic of the shift in US policy towards Colombia following the terrorist attacks of September 11th 2001 and the subsequent War on Terror. This allowed the conflict in Colombia to be redefined as a crucial front in the fight against terrorism, justifying the loosening of Congressional restrictions on military aid that had limited the US role to counter-drug operations, making possible a wider US role including the support of counter-insurgency operations (Leogrande 2007, p.363). In a similar vein, the FTA represents a shift from an economic element of a counter-narcotics strategy to an economic element of an explicitly broader counter-terror strategy, contributing to the fight against violence itself *as well as* the drugs perceived to fuel it. The FTA, it is argued, will create prosperity through promoting economic development, and thus foster peace. This justification can be understood as a linear descendant of the 'pacific capitalist' or 'liberal peace' school of thought examined in the first chapter due to its explicit association of economic liberalisation and advancing peace.

This justification of the FTA was elaborated on by various proponents. An article released by the US Department of State cited Colombia as “a prime example of the intrinsic link between prosperity and security”, and argued that an FTA would foster the investment, trade and economic growth needed to bring about peace (US Department of State, 2008). An open letter written by five former commanders of the US Southern Command also linked Colombia's recent progress in the conflict to strong economic growth and investment levels which strengthened the Colombian state and created jobs for would-be traffickers or guerrillas, and called for the implementation of the FTA to consolidate and advance these successes (US Southern Command, 2008). President Uribe, for his part, made his case for the FTA with characteristic certainty: “the more the investors come to Colombia, the less difficult for us to defeat terrorism” (White House 2008b).

This 'pacific capitalist' argument, that an FTA would reduce violence and foster peace in Colombia through promoting economic development, will be examined in the following chapter, based on a study of the potential impacts of an FTA on the political economy of the Colombian conflict.

Chapter 3: The Free Trade Agreement and the Political Economy of Conflict in Colombia.

In this final chapter, the material of the preceding chapters will be brought together in an assessment of the 'pacific-capitalist' argument put forward by advocates of the US-Colombia FTA that it would foster peace in Colombia through promoting economic development. This assessment will be based on the likely impact of the key provisions of the FTA outlined in the previous chapter on the political economy of the conflict explored in the first chapter. In continuity with that characterisation of the conflict, the impact of the FTA on the conflict will be assessed in two distinct areas. The first will explore the likely implications of the FTA on the sustainability of the conflict by looking at its potential impact on armed group finance, recruitment and support; while the second will look at how the FTA will affect the violent process of economic development experienced in parts of Colombia.

Section 1: The FTA and the Sustainability of the Conflict

When assessing the claim that an FTA would foster peace by promoting economic development, a clear starting point is to use the ideas of Collier and Keen examined in the first chapter to look at how an FTA would affect the viability and sustainability of armed groups in terms of accessing finance, maintaining recruitment and building support, as well as the profitability of their involvement in the conflict. Following Richani's model, would an FTA result in a positive political economy in which the actors involved find that perpetuating the conflict is not only possible but preferable to peace; or a negative political economy in which conflict becomes difficult or impossible to sustain, and in which peace is preferable to the continuation of conflict? This section will explore the likely impacts of an FTA on key sources of armed group finance and, following a

political economy approach incorporating both greed and grievance, also look at potential impacts on employment in and support of armed groups.

i - Drugs

Given its role as the largest and most important source of finance for the various armed actors involved in the Colombian conflict, coca and the cocaine economy are key to the viability and profitability of conflict in Colombia, and thus largely underpin the positive political economy that perpetuates it. To effectively promote peace in Colombia, a central impact of the FTA would have to be the discouraging of the cultivation of coca, resulting in the disruption of the cocaine economy and thereby reducing the vast amounts of finance that armed groups are able to extract from the various stages of its production and transport. A central argument of proponents of the agreement was that this would be made possible by encouraging licit economic alternatives to coca cultivation. The making permanent of the benefits conferred under ATPA/ATPDEA is indeed likely to benefit certain agricultural products by securing future access to the US market, which will also foster increased investor confidence by removing the risk of a sudden loss in competitiveness resulting from the removal of market access for certain products.

