THE AGRARIAN RENTIER POLITICAL ECONOMY

Land Concentration and Food Insecurity in Colombia

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Why is Colombia, a country with fertile arable lands, increasingly importing its food supply as a consequence of shrinking lands dedicated to crop production, whereas land inappropriate for pasture and livestock has been expanding exponentially? The answer lies in the land laws approved since the 1930s, coupled with the state's economic policies, which have reduced the opportunity costs of investing in this sector. Both have provided an institutional matrix to transform parts of the rural economy from food production to a rentier political economy spearheaded by cattle ranching. This article explains why cattle ranching has become increasingly prominent since the 1950s for a segment of the dominant classes that is predisposed to invest in this endeavor despite the risks and low economic returns. More important, the article explains how the institutional matrix (laws and policies) and precarious property rights in rural areas provided the incipient narco-bourgeoisie, since the mid-1970s, with a pivotal incentive to choose cattle ranching as a favorite means to launder money, speculate, and exercise political power, consequently cementing rentier capitalism.

THE COMMODITIZATION OF LAND

Capitalism in its current phase, which many have labeled "globalization," is the hyperconnectivity of finance capital and its dominance in the process of global capital accumulation and its corresponding institutions, such as the World Trade Organization, the International Monetary Fund, and the World Bank. This process has produced important and disturbing changes in developing countries, particularly in those that have significant rural populations. Colombia belongs to this cohort of countries, with a rural population of 15 million that is close to 38 percent of the population, of which 60 percent rely for their livelihood on agriculture (Fajardo Montana 2008). The remaining 40 percent depend on service-related employment, artisan mining, fishing, tourism, laboring in extractive multinational corporations, and other jobs.

The core challenge to rural economies is the transformation of land into a commodity subject to the laws of circulation and exchange, which according to Karl Marx (1991, 944, 945) is the practical result of the development of the capitalist mode of production: "The price of land is nothing but the capitalized and thus anticipated rent. . . . [In] fact what is paid in the purchase of land, just like the money spent on the purchase of government bonds, is only *capital in itself*, just as any sum of values is potential capital on the basis of the capitalist mode of production." The buyer expects rent or interest on the money he or she used to

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buy the land. Marx's description captures the nature of how land acquires value regardless of agricultural production (see also Harvey 2006, chap. 11). More than a century later, a World Bank study on Colombia zeroed in on the specific conditions that have motivated some capitalists to invest in farmland for livestock, pasture, and other uses, given that this sector was not competitive and produced low profit margins. The study concluded that "the price of land typically exceeds the capitalized value of farm profits. This occurs because land value is based only partially on its agricultural potential. In all areas, land serves as a hedge against inflation. Its immobility makes it a preferred form for collateral in credit markets conferring additional utility when production risks cannot be insured, and lands close to urban centers offer the prospect of higher returns from real estate development than from farming" (Heath and Binswanger 1998, 28). These characteristics, discussed by Marx and in the World Bank study, define important aspects of the political economy of the rural economy in general, as well as how it applies to the Colombian case.

This process of transforming land into rentier capital started during colonial times with the privatization of Indian reservations and public lands (*baldíos*), and in the form of sharecropping and land rentals. But because of the meager time-series data available, one cannot construct an analytic narrative of the continuities and discontinuities of the historical process of rentier capital. Acknowledging this important shortcoming, this article focuses on the twentieth century, particularly after 1950, for which data are available from the first agrarian census of 1960.

Defining and Amending Rentier Capitalism

With the growing complexities of capitalism in the late twentieth and early twenty-first century, it is difficult to find a pure rentier economy. Nevertheless, every economy has some elements of rent. According to Beblawi (1990), a rentier economy is one in which rent situations predominate, the economy relies on substantial external rent, and the state is the main recipient of rents and consequently the actor distributing them. Beblawi (1990), along with Anderson (1987), Yates (1996), and Karl (1997), focused on oil-exporting nations in which oil revenues (rents) dominated political economies. This article, however, deals with a different type of rentier economy and consequently amends the use of the concept to explore specifically the problematic of agricultural land that has increasingly been transformed from productive to unproductive purposes: rents and speculation (for a discussion on the rentier oil economy in Colombia, see Richani 2005). In this article, the definition of *rentier* is more in tune with that of David Ricardo (2006) and Karl Marx (1991, 944), who discussed land rent as a revenue that does not involve production and labor.[1] The terms *rentier* and *speculation* are used inter-

1. David Ricardo (2006) defined economic rent as a margin of market price over cost value, or unearned revenue, that flows from land ownership, which includes mining. For a wider use of the rentier concept than that suggested by Beblawi (1990; see also Yates 1996; Anderson 1987; Karl 1997), see Hudson (2006), who expands the concept to incorporate the industrial economies such as that of the United States, where more wealth is created from financial speculation and rents than from production. Hudson defined *rentier* income as economic rent and interest or other financial charges, arguing that this

changeably here; *speculation* is the expected returns on land that at least meet and/or exceed the investors' opportunity costs.

Investment in land is mainly based on expected rent revenues, that is, speculation rather than current productivity. Notwithstanding the importance of the expected increase in land values in investment decisions, the state's policies and laws provided the institutional contours for the development of rentier rural capital by favoring large cattle ranchers, thus permitting them to use land properties as a hedge against inflation and to evade taxation. Such a conceptualization of rentier capital and institutional factors allow for a focus on the interplay among policies, agents, and agency that have evolved since the 1930s and how they contributed to a speculative behavior that became salient during the 1980s.

The gathering trend of rentier capitalism, illustrated by the continuous dismantling of small peasant production, sharecropping, and subsistence farming, helps explain why since 1950 cattle ranching based on large land ownership expanded while traditional agricultural production declined. The only exception to this was a limited number of commercial cash crops that increased only until the late 1970s, when crisis struck (Ocampo 1994, 284–285). During the period between 1950 and 1979 mainly commercial cash crops such as sugar, cotton, bananas, cacao, sorghum, soya, African palm oil, and flowers received government protection (Perfetti 1994).

The crisis in cash crops was in part triggered by appreciation of the Colombian peso, increased governmental subsidies, and protectionism in the United States (the main market for the crops), which strengthened a trend that had been unfolding and then became dominant in the 1990s. Considering that less than 5 percent of the 16 percent of the national territory suitable for food crops is cultivated and that food crop production is decreasing, it is not surprising that there has been an eightfold increase in Colombia's food imports since the 1980s to feed the growing urban population. In contrast, livestock production has expanded dramatically. Only 13 percent of the country's territory is deemed suitable for pastureland, and 35 percent of that is used even though the productivity of livestock remains very low, about 50 percent or 60 percent of that achieved in Argentina and the United States, respectively (Heath and Binswanger 1998, 26). Since the 1980s, these trends in Colombia's agricultural production lead to the obvious conclusion: it is the expected or speculated land rent or price increase, not the land's productivity, that is largely motivating investment.

CATTLE RANCHING IN COLOMBIA'S HISTORY

A brief recap of some of the central strands in the extensive literature on cattle ranching and the agrarian question help contextualize this article. Livestock and pasture use expanded in the nineteenth century but was limited because of dense,

form of capitalism is polarizing economies in the United States and elsewhere. He added, "The bulk of this rentier income is not being spent on expanding the means of production or raising living standards. It is plowed back into the purchase of property and financial securities already in place—legal rights and claims for payment extracted from the economy at large."

inhospitable forests and sparsely populated urban centers. By the mid-nineteenth century, there were only 1.5 million head of cattle in the country, about 75 percent of which were concentrated in five main regions: Cundinamarca, Boyacá, Upper Magdalena River, Upper Cauca River, and the inlands of the Caribbean coast (Van Ausdal 2008a). Since then, cattle ranching has ebbed and flowed with the changing rural political economy and the country's capitalist development and relationship with global markets.

Most scholars studying the agrarian economy and the role of the large landowning class during the first half of the twentieth century have presented various explanations for the continuity of ranching, which they assume to be at best precarious (Van Ausdal 2008a, 2008b). A prevalent explanation is that the decision to invest in cattle ranching is related to the prestige and power it confers by virtue of its entrenchment in traditional values (Kalmanovitz 2003; Reyes Posada 2009; Gómez 1987; Yepes Pérez 2001). Another explanation focuses on cattle ranching as a means of expanding and acquiring more land, which also increases political influence (Reyes Posada 2009; Romero 2003). Gómez (1987) and Feder (1975) argued that the control of territory and agrarian resources were the main function of cattle ranching. A classic argument in Colombian history is that, in a country with a large agrarian frontier, "the monopoly of available land was the only way to control labor" (Van Ausdal 2008a, 33–34; Reyes Posada 1997, 2009; McGreevey 1971). Furthermore, by dominating the peasantry, landed elites ensured that the state remained under their hegemony (Fals Borda 1976; LeGrand 1986). Van Ausdal (2008a, 91) posits the profit motive without discounting the speculative aspect of cattle ranching to better explain why a segment of the dominant classes opted for such an activity, particularly between 1850 and 1950. These explanations are not mutually exclusive; in fact, many are complementary, such as the nexus among land acquisition, power, prestige, control of labor/peasants, and profit—they present useful pieces that help solve the puzzle. But often the literature does not give land laws and state policies the weight they merit, because they are either assumed or underplayed. This shortcoming becomes evident in explaining why drug traffickers chose this economic activity over others and why the activity expanded exponentially during the second half of the twentieth century, and increasingly since the late 1970s.

Power, control, profits, and prestige may be objectives, but laws and policies favoring large landowners, especially cattle ranchers, made these possible. More important, the laws contributed to lowering the opportunity costs for cattle ranchers (not for *colonos,* or poor peasants) who chose to accumulate land as a way to accumulate capital, as discussed by Karl Marx (1991) and David Ricardo (2006). Consequently, this article posits that the incentive of cattle ranchers and other capital owners seeking lands is this: the net present value of their land claims will most likely exceed their opportunity cost.

Marx (1991) and Ricardo (2006) associated land speculation with capitalist development since the nineteenth century, if not earlier (see also Harvey 2006). What is different here, however, is the historical context, the magnitude of speculation, the laws that facilitate or inhibit it, and the collective impact of these on land use (e.g., food production) and exchange value.

THE INSTITUTIONAL SETTING

Land Laws

This section discusses some of the main laws that have provided the institutional framework for the development of rentier capitalism in the countryside at the expense of millions of subsistence small peasants and colonos. It reviews a subset of laws that constitute the principal institutional contours of the land question and have been critical in determining the path of rural development.

Most of the governments that have ruled Colombia since the turn of the twentieth century have displayed an institutional bias toward large landowners, given the economic structure of the country, in which the landowning sector dominated with pronounced overrepresentation in congress and governmental sectors, including the military (Reyes Posada 2009; Richani 2002; Berry 2002, 128–135; Zamosc 1986). Perhaps one exception was the short-lived attempt of the government of banker Alfonso López Pumarejo (1934–1938) to promote capitalist transformation of the rural political economy, characterized by "backward" social relations and remnants of production of the ancien régime, such as land colonization, squatting, sharecropping, and inefficient latifundios. This was during a period of heightened peasant mobilization: twenty thousand peasants participated in rural struggles in eighteen areas of the country (Pearce 1990; see also LeGrand 1986).

To dismantle sharecropping and squatting and to diffuse the volatile situation, the state introduced a series of laws, starting with Law 200 of 1936, which aimed to stabilize property relations by granting land titles after a ten-year occupation (for background on this law, see Berry 2002; LeGrand 1986). The intention was to phase out squatting (colonization) of landless peasants and to eliminate sharecropping by transforming peasants into either smallholders or wageworkers, thus incorporating them into the orbit of capitalist relations (Kalmanovitz 2003; LeGrand 1986; Ocampo 1994). LeGrand (1986) argued that Law 200 tended to favor colonos and smallholders, but large landowners managed to use local and regional authorities and resources to get their way.

More important here is Decree 0059 of Law 200, which protected idle and underused cattle ranchers' large landholdings from any state intervention (Arango Restrepo 1994, 131–132). Arango Restrepo (1994) argues that this decree, and the state's failure to adjudicate public lands to sharecroppers and colonos as Law 200 stipulated, provided favorable conditions for the expansion of cattle ranching, which was coupled with massive expulsions of colonos and sharecroppers. Another crucial element of Law 200 was the legalization of large public land grabs by providing proof of use. Flórez Malagón (2008, 132) explains that the ease of obtaining titles in this way facilitated the land grabs. For example, Law 200 maintained a requirement that had been set in 1926 that required one cow per hectare in prime productive land, one cow per two hectares in medium-quality land, and one cow per three hectares in low-quality land. The law not only permitted but also created an incentive for cattle ranchers and other capitalists in many areas of the country to accumulate more capital in the form of land, by reducing investors' opportunity costs. This, in turn, may have started a trend to accumulate more land for speculation and not productive purposes.

Large landowners, particularly cattle ranchers, preyed on colonos who invaded and improved lands that subsequently were titled and only later bought by large landowners. In order not to lose title to "unused" lands after five years, as Law 200 stipulated, landowners claimed their lands as dedicated to pasture and cattle raising (Kalmanovitz 2003, 353). With little, if any, state policing, large landowners used cattle ranching, real or fictional, as a mechanism to preserve and expand their latifundios. This explains how by 1960, 16 percent of cattle ranchers owned 58 percent of pasturelands, with herds that exceeded five hundred animals. Of those, only 712 ranchers owned 30 percent of the land, whereas 84 percent of small cattle ranchers (with fifty or fewer head) owned only 16 percent of the pastureland (Van Ausdal 2008a, 84).

This model became salient in the Atlantic coastal areas, where colonos were allowed to colonize lands and subsequently gained titles, which large landowners later bought, chasing out the colonos. The underlying logic was to allow colonos and sharecroppers to cultivate subsistence crops while they help in preparing lands for pasture. In turn, landowners acquired the colonos' land, with the bonus of new pasture that sharecroppers had sowed. In effect, Law 200 created a dialectic in which colonos and large landowners were united in their antagonism, yet both helped expand the frontier of capitalist development through cattle ranching. Arango Restrepo (1994, 131–132) has noted that Law 200 had another consequence central to this article: it contributed to reductions in food production and food shortages that led to a 73.5 percent increase in agricultural food imports between 1938 and 1939. He attributed this decline in traditional crop production to the incentive to transform sharecropping land into pastures. Law 200 was followed by three other laws trying to remedy its shortcoming in promoting capitalist development of rural areas: Law 100 of 1944, Law 135 of 1961, and Law 1a of 1968.