However, these benefits would be limited to export oriented products, predominantly characterised by large-scale production low in labour intensity. The vast majority of the agricultural sector in Colombia continues to be accounted for by small scale farmers producing for the domestic market. Such small-scale farms are estimated to produce 40 per cent of the Colombian food supply, and also account for the employment of three million people (USOC 2009, p.1). Production in these farms is dominated by so-called 'special products' such as wheat, beans and rice, products which would face competition from US imports following the removal of protective mechanisms as demanded by the FTA (Oxfam 2006, p.8). Already hampered by poor infrastructure and often difficult climatic conditions, such products would be unable to compete with heavily subsidised

imports from the US, resulting in a potentially enormous dislocatory impact of an FTA on small-scale Colombian agriculture. Attempting to quantify such an impact, a report by the Colombian Ministry of Agriculture and Rural Affairs predicts a 57 percent decrease in production of nine products most crucial to the livelihoods of the rural poor, leading to a 20 per cent decrease in farmed land and a 35 percent decrease loss of employment linked to these products (Oxfam 2006, p.8). Similar negative impacts on the rural sector resulting from FTA's with other Latin American countries, such as Mexico's post-NAFTA experience, support these concerns (Public Citizen 2008b, p.4).

Faced with this loss of income, and with alternatives limited by a lack of access to credit and poor infrastructure, it is reasonable to assume that many Colombians that find themselves victims of the dislocatory impacts of the FTA on the agricultural sector will turn to coca cultivation for survival. As was discussed in the first chapter, coca cultivation is often the rational economic choice for impoverished farmers, representing as it does a cheaper transition, more frequent and dependable harvests, higher profits, and a better established supporting infrastructure (Holmes 2008, p.106). Moreover, the links between slumps in the agricultural sector and booms in coca production are demonstrated by past trends: declining income in the coffee sector since the mid 1980s led many farmers to grow coca as a supplement to income from coffee cultivation, while the agrarian crisis that followed the neoliberal *apertura* of the 1990s helped create the impoverished rural workforce needed to produce enough coca to meet the rapidly increasing global demand for cocaine (Guáqueta 2003, p.81).

A similar post-FTA expansion of coca cultivation and the overall cocaine economy would feed into Colombia's war economy, making a prolongation and intensification of the conflict more likely. Increased income from the cocaine industry would not only make involvement in the conflict financially viable but more attractive both for actors already embroiled in the violence and those yet to enter it. For the FARC, such an expansion in coca cultivation would come at a propitious time,

following a series of debilitating military defeats. Drug profits would continue to finance paramilitary groups, while regarding the various new armed groups such as the *Aguilas Negras*, increased drug related profits could fund the further expansion and consolidation of a yet another source of violence for Colombians to contend with.

Past agricultural crises have been linked with increases in political violence, in large part due to increased support of and employment in armed groups (Dube & Vargas, 2006b). Grievances linked to agricultural dislocation caused by the FTA could be expected to have a similar effect, especially given that the vast majority of FARC support and combatants are drawn from marginalised and impoverished rural areas (Crisis Group 2009, p.8). This would prove a further fillip to a destabilised and demoralised guerrilla army at a time when recruitment is low and desertion is high (Crisis Group 2009, p.9), and reduce incentives for its leaders to seek an end to the conflict. Increases in recruitment resulting from agricultural dislocation would likely apply to all armed groups, which feed off poverty and a lack of economic opportunities or alternatives (Hristov 2009, p.161). Further grievances and a resulting increase in support for the guerrillas could be expected if the surge in coca cultivation was met with further eradication policies such as aerial fumigation, which demonstrably fuel anger against the government and sympathy and support for the FARC (Pecany & Durnan 2006, p.101).

ii - Other sources of finance

Beyond the cocaine economy, it is also important to consider the potential impact of the FTA on other commodities which directly or indirectly finance armed group activities and also influence support for and recruitment to these groups.