To safeguard landowners' property rights, Law 100 prohibited sharecroppers from planting permanent crops on the landowners' property (Ocampo 1994, 232). It also provided an additional five years to that stipulated in Law 200 to improve idle latifundios. This period was extended for another two decades until 1961. According to Kalmanovitz (2003, 377), if Law 200 attempted in some respects to provide colonos and sharecroppers access to land, Law 100 demonstrated the state's full support for the interests of large landowners. Between 1940 and 1946, the state increased its subsidies to commercial agriculture and, more important, to cattle ranchers, whose subsidies were increased fivefold, and reversed the agricultural reforms of the first Pumarejo government (Kalmanovitz 2003, 377–378; Pearce 1990, 43). In effect, the law reflected the power that the landowning faction exercises over the state's rural policy.

The second law was introduced by the reform-minded president Alberto Lleras (1958–1962) and was influenced by the agrarian reforms of the Cuban Revolution and by John F. Kennedy's Alliance for Progress, which was designed to avert Cuban-style revolutionary change in the region (Díaz Callejas 2002, 127). Law 135 distributed and titled some lands for sharecroppers and colonos. It was a moderate reform attempt negotiated with large landowners' representatives in congress. Nonetheless, this did not ease landowners' resistance to its implementation. As

Hartlyn (1985, 121–122) has argued, if Colombia at times had shown relative autonomy in introducing policies (e.g., under Pumarejo and Lleras), large landowners acting through multiple channels—including the two dominant political parties, Liberals and Conservatives—blocked their implementation and thwarted reform, yet succeeded in obtaining valuable state assistance. Hartlyn (1985) sheds light on the role of the Association of Agriculturalists (Sociedad de Agricultores de Colombia, or SAC) and cattle ranchers in aborting the land reforms that Lleras proposed, despite the wide support that he had in other sectors of the ruling class, through their representatives in the governmental board established to carry out the reforms, the Instituto Colombiano de la Reforma Agraria (INCORA).[2]

Before discussing Law 1a of 1968 and its repercussions, it is important to note that in 1963, the cattle ranchers established their own business association, the Federation of Cattle Ranchers (Federación Colombiana de Ganaderos, or FEDEGAN). Before that, large cattle ranchers had expressed their class interests through SAC, which was founded in 1871, and Acción Patriótica Económica Nacional (APEN), which the dominant economic groups, including large cattle ranchers, established to fight Pumarejo's reforms (Ocampo 1994, 231–232).

Carlos Lleras Restrepo (1966–1970) introduced Law 1a of 1968, which was negotiated with the powerful bloc of congresspeople representing Federación Colombiana de Ganaderos (FEDEGAN) and Sociedad de Agricultores de Colombia (SAC). The law again attempted to distribute land by providing more legal instruments to abolish sharecropping (Díaz Callejas 2002, 134). But the reaction of large landowners was dramatic: they expelled thousands of sharecroppers and tenants from their latifundios, fearing that their work could provide them with a legal basis to claim property rights. Large landowners' resistance continued unabated until they obtained government guarantees regarding land tenure, particularly lands dedicated to cattle ranching and pasture (Díaz Callejas 2002). They got their way after the election of conservative president Misael Pastrana, who was more inclined than Carlos Lleras to abandon the quest of land reform. Pastrana, as well as most segments of the dominant classes, felt threatened in the wake of 812 land invasions of large properties motivated by the Lleras land reforms and spearheaded by the Asociación Nacional de Usuarios Campesinos (ANUC) (Arango Restrepo 1994, 139; Richani 2002, 32; see also Zamosc 1986). Consequently, Pastrana called for a meeting of representatives of both parties with business groups in Chicoral to deal with the increasing radicalization of the peasantry, particularly after a radical faction of the ANUC emerged in Sincelejo.

The delegates at the meeting agreed to protect large landowners' possessions in light of the peasant mobilization and wanted to ensure that the lands were classified as "productive" to avoid taxation and redistribution, and to obtain favorable credits and protection (Díaz Callejas 2002, 135). These components were negotiated in the 1972 Chicoral Pact, which was later formulated as Law 4a of 1973 (Díaz Callejas 2002, 134–135; Leal 1984; Kalmanovitz 2003, 463; Pearce 1990, 122; Bagley

2. Although Hartlyn (1985) mentions FEDEGAN alongside SAC, I believe that is a factual error: FEDEGAN was founded in 1963.

1979). In effect, the cattle-ranching faction of the large landholding class was a principal winner in the Chicoral agreement. The pact ushered in the beginning of a new phase in which the most conservative faction of the dominant classes—large landowners, led by cattle ranchers—became the backbone of a reactionary configuration of social and political forces that fomented rentier capitalism, on the one hand, and a counterinsurgency strategy based on repression, massacres, and expulsion, on the other hand.[3] In the 1980s and 1990s, the two processes gained the crucial support of drug traffickers and their private armies, the paramilitaries (see Richani 2002, 2009).

These laws have had a series of effects, both intended and unintended, on land tenure and the developmental path that subsequently became institutionalized. In coffee-growing regions and on the Caribbean coast, the measures hit sharecroppers and colonos hardest (Ocampo 1994; Heath and Binswanger 1998). Rural employment continued to decline by 3.9 percent annually between 1970 and 1975, which Heath and Binswanger (1998) attributed to the impact of Law 1a. Meaningful land redistribution did not offset the decrease; instead, the law had a slight impact on land concentration. Between 1960 and 1988, the areas occupied by smallholdings of fewer than five hectares declined from 6 percent to 5 percent, whereas midsize properties (between five and fifty hectares) increased from 24 percent to 26 percent, and large landholdings (fifty hectares and more) fell from 70 percent to 69 percent (Heath and Binswanger 1998, 27).

This change was not enough to mitigate land conflicts, and the concentration of land increased unabated. Land invasions increased during the 1970s, championed by colonos and small peasants, and affecting between 1,500 and 2,000 farms situated in about two-thirds of the country's departments (Heath and Binswanger 1998, 27; LeGrand 1986; Zamosc 1986; Kalmanovitz 2003).

Established in 1961, the Instituto Colombiano de la Reforma Agraria (INCORA) did little to offset the growing crisis in the rural economy. Law 30 of 1988 sealed the fate of land invasions by banning INCORA from adjudicating or redistributing lands colonos had invaded, which in effect safeguarded the economic interests of large landowners. In 2003 INCORA was replaced by the Institute for Rural Development (Instituto Colombiano para el Desarollo Rural, or INCODER), which had only 20 percent of INCORA's original budget and a more diffuse mandate (not exclusively land reform) that reflected not only economic and political changes but also the desires of the reactionary configuration to defeat once and for all the idea of land reform. Minister of Agriculture Andrés Felipe Arias, in a self-congratulatory remark, reflected this spirit that Álvaro Uribe's government had adopted when he announced the dismantling of INCORA by saying, "No more land reform" (Murillo 2009, 29). In addition, INCODER has been criticized

3. I borrowed the term *reactionary configuration* from Barrington Moore to denote the oppressive and conservative political character of the class forces drawn into an alliance. In Colombia, cattle ranchers were among the first to organize death squads to defend their lands against colonos and later leftist guerrillas. The death squads evolved into paramilitaries, as in Puerto Boyacá (for a detailed account, see Medina Gallego 1990).

because one of its main missions is to oversee the dismantling of collective land titles of indigenous and Afro-Colombian communities in order to facilitate foreign and local capital investments in extraction projects, as well as agro-industry and land speculation (Murillo 2009, 25–29).

Agency and Trade Liberalization

Ideas may be as important as structural constraints, including class interests, in shaping and influencing policies, but ideas do not arise in a vacuum. As Kalmanovitz (2003, 470) has eloquently explained, economic ideologies do not prosper on their own merit, but they can prevail when some members of the dominant classes who are not content with their condition find that the bourgeoisie of other countries who are applying a different economic model than the one they have are in fact better-off than they are; when that happens, then they most likely will try to emulate that model. Kalmanovitz (2003, 471) observed that sectors of the Colombian bourgeoisie began listening to proponents of neoliberal economic ideology and gradually began urging it on other sectors of the dominant classes and politicians until it became an established hegemony. In this same spirit, two main economic ideologies are relevant to the development of rentier capitalism in Colombia.

The first is attributed to Lauchlin Currie of the World Bank, whose recommendations were widely translated into Colombian economic policies during the 1960s and 1970s (Kalmanovitz 2003),[4] particularly the development of agro-industry as a means to propel the capitalist mode of production in the rural economy by creating economies of scale. This translated into the government's support for the exportation of cash crops, as well as protection, tax exemptions, and credits for cattle ranchers (Kalmanovitz 2007, 141–167).

A 1998 World Bank study on Colombia's rural economy found that implementation of Currie's 1960s recommendations failed to result in anticipated development for several reasons, particularly the inability of agro-industry and other sectors of the urban economy to absorb surplus rural labor. Also, colonos and small peasants proved more resourceful and resilient than Currie had contemplated, and they resorted to colonizing new frontiers whenever capital evicted them from their former lands (Heath and Binswanger 1998, 25–26). The emergence of marijuana cultivation in the 1970s (known as the Bonanza Marimbera) and the surge in coca production in the 1980s offered subsistence peasants another means of weathering the storm of rentier development and subsequent trade liberalization in the 1990s.[5] Subsistence peasants depend on illicit plantations to financially

4. Interview, Gabriel Arango Misas, consultant, Council of Economy and Competition, Presidencia de la República, Bogotá, August 9, 1995.

5. Small and subsistence peasants' abilities to survive and even reinforce their class position despite the onslaught of capitalist development in all its forms, including agribusiness and rentierism (resource extraction and speculation), also has been observed in Mexico and Costa Rica (see Edelman 1999; Esteva 1983). This survival was attributed to adjusting and diversifying sources of income in addition to subsistence farming.

support their subsistence farming; they work as wage laborers or collectors, or they plant coca alongside their food crops (Richani 2002).[6] It is noteworthy that 60 percent of coca production is in the hands of small peasants (Montoya 2005), which explains how the millions who depend on the subsistence economy have yet to "disappear" from the socioeconomic class structure.

In addition, the 1998 World Bank study argued that Currie failed to consider the class bias of the government's policies, which were oriented toward large farmers. The study referred specifically to the pattern of public investment and trade orientation that favored livestock. Credit policies tended to discriminate against small peasants—only one-third of small peasants obtained loans—and tax policies converted agricultural land into a tax shelter for both income and capital-gains taxation, thus providing incentives to hold land as a tax shelter rather than for agricultural production (Heath and Binswanger 1998, 25). This important incentive encouraged capital owners and high-income groups, including drug traffickers, to use land as a commodity that embodies capital, thereby sheltering their fortunes from taxation. But more important, the tax incentives, against the backdrop of the land laws discussed here, diminished capitalists' opportunity costs for investing in (usurping) land and livestock.

It is no accident that the narco-bourgeoisie opted to invest around 45 percent of its narco-dollars obtained between 1980 and 1988 in the sector; the remaining narco-dollars were invested in commerce (20 percent), construction (15 percent), services (10 percent), and tourism (10 percent) (Richani 2002, 118).[7] The irony is that the state's economic policies and land laws offered the narco-bourgeoisie an excellent incentive, which partly explains why between 1985 and the end of the 1990s, this class sought to aggressively and violently acquire between 4.4 million (Rocha García 2000, 146) and 6 million (Comisión de Juristas 2006) hectares, mostly dedicated to cattle ranching. These landholdings constitute between

6. It is estimated that between 1988 and 1993 about 578,000 people migrated from the center-east of the country toward the coca-producing departments of Caquetá, Putumayo, Guaviare, Meta, and Vichada, of which 319,000 hectares were still under cultivation by the end of 1993. In 1998 the illicit crops of coca, poppy seeds, and marijuana generated about sixty-nine thousand jobs, representing about 2 percent of total jobs in the rural sector (see Rocha García 2000, 143, 15). UNODOC (2009) has estimated that about fifty-three thousand households, or about 236,000 persons, are involved in coca cultivation; this figure does not include the *raspachines* (collectors) and floating population. The estimated income of those households was 623 million pesos, without discounting production costs. This is about 0.3 percent of the gross domestic product and 3 percent of the agricultural gross domestic product (UNODOC 2009, 55). Thoumi (2003, 152) estimated that illegal crops may have employed two hundred thousand people by 2001.

7. Richani (2002) introduced the term *narco-bourgeoisie* to distinguish this wealthy faction from the remaining bourgeoisie in terms of its social class origins, source of capital accumulation (drug trafficking), illegal activities, and exploitation of labor nationally (production cycle) and internationally (distribution and marketing). The narco-bourgeoisie shares with its counterparts a commitment to the capitalist system; its members are neoliberals par excellence (Thoumi 1994; Richani 2002). In 1988 the weekly magazine *Semana* conducted interviews with twenty drug-trafficking bosses from Medellín and discovered that four (20 percent) favored cattle ranching; nine (45 percent), real estate (urban and rural); three (15 percent), commerce; two (10 percent), services; and two (10 percent), construction (accessed at http://www.semana.com/noticias-nacion/capos/24769.aspx). Most drug traffickers opted to invest their laundered money in activities that foment rentier capitalism, particularly cattle ranching and real estate, which together account for 65 percent of their total investments.

10.7 percent and 17 percent of the total 41 million hectares dedicated to this activity. It is safe to say that by 2011 this percentage was much higher, given the income of drug traffickers and their investment preferences (discussed in the following section). This, in turn, cemented the process of rentier development in the rural economy.

There is yet one more finding that could explain why livestock was chosen by at least an important sector of the dominant classes that was not related to drug traffickers, which is supported by the World Bank study and corroborated by other investigations (Machado and Suárez 1999; Fajardo Montana 1994; Reyes Posada 2009; Giugale, Lafourcade, and Luff 2003, 562): the "beef sector has been protected more than the crop sector, helping to account for its rapid expansion" (Giugale, Lafourcade, and Luff 2003, 562). Between 1980 and 1992, beef and milk absorbed 82 percent of the total price and nonprice support that the government provided to a group of nine farm commodities (Giugale, Lafourcade, and Luff 2003, 562).

The foregoing offers a better understanding of why land suitable for agricultural production increased between 1950 and 1986 from 2.6 million hectares to 4.6 million hectares, and then steadily decreased after 1987 to 3.9 million hectares in 1999 (Giugale, Lafourcade, and Luff 2003, 562) and 3.7 million hectares in 2004 (DANE 2004). This represents about 7.25 percent of total agrarian land (21.5 million hectares); of that, the area cultivated in nonpermanent crops such as maize, potatoes, and beans constituted only 45.95 percent, whereas permanent crops (coffee, 740,030 hectares; plantain, 407,034 hectares; African palm, 243,038 hectares; and sugarcane, 234,870 hectares) occupied 51.30 percent (DANE 2004; see figure 1).