Oil is central to the political economy of conflict in Colombia, and the oil industry is well placed to experience a post-FTA expansion. The FTA, in conjunction with a series of reforms to the oil sector, can be understood as part of a strategy by the Uribe government to expand and

consolidate Colombia's position as a dependable supplier of oil to the US through attracting the investment needed to capitalise on its potentially enormous reserves, the majority of which remain unexplored (Embassy of Colombia 2005, p.4). The investment provisions of the FTA, plus the image of Colombia's commitment to a neoliberal economic project, would further enhance the Colombian investment climate, building upon recent growth in investment in the oil sector and translating into an expansion in oil operations throughout the country (Embassy of Colombia 2005, p.2).

Given the unavoidable necessity for the majority of such operations to take place in unstable areas lacking in a dominant state presence (Pearce 2004, p.12), and the impossibility of affording universal protection to installations and employees, this would clearly represent an increase in the potential for armed groups to extract war finance from the industry. New installations and pipelines represent new military targets for guerrillas, new opportunities for theft of oil through the drilling of pipelines, and new opportunities for indirect looting through extortion, kidnap, and the demanding of protection rents by paramilitaries. In some areas, paramilitary infiltration of local government structures and their access to public finances allows armed groups to siphon off the economic windfalls resulting from oil expansion in certain regions (Crisis Group 2007, p.5). However finance is extracted, it is clear that a post-FTA increase in FDI in the oil industry could potentially serve to substantially strengthen armed groups by increasing their opportunities for direct and indirect looting of the commodity.

In addition to its central role as a source of finance for armed groups, expanding oil operations could also have important and diverse effects in terms of support for and recruitment to armed groups. For example, resource nationalism, especially regarding oil, is a central part of the rhetoric of guerrilla groups, particularly the ELN (Pearce 2004, p.6). Expanding oil operations would increase the potential for guerrilla groups to capitalise on such rhetoric, especially among communities negatively impacted by the industry. Perceived deteriorations in community cohesion

and values linked to job-seeking immigration can serve to legitimise paramilitarism and social cleansing, while sudden spikes in unemployment as labour intensive construction phases of oil operations come to an end has been linked with increased recruitment to armed groups (Pearce 2004, p.31). Such trends undermine arguments of FTA proponents that it would help create licit alternatives to violence.

Many of the same concerns apply to other sectors likely to benefit from the FTA in terms of market access or the post-FTA improvement in investment climate, and the clear commitment of the government to a neoliberal agenda (Zuleta & Gracia 2002, p.39). In addition to oil, the Colombian government expects the FTA to most benefit extractive industries, agribusiness, textiles and manufacturing (Gobierno de Colombia 2005, p.3). While manufacturing is located in and around cities and is thus less important to the war economy (CIPCOL 2008a), extractive industries and agribusiness are often based in unstable rural areas and deeply implicated in armed group finances (Guaqueta 2003, p.92). Cattle ranching in particular is seen in Colombia as the sector most exposed to guerrilla theft and extortion, while it has also been persistently linked with extortion by or financing of paramilitary groups, as have the gold and emerald mining, coal extraction, and banana sectors (Collins, 2009; Walsh, 2003; Richani 2002, p.104; Reyes & Dudley, 2007; BBC News, 2007). A post-FTA expansion in these industries, as expected by the Colombian government, could thus represent an increase in sources of finance for guerrilla groups, paramilitaries and new armed groups. These industries would also further exacerbate tensions over land and drive dispossession, thereby intensifying support for and employment in armed groups (Richani 2003, p.9).

Section 2: The FTA and the Violence of Development in Colombia

This section will present a second case against the 'pacific capitalist' argument of FTA proponents that the agreement would foster peace in Colombia by promoting economic development. The

central pillar of this case is that the argument rests on a flawed understanding, or a failure to appreciate, the violent nature of economic development in Colombia. After a brief overview of the multifaceted nature the relationship between development and violence in Colombia, an examination of the rapidly expanding palm oil sector will be undertaken, a sector which not only exemplifies the links between violence and development, but is also a key part of the government's post-FTA national development plan. A study of the sector can thus serve to highlight the dangerously flawed assumptions of the 'pacific-capitalist' argument of FTA proponents.

i - Violence and Development in Colombia

Proponents of the US-Colombia FTA argue that through expanding trade and investment, economic development will be encouraged, expanding economic opportunities and creating alternatives to violence and the cultivation and trafficking of drugs which fuels the conflict (Bush, 2008; US Department of State, 2008; White House, 2008b). As has been argued, the FTA is indeed likely to benefit sections of the Colombian economy as well as attract additional FDI, and can thus be expected to promote economic development even in previously neglected, conflict prone areas through the expansion of these sectors and the infrastructure required to support them. However, this process will not automatically preclude violence, and the nature of recent rural development in Colombia suggests that FTA-induced development can reasonably be expected to be a violent process.