Coca production witnessed a sharp increase in the 1990s (from 34 metric tons in 1987 to 520 metric tons in 1999; in terms of land, it covered ninety-three thousand hectares, or about 3 percent of suitable crop land (UNODOC 2000; Rocha García 2000, 15).[8] Thus, by 2000 less than one-third of land suitable for agriculture was used for that purpose (Giugale, Lafourcade, and Luff 2003, 562), but land dedicated to pasture rose steadily after 1950, going from 12.1 million hectares in 1950 to 17.5 million by 1970, 20.5 million in 1978, 40.1 million in 1987 (Heath and Binswanger 1998; Ocampo 1994, 283), and 41.2 million in 1999 (Giugale, Lafourcade, and Luff 2003, 562; Balcázar V. 1994, 323).

The trend may have started before 1950, especially after the introduction of Law 200 of 1936, but because data before 1950 are anecdotal and inaccurate, and the first agricultural census was conducted in 1960, I can ascertain the trend only since 1950. The trend increased significantly between 1978 and 1987, when lands used for pasture more than doubled. This increase may be explained by the land laws discussed earlier (e.g., Law 1a of 1968, the Chicoral Pact of 1973) and the influx of drug-trafficking investments after the Bonanza Marimbera (1974–1980), as well as the longer-lasting cocaine bonanza. By 1998 it was estimated that the narco-bourgeoisie held 6 million hectares of agricultural land; assuming that all

8. UNODOC (2009, 17) reported that in 2008 the area under coca cultivation declined to eighty-one thousand hectares.

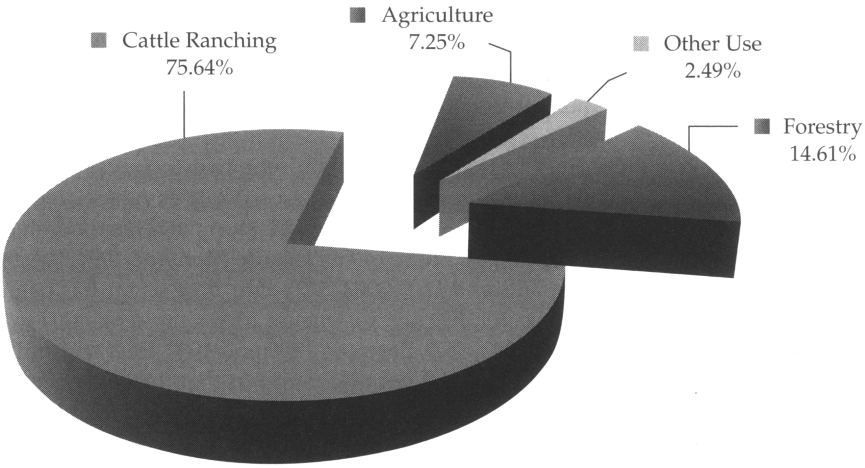

Figure 1 Land Surface by Use (%), 2004

Source: DANE 2004 (latest data available).

Note: FEDEGAN (2010) puts the cattle ranching share at 77 percent.

these lands became pasture, the holdings constitute only 30 percent of the 20 million hectares added to this activity between 1978 and 1998. The remaining 70 percent were held by other cattle ranchers and capital owners who joined in on the frenzy. This is important to keep in mind.

The major expansion in pasturelands (1978–1987) coincided with favorable political conditions, created by the reactionary configuration that made the Chicoral Pact possible. This occurred against the backdrop of land laws, sheltered capital, and low land taxes.[9] The influx of proceeds from marijuana cultivation was followed by a significant increase in cocaine production, which started in the mid-1980s and increased in earnest in the 1990s.[10] These trends led pastureland to expand to 75.64 percent of the total agricultural area (DANE 2004), half of which is not suitable for cattle ranching but for food production (PNUD 2008; see figure 2).

Given the expansion in land dedicated to cattle ranching, one would expect a proportionate increase in livestock. The data, however, reveal that in 1978, total head were 18,399,000, which increased to 20,073,000 in 1987; land dedicated to cattle ranching increased by 20,000,000 hectares, for an average of 11.9 hectares per cow. By 1995 the herd size amounted to 25,551,000, decreasing to 25,000,000 head in 2005 and 23,000,000 head by the end of 2009 (FAO 2006; FEDEGAN 2010).

9. The land tax laws not only are low—1/1000th to 1.3/1000th of the land value—but also 58 percent of land registries are not up to date, and 1,006 municipalities that are current have "extremely undervalued properties" (Kalmanovitz and López 2007, 157–158).

10. Ocampo (1994, 283), citing Kalmanovitz, reported an increase from 16.3 million hectares between 1950 and 1954 to 22.2 million hectares by 1974. Both estimates, however, demonstrate the exponential increase in areas dedicated to pasture.

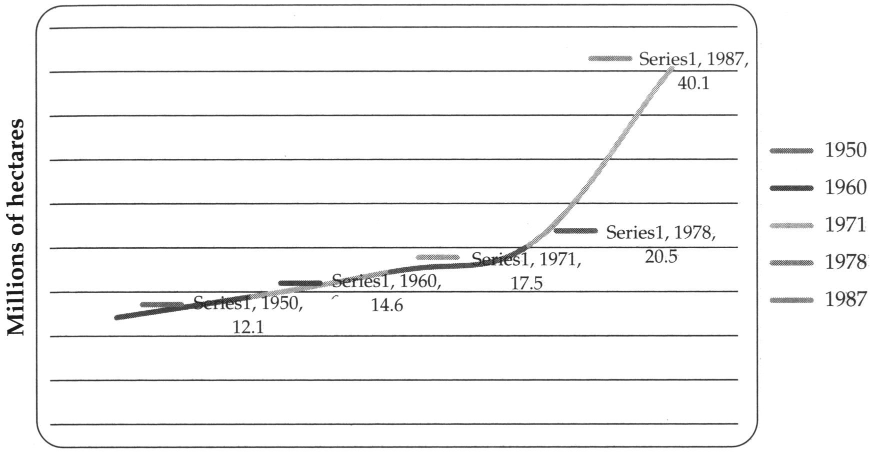

Figure 2 Areas Dedicated to Cattle Ranching

The disproportionate increase in the cattle-per-hectare ratio from 1978 to 1987, and the declining herd size between 1995 and 2009, calls into question the reasons behind the increasing lands assigned to this economic activity.[11] Other livestock holdings changed slightly as well: horses increased from 2,451,000 to 2,750,000; goats increased from 965,000 to 1,200,000; and sheep decreased from 2,540,000 to 2,180,000 (FAO 2006). Yet the economic contribution of the cattle-ranching sector has not exceeded 25 percent of the total rural economy (which accounts for 3 percent of gross national product), whereas food production, despite diminishing land area, accounts for 67 percent of rural income (Machado 1998, 98; FEDEGAN [2009, 4] reported this at 27 percent of the rural economy for 2007).

Finally, land value is determined not by its productivity but rather by the expected increase in its rent prices resulting from circulation as an interest-bearing capital (Harvey 2006, 347). The following empirical evidence for Colombian agricultural land validates this observation. In Latin America on average, one hectare of extensive cattle ranching produces an annual net income of about 300,000 pesos (US$150), and one hectare of food crop produces annual net income between 2 million (US$1,000) and 5 million (US$2,500) pesos (PNUD 2008, 5). It is noteworthy that small and subsistence peasants produce 63 percent of total food production (PNUD 2008; see also Altieri 2009, 104).[12]

11. The most striking finding about the inefficient use of land, if we assume that the immediate productive returns of cattle ranching drive current investment, is that Colombia averages 1 cow per 1.7 hectares, compared with 9 cows in Brazil, 3 in New Zealand, and between 1.2 and 2.4 cows in the United States. In other words, Colombia may have one of the highest misallocations of a main factor of capital: land (http://www.agric.wa.gov.au/PC_90071.htm; see also IICA, CEPAL, and FAO 2009, 40). According to the study, the regional average for Latin America and the Caribbean is 1 cow per 1.4 hectares.

12. This 63 percent of total agricultural food production covers what goes directly to market, what is processed industrially, and what is exported (PNUD 2008). To the best of my knowledge, the Colombian

The difference in economic returns and productivity between small peasants' food production and large-scale cattle ranching validates the argument that the expansion of extensive cattle ranching post-1950, and especially since the late 1970s, is not motivated primarily by expected economic returns on such activity but rather depends on the expected speculative rent from land (i.e., land as capital). In addition, there are fringe benefits associated with these landholdings: sheltering income from taxation, receiving government subsidies, and exercising political power. The first two benefits relate to the accumulation of capital, and the last translates into influence on policy making.

NARCO-INVESTMENTS AND THE RURAL ECONOMY

This section and the following section attempt to bring into a sharper focus the question of why the narco-bourgeoisie chose land as a main money-laundering mechanism. After discussing land laws and policies that encouraged the narco-bourgeoisie and other speculators to invest in cattle ranching to shelter their fortunes and bet on the expected future rents, there is another important factor to consider: the precariousness of rural property rights, which made it much easier for drug traffickers to launder through acquiring lands than through the financial system, urban real estate, or other businesses, as the state's monitoring and anti-money-laundering mechanisms became stronger during the 1990s (Thoumi 2003, 185–187). Consequently, according to Reyes Posada (1997, 2009), narco-dollars were invested in recently settled land and in areas with property rights that were dubious, in dispute, and fall under a weak state regulatory machine (see figure 3).

Rocha García (2000, 146) estimated that by 1998 the narco-bourgeoisie had acquired 11 percent of agricultural lands, with a US dollar value of about $2.4 billion. This trend continued; by 2009, the number of hectares may have been more than 6 million, as a consequence of the continuous influx of narco-dollars (between $2 billion and $4 billion yearly), and assuming that the narco-bourgeoisie's prior investment patterns remained constant (Steiner 1997; Thoumi 2003, 150; see also figure 3).

The influx of narco-dollars during the 1990s coincided with the trade liberalization policies of César Gaviria's administration (1990–1994), which made it difficult for traditional crop producers to compete with cheaper imports. This, in turn, provided an additional incentive to shift from traditional crops to protected sectors, such as cattle ranching and agro-industry that catered to international markets, such as African palm and cut flowers. The 1990s ushered in increased specialization of Colombia's economy, which was restructured to accommodate its position in the global division of labor and the increasingly dominant speculative component of the rural economy.

Economic transformations are by their nature destabilizing, particularly in a socioeconomic and political context such as Colombia in the midst of armed

data are not disaggregated for small peasant production, or family production units of fewer than five hectares.

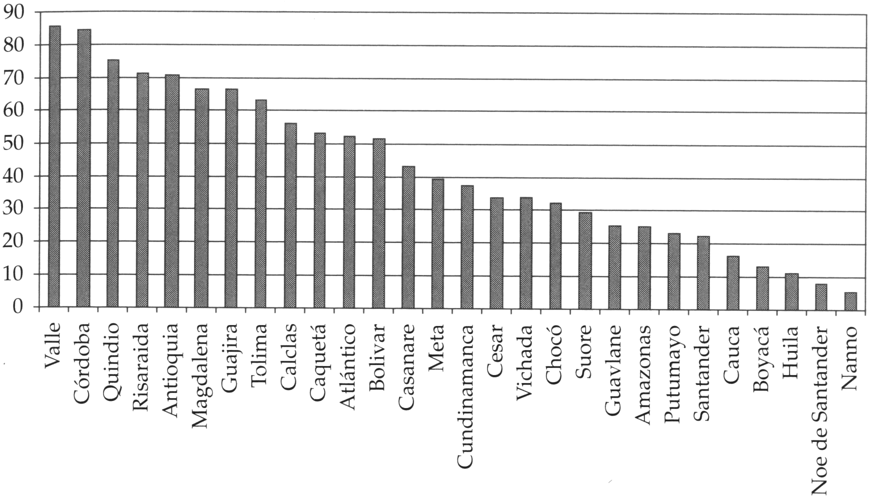

Figure 3 Drug Traffickers' Acquisition of Lands per Department (% of municipalities), 1980–1995

Source: Reyes Posada 2009, 75.

conflict exacerbated by a long history of land struggle. This transformation process was violent, characterized by massacres, massive displacement, and resistance. This section explains what is pertinent for the consolidation of rentier capital, a process characterized by the resurgence of violence and displacement that exceeded what some of these same rural areas witnessed during La Violencia (1946–1966) (Oquist, cited in Díaz Callejas 2002, 126), which had resulted in the displacement of more than 2 million people, the appropriation of 393,648 landholdings, and approximately 180,000 deaths (see table 1). Berry (1998, 35) has noted that in certain areas of Valle thousands of colonos were massacred, leaving their homesteads to urban speculators who took up cattle ranching. There was relative respite between 1958 and the 1970s, but even then there were serious land conflicts, expulsions, and land invasions, from which the insurgency emerged, particularly the Fuerzas Armadas Revolucionarias de Colombia (FARC), originally a defense group consisting of small peasants attempting to protect their acquired lands from encroachments of large landowners and the state.

THE DISPLACED AND NEW LAND LAWS

Another set of laws dealt with land lost by approximately 4 million displaced persons, 60 percent of whom were small and subsistence farmers (CODHES 2000). The new land laws legitimized the violent dispossession of peasants' land and reinforced the trend toward increasing land concentration and rentier capitalism by forcefully removing people and land from subsistence and small peasant

Table 1 Number of Displaced Lands and Landholdings Abandoned for Selected Departments from 1997 to 2007 and during La Violencia (1946–1966)

Department	Number of displaced (1997–2007)	Abandoned hectares (1997–2007)	Number of displaced (1946–1966)	Number of abandoned landholdings (1946–1966)
Córdoba	74,784	60,851		
Sucre	82,299	14,254		
Bolívar	197,431	180,030		
Atlántico	2,865	1,785		
Magdalena	122,957	22,217		
César	116,767	74,742		
Guajira	36,700	10,120		
Antioquia	309,815	97,182	116,500	16,020
Tolima (2001–2006)	79,450	NA	224,700	54,900
Cauca (2001–2006)	59,592	NA	368,900	98,400
Putumayo* (2001–2006)	78,521	NA		
Meta* (2001–2006)	74,171	98,396 declared by only 21,519 people, that is 29% of the displaced	16,800	800
Caquetá (2001–2006)[a]	91,569	416,288		

Source: Reyes Posada (2009) uses the figures of Acción Social for the number of displaced, which are lower than those reported by CODHES. Figures on forced displacement and abandoned land for the period 1946–1966 are from Díaz Callejas (2002, 126).