The process of economic development, particularly in rural areas, is repeatedly linked with forced displacement of Colombians by paramilitaries and paramilitaristic new armed groups, with several studies noting a correlation between violent displacement and the economic value of the area in question (e.g. Oslender, 2007; Ross, 2007; Bustello, 2005). This underlies new understandings of the economic functions of violence in Colombia, in this case serving as part of a clearance strategy to facilitate rural development, particularly when that development is hampered

by constitutional safeguards protecting the autonomy of indigenous or Afro-Colombian inhabitants (AFSC 2008, p.7). Recent examples include the violent intimidation of the indigenous population of the oil and coal rich Catatumbo-Bari national park (IDMC 2008, p.48); the displacement of indigenous reservations in Putamayo and subsequent escalation in the activity of coal and oil multinationals (Ceballos et al 2008, p.1); and the enormously violent clearance of several neighbourhoods of the city of Buenaventura to clear the way for the expansion of the country's most important port (TransAfrica Forum 2008, p.9).

Violence continues to characterise development projects after their initiation, with an expansion of paramilitary forces swelled from the ranks of the displaced serving to protect assets and suppress local dissent (Hristov 2009, p.83). Moreover, the war economy which makes such violent accumulation and development possible is consolidated as those who profit most from the system expand their economic and political power. This phenomenon is become increasingly apparent, most recently through the para-politica scandal which revealed the degree of paramilitary infiltration of Colombia's political structure. Continued development through violence, therefore, can be understood to contribute to what has been termed the paramilitarisation of Colombia (Hristov 2009, p.83), the increasing empowerment of a paramilitary-linked class with a vested interest in prolonging a conflict which acts as an enabling environment for the process of violent accumulation through dispossession.

ii - African Palm

These various aspects of the violent nature of economic development in Colombia are exemplified by the burgeoning African Palm sector. African Palm is a plantation crop grown predominantly for the export of palm oil to be used as a biofuel, but is also used in numerous other industrial and consumer products (Mingorance 2006, p.20). The sector has expanded rapidly since the 1990s, posited by successive governments as a good substitute for coca cultivation as well as a potential

mainstay of future exports (Oslender 2007, p.760). Much of Colombia is ideally suited to the cultivation of African Palm, and with an estimated 300,000 hectares in production in 2007 the country is Latin America's biggest producer. Uribe has repeatedly stated his goal of eventually bringing the cultivation figure to *7 million* hectares to take advantage of the expected high future world demand for biofuels, and thus make African Palm one of Colombia's most important exports (Oslender 2007, p.760). For this strategy to succeed, Uribe has repeatedly cited the importance of the US-Colombia FTA to achieve the necessary investment to fund the expansion of the sector and to secure access to the US market, arguing that “palma africana es un gran beneficiario del TLC” (Uribe, 2006b). “Para poder exportar ese aceite de palma será muy importante el TLC, y para poder producir en Colombia y exportar biodiesel...el objetivo posteriormente serán los mercados del exterior, para lo cual el TLC con Estados Unidos resulta necesario” (Uribe, 2006a).

Implementation of the FTA can therefore be expected to herald a large expansion of African Palm plantations across Colombia, a development likely to be welcomed by FTA proponents that have linked economic development to a reduction in violence, particularly as the African Palm sector has already been a leading recipient of development aid from the US Agency for International Development as part of Plan Colombia (Gomez & Reyes, 2007). Unfortunately, such faith is misguided, as the African Palm sector exemplifies the often violent nature of economic development in Colombia. Violence permeates the entire industry, without being limited to specific plantations or companies (Mingorance 2006, p.24). Deeply enmeshed with paramilitarism, the industry develops along an oft repeated sequence of events including forced displacement through the intimidation, torture or massacre of local populations; appropriation of land; the planting of African Palm; and the consolidation of paramilitary presence as guardians of the plantation, with the model simultaneously serving to 'launder' violently appropriated assets as well as to expand territorial control through the economic development of rural areas (Mingorance 2006, p.40).