[a]It is important to note that in Meta, Putumayo, and Caquetá the mass displacement may have to do with the state's offensive launched in the wake of the collapsed peace talks in 2002.

production. Most of the lands were appropriated by speculators, cattle ranchers, and the narco-bourgeoisie.[13] It is noteworthy that small and subsistence peasants planted 67 percent of cultivated lands, and more important, 90 percent of what subsistence peasants produce goes to market and less than 10 percent is for subsistence (PNUD 2008, 5).

There is no accurate estimate of the magnitude of lands lost by displaced persons since the 1980s. Figures vary between 2.6 million and 6.8 million hectares. According to the Contraloría General de la República, 2.6 million hectares were lost between 2000 and 2005 (Comisión de Juristas 2006, 25). On the basis of current rates of displacement, Betancourt (2008) extrapolated that between 6.9 million and 7.4 million hectares are needed to restitute those forcibly displaced between 2008 and 2010. These figures were derived by estimating the number of expulsions by municipality.[14] A more rigorous empirical study by the economist Luis Jorge

13. According to CODHES, between 1986 and 1994, about 858,000 people were displaced; between 1997 and 2003, the number reached 1,904,000, which is almost double that of the previous period (Betancourt 2008, 22–23).

14. In this regard, it is worth mentioning that Amnesty International reported that in 2008 the number of displaced persons increased by 24 percent from 2007, an increase of more than 380,000 people,

Garay estimated that 5.5 million hectares were usurped between 1998 and 2008, or 10.8 percent of agricultural land.[15]

Although the state for the most part did not alter its inherent bias in laws that historically have favored large landowners and cattle ranchers (chiefly after the Chicoral Pact), Uribe's administration (2002–2010) reached new heights. The administration's legal response to this historical calamity in effect legitimized a land tenure structure that resulted from one of the most violent phases of Colombian history. Law 812 of 2003 set the tone for a series of other measures outlined in the National Development Plan. Along with Decree 1250 (articles 24–26), the law stipulated that the government would subsidize land purchases, provided that they would be used to develop agribusiness during a period of no less than five years. The law favored those with enough capital to afford the costs of creating an economy of scale in their agribusiness. Given the poor infrastructure in the countryside, it is costly for small peasants to create an economy of scale profitable enough to offset the costs of transporting their produce to local markets. Critics of the law argued that Uribe's government, and congresspeople backed by large landowners, promulgated the law to enforce a model of agrarian development that would undermine the subsistence peasant economy. Critics also maintain that the National Development Plan does not consider or protect the property rights of the forcibly displaced population. Instead, the plan reinforces the trend toward transforming the rural economy at the expense of food production.

Law 812 must be explored in the context of other relevant laws that did not reverse but enhanced the ongoing counterrevolution in the rural economy. Law 975 and Decree 3391, passed in 2006, did not differentiate between restitution of properties lost by peasants and compensation, but they refer to symbolic collective compensations (Comisión de Juristas 2006, 41); however, neither one addresses compensating individuals who suffered from state-sponsored terrorism.

Law 1182 of 2008 perhaps most reflected the class interests of the reactionary configuration in Colombia's congress. The law expedited the registry of land titles by authorizing not only judges but also notary publics and other personnel to register titles, thus providing more venues for drug traffickers, paramilitaries, and landowners to legitimize their land grabs through pressuring, threatening, or bribing officials if judges refused to title the land. In addition, the law made it difficult for those who lost their land to challenge the appropriation of their properties, particularly when those properties were not included in the registry of lost lands and properties. This registry reflects an incomplete record of all displaced people, and more important, a large proportion of the displaced population does not hold proper title to their land.

A study by the Comisión de Juristas (2006) revealed that the main problem

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thus making Colombia one of the countries with the world's largest internally displaced population, alongside Sudan and Congo.

15. "De que tamaño es el despojo y de los bienes en Colombia?" *Semana*, October 19, 2010. See also the blog *Iván Cepeda* (accessed February 5, 2012, at http://ivan-cepeda.blogspot.com/2011/01/recomendacion-para-leer-entrevista-al.html).

confronting the displaced population was dubious land titles. The study reported that in only 31 percent of the abandoned hectares is there legal title to the land; 15 percent have legal title, but the title is either lost or not available; whereas in the remaining 56 percent of the hectares, landownership and titles are precarious.

The law also makes it easier for opportunists and speculators, particularly drug traffickers, to capitalize on its loopholes to expand their land acquisitions (Garay 2008). Another important loophole in the law is that a claimant must have a minimum of five years' title to his or her land. Garay (2008) argues that putting the minimum at five years may ignore that the largest number of displacements and land grabs occurred in 2001 and 2002, when 343,698 and 392,920 people were displaced, respectively, which is about 28 percent of the total forcefully displaced population between 1998 through March 2008. According to the law, the "legitimate" owners who were forced to sell or to abandon their lands forfeit their rights, thereby allowing new owners to lay claim to the land.

Moreover, Law 1182 fails to take into consideration that peasants pass their properties from one generation to another without bothering with public registration because of bureaucratic hurdles and costs of land registration. Most landholdings are formalized by verbal agreements or contracts, and these types of land transfers have facilitated the usurpation of properties from poor peasants (Garay 2008). More than 56 percent of the displaced have no formal registered title, and another 15 percent have lost or do not have access to their titles to register claims against usurpers.

The relationship among the land laws, the displaced, and the concentration of land property may not be linear, but causality can be inferred. Salgado (2008) demonstrates that between 1984 and 2003, the concentration of land increased significantly in the hands of mainly large cattle ranchers. Those holding properties of fewer than twenty hectares increased from 85.15 percent to 86.3 percent, whereas the total area of the properties decreased from 14.6 percent to 8.8 percent. In contrast, Salgado (2008) reported that land ownership of five hundred hectares or more increased from 32.7 percent of the land to 62.6 percent, which is in the hands of 0.4 percent of landowners. The most significant increase (18 percent) occurred between 1996 and 2003, when paramilitaries expanded their radius of operations into most parts of Colombia (see Richani 2002, 2005, 2007; Duncan 2006; Romero 2003). Fajardo Montana (2002) has shown a strong correlation between the increase in the value of the Gini land index and displacement. Ibáñez and Querubín (2004) corroborated this by showing that, between 2000 and 2002, the municipalities that witnessed an increase in forceful displacement also recorded an increase in their Gini land index. In 1984 the Gini land index was 83.9, rising to 88.0 in 1996 (Machado and Suárez 1999, 11), whereas in 1970 it was 74.0 (Benitez 2001, 5).

The Instituto Geográfico Agustín Codazzi found that 94 percent of the 3,346,445 small- and medium-scale peasants have titles that account for only 18.7 percent of the 12,683,640 agrarian hectares, or about 2,411,399 parcels of lands of less than 50 hectares each. By contrast, 1.4 percent of landowners (i.e., 48,212 individuals) own 65.4 percent of the 44,260,931 hectares, consisting of 29,342 parcels exceeding two hundred hectares each. In the same vein, Reyes Posada (2009, 367) highlights the economic gap that separates the 2 million small peasant owners of fewer than 1.3 million hectares and the 2,300 owners of 39 million hectares. It is plausible that many of the 2,300 owners constitute a hybrid social class of cattle ranchers, narco-bourgeoisie, land speculators, and agro-industrialists who make up the reactionary configuration that staunchly resists land reform.