The expansion of African Palm thus acts to spread violence and displacement across

Colombia which will have knock on effects for coca cultivation and employment in armed groups. It adds further incentives for paramilitaries and new armed groups to pursue violence for economic gain, it further increases their access to finance from African Palm companies, and serves as a vehicle for paramilitary leaders to translate violently accumulated assets into economic and political power. Given the importance the FTA is believed to have for the future of the African Palm industry, an appreciation of its violent nature belies the argument that an FTA would foster peace through promoting economic development. The industry operates on a political economy based on violently appropriated land (Mingorance 2006, p.40), a political economy which is made possible by the condition of war.

As has been argued, the same concerns apply to many other sectors likely to benefit from an FTA. Development within the dynamic of a war economy makes possible, and even legitimates, the use of violence for economic gain, whether this refers to appropriating land for agribusiness, oil extraction, mining, money laundering or speculation. The process further empowers an economic class with a vested interest in prolonging a situation which facilitates or enables their violent accumulation of land and resources. This dynamic makes the process of development in Colombia deeply violent, and a post-FTA boom in rural development could therefore intensify and prolong the conflict. This suggests that the pacific-capitalist justification of free trade agreements, when applied to Colombia, is dangerously naïve.

Conclusion and Policy Recommendations

Trade agreements between the US and developing countries are always controversial, but the US-Colombia FTA has been especially so. Although political antagonisms contributed a great deal to this controversy, there was still a genuine debate about whether an FTA with Colombia was appropriate. This dissertation has sought to contribute to and broaden the debate by exploring the implications of implementing a far reaching and highly consequential trade agreement with a country mired in a long and violent conflict. The central theme has been the importance of appreciating the political economy of the Colombian conflict and the dynamics of the Colombian war economy, and the need to take these factors into account when considering the potential implications of an FTA.

Drawing on several key theorists in the political-economy of conflict discipline, the author has attempted to build a case against the 'pacific capitalist' argument of various FTA proponents that it would foster peace by promoting economic development. Building on Collier's predation theory of conflict and the viability of insurgency, as well as Richani's ideas on positive and negative political economies of war, it was argued that an FTA would increase armed group access to finance through direct and indirect looting of licit and illicit resources, while simultaneously increasing the number of Colombians turning to employment in these groups. Such a situation would mean that engaging in conflict would continue to be viable *and* profitable, thus reducing incentives for seeking peace and prolonging and perhaps even intensifying the conflict.

Keen's ideas on war economies and the motives of the actors that benefit from them, Cramer's characterisation of war as an enabling environment for capitalist development, and the expanding literature on the violence of development in Colombia, informed the second argument, which suggested that an FTA would accelerate and intensify a form of economic development that is often inextricably linked with violence and paramilitarism. Violent accumulation and

development through dispossession is enabled and facilitated by the state of conflict. Promoting economic development within this dynamic, as proposed by FTA proponents, imbues development with violence, consolidating Colombia's war economy and further advancing the interests of those that benefit from it, in the process prolonging and intensifying violence in Colombia and making peace an even more distant prospect.

If this portrayal of the situation in Colombia and the risks inherent in implementing an FTA with the United States is accepted, a number of policy recommendations can be put forward. First and foremost, US trade policy makers should build an appreciation for and a detailed understanding of the economic aspects of the Colombian conflict. As the largest and most important trading partner of Colombia, the US has an enormous impact on the country's globalised war economy, which is in large part sustained through international trade networks. It follows that an awareness of the potential impacts of these networks on the dynamics of the conflict is an absolute prerequisite for designing appropriate and effective trade policy that conforms with other foreign policy aims.

From such an understanding, two basic alternatives to current trade policy would be available to the US. The first can be classified as a damage limitation strategy, with the trade agreement modified so as to mitigate for negative impacts on Colombia's war economy that might result in increased violence or decreased incentives for peace for Colombia's various armed actors by facilitating conflict or making it more profitable. The most obvious area of concern here is agricultural trade. Rather than pressure Colombia to grant market access to highly subsidised US agricultural imports with which impoverished farmers cannot hope to compete, the US could be more flexible, allowing Colombia to retain some degree of substantive protection for highly vulnerable products. A broader and better targeted capacity building effort and support for those negatively affected by the trade agreement's impact on agriculture as well as other sectors could be increased to help to mitigate for dislocatory effects that could feed into the war economy (Schott 2006b, p.170).

The second potential strategy would be far more proactive, using both the importance of the US as a trading partner for Colombia as well as its international influence to pursue and support policies that undermine Colombia's war economy and reduce the incentives of armed actors to continue engaging in conflict. Clearly such policies would need to be built upon an exhaustive study of Colombia's war economy and its international linkages, and would be an interesting and important avenue for further research.

Firstly, the FTA goal of encouraging licit alternatives to coca cultivation could be expanded and shifted towards small-scale farmers rather than large scale agribusiness, particularly expanding the assistance necessary for farmers to transfer to new markets and promoting the development of the supporting infrastructure that geographically isolated farmers need. Expanded or altered trade preferences more directly targeting small scale agriculture could help create new markets for small scale farmers to produce for, reducing incentives to turn to coca cultivation.

Secondly, the US could improve the monitoring of US FDI operations in Colombia to minimise any contribution they make to the dynamics of the war economy. Increased sanctions against companies engaging in collusion with or financing of armed groups would discourage these practices and reduce armed group financing through the indirect looting of resources. The US could also encourage a higher degree of progressive community engagement by investment operations, for example to mitigate for post-construction employment shocks and the negative effects of development which can feed into the cycle of violence.

Thirdly, accepting that certain commodities fuel violence in Colombia, the US could support an international monitoring program to identify, expose and reduce demand for 'conflict commodities' that finance armed groups or drive displacement. This would be a key step in dismantling the enabling environment for violent accumulation through dispossession. Developing strategies for drawing commodities out of the war economy and the web of armed group finance is another crucial area for further study.

Such efforts to shift Colombia from violent to peaceful development could also be aided by encouraging the Colombian government (through links to Plan Colombia assistance, for example) to back up its admirable constitutional protections for indigenous and Afro-Colombian people and to provide better support for the enormous internally displaced population. A comprehensive retrospective compensation process to return illegally appropriated land would go a long way to repair the damage caused by past violent development as well as make it less likely in the future.

While these proposals may seem idealistic at best and utopian at worst, it is increasingly clear that the status quo is not improving the situation in Colombia. Despite the numerous recent setbacks for the FARC, the Colombian conflict is not nearing an end. The various guerrilla and paramilitary groups remain strong while a new generation of armed groups is becoming consolidated, and violence continues to kill or displace hundreds of thousands annually. It has been the argument of this dissertation that current US trade policy runs the substantial risk of exacerbating this situation and, as such, radical change is justified. US policy towards Colombia is in a state of flux amid the early stages of the Obama administration, and the future of the FTA, and US-Colombia relations as a whole, remains uncertain. It is to be hoped, however, that the zealous faith in 'pacific-capitalism' of the Bush administration, exemplified by the FTA, will be left behind in favour of a more pragmatic and realistic understanding of the Colombian conflict. Researching and designing policies to promote peaceful development which does not consolidate war economies or intensify conflict could have enormous implications not just for Colombia, but for the numerous other countries worldwide embroiled in conflict.

The “blur of incomprehensible horror” (Livingstone 2004) that Colombia represents cannot be reduced to purely economic factors, but they nevertheless play a crucial role in the dynamics of the conflict. The globalised nature of the Colombian war economy gives the US, as Colombia's most important trading partner, the responsibility to at least ensure that its trade policies do not

prolong or intensify the war. A more proactive policy seeking to undermine the economic forces that sustain the conflict could help to tilt the balance away from the endless cycle of violence and displacement, perhaps making peace in Colombia a less distant and unattainable hope.

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