In Colombia an individual can alternate roles: that is, one can start as drug trafficker and end up as an agro-industrialist farming African palm and owning another parcel for cattle ranching used for speculation and to shelter capital gains. For example, Salvatore Mancuso, a leading paramilitary figure, is a cattle rancher and owns a rice business; Pedro Oliviero "Cuchillo" Guerrero commanded a paramilitary force of 1,100 fighters until his death in December 2010,[16] and other drug traffickers became owners of several African palm businesses. The businesses of "Jorge 40," a paramilitary commander, were extensive, including Coolechera, the most important milk-producing company on the Caribbean coast, with more than 500 workers and more than 2,700 cattle ranchers as associates or contributors.[17] Jorge 40 also acquired properties in several departments.

The laws introduced during the past few years clearly did not mitigate or protect the interests of the dispossessed. Instead, they legitimized their losses by providing legal instruments (a requirement of five years of occupation) for the new "owners" to register their claims, and they made it more difficult for the displaced to claim and prove ownership. Millions of hectares may have been illegally appropriated. The narco-bourgeoisie and its paramilitaries were instrumental in accelerating land concentration and in solidifying rentier capitalism as the dominant mode of capital accumulation in the rural political economy. Most of these lands are used for cattle ranching, to launder money, and to protect capital in the form of landholdings.[18] However, this path of speculative rentier economic "development" was largely determined by land laws and policies that took hold in the early twentieth century and have gained strength since the late 1970s.

The old and new (narco-bourgeoisie) cattle ranchers found in this new institutional-legal setting an incentive to invest and an opportunity to enhance their political power among the dominant classes, which in turn provided them with even more leverage to influence policy. That process unleashed a dynamic in which class power and policy making became mutually reinforcing, especially when large landowners contracted and sponsored paramilitaries.[19]

16. *El Tiempo*, September 20, 2009.

17. *Semana*, October 14, 2006.

18. In Colombia some experts describe the accumulation of land by drug traffickers as counter-reform. I do not think that label is accurate, because it fails to capture the narco-bourgeoisie's role as the major accelerator of an ongoing process and it conveys the idea that there was reform in the first place, which was not the case.

19. A good example of the political power exercised by the cattle-ranching faction in alliance with new cattle ranchers (i.e., the narco-bourgeoisie) and their paramilitaries occurred during Pastrana's peace talks with FARC (1998–2002), which prevented the government from ceding ground on the issue of land reform, a key demand of FARC (Richani 2005).

THE LUCRATIVE LAND MARKET EXACERBATES FOOD INSECURITY

This section reveals that land grabs did not follow a uniform pattern. Although the previous sections discussed the violence and intimidation associated with land grabs, high prices also made it difficult for poor peasants and even owners of midsize properties to resist, given their dire economic conditions, which resulted from cheaper food imports in the early 1990s, limited access to credit, global warming (from El Niño and La Nina), and conflict.

A main consequence of rentier land use is increased land prices, which offers additional incentives to shift more land from production to speculation. This section discusses land values and how a host of entrepreneurs are increasingly seeking land deals in areas with guerrilla activity, where land prices tend to be below market value. They then hire paramilitaries and/or the military to secure the area, which significantly escalates prices. But in some other areas, drug traffickers offered exorbitant amounts of money, above and beyond market prices, to purchase land, as by buying land and registering titles narco-dollars enter the legal circuit of capital.

Currently, there are about 3,044,067 hectares enrolled in the government's Land Protection Program, which prohibits selling lands in conflict areas. Of these, owners abandoned 1,694,331 hectares. But given the dire economic conditions of peasants, compounded by their fear of returning to their land, they sought the government's permission to sell their land.

In Oveja, Sucre, for example, about three thousand hectares were sold in 2008, a 50 percent increase from the annual average rate. In the early 2000s a hectare was valued at around US$300; in 2009, it was worth US$2,000. This is a better return for a buyer than speculating in the stock market, even before the global financial crisis. In the high-conflict area of Montes de María, Wálter Ahumada, the secretary of government of San Juan Nepomuceno, said that one forestry company from Medellín, Tierras de Promisión, bought around five thousand hectares. He explained that five years earlier, nobody would have bought even if a hectare was valued at a peso; but the company offered 1 million pesos per hectare, and the displaced peasants were willing to sell because they were afraid to return to their land. According to the local government, a hectare ranged in price between US$50 and $100, and after the death of Martín Caballero, commander of the FARC's Thirty-Seventh Front, values fluctuated between $2,000 and $3,000.[20]

This overpriced market reached El Salado in the department of Bolívar, where in February 2000 paramilitaries massacred one hundred civilians. Sixty-seven permits were issued to sell around 2,500 hectares between October 2008 and January 2009 (Garay 2008, 37).[21] In Catatumbo, North Santander, more than ten thousand people were killed in the course of the conflict, mostly by paramilitaries and the armed forces, and one hundred thousand people were displaced. Similar land prices prevailed there as well.

20. *El Tiempo*, August 10, 2009.
21. Ibid.

In Meta, with an area of 5,406,601 hectares, only about 381,798 (7.06 percent) are under cultivation, with the remaining 4,337,291 hectares (80.2 percent) used for cattle ranching and pasture (Reyes Posada 2009, 271). Since the 1980s in this department, Víctor Carranza, an emerald baron with close links to paramilitaries, and drug traffickers such as Gonzalo Rodríguez Gacha have purchased land apt for cattle raising; they paid prices well above market rate. In 1997, Reyes Posada (2009, 265) noted that emerald entrepreneurs and drug traffickers bought lands in the municipalities of Villavicencio, Acacias, Castilla la Nueva, Cumaral, and Restrepo, among others. These are examples of a growing trend throughout Colombia, especially in Antioquia, Guajira, Córdoba, and Bolívar. Commoditization of land continues. One of the most notable features of the buyers is that they are front companies for money-laundering schemes based primarily in Antioquia.[22]

These examples of land values, in a context of perpetual violence and laws favoring large landowners, chiefly large cattle ranchers, suggest that the forces promoting displacement are likely to mount on the weakening subsistence and small peasant economy, thereby further exacerbating the crisis in food production.[23] Keeping in mind that small and subsistence peasants produce 63 percent of total food production (PNUD 2008), if current displacement and rentier patterns persist, fewer people and less land will be dedicated to food production, and consequently food production will continue to decline. As established in this article, since the 1980s, displacement and rentier economic "development" have become intertwined processes underpinned by violence.

LAND PRICES AND FOOD PRODUCTION

Increasing land prices distort the allocation of resources and affect food production, thus making land rent in Colombia among the highest in Latin America and consequently reducing its price competiveness (see table 2). Garay (2004, 49) explained, "In Colombia land, far from being a factor of production, is used for capital accumulation which generates 'extra-rents' which affects the competiveness of the agrarian sector." In this article, extra-rents are identified as "rentier," because investments are in part to launder money (as with drug traffickers) and to shelter capital gains from taxation (as with large cattle ranchers and other capitalists), both of which converge to increase land prices (as a rentier motivation).

The speculative behavior (i.e., expected land value) of capital owners has grave economic consequences for food production. Rice illustrates some of the core arguments of this article. Garay (2004) and Fajardo Montana (2008) note that the price per hectare of rice production in Colombia reached US$202 in 1999, compared with $131 in Ecuador (1995), $78 in Uruguay (1999), $157 in Brazil (1999), and $73 in Argentina (1999).[24] According to both authors, this land cost is considerably

22. *El Tiempo*, August 10, 2009.

23. In 2008 alone, an additional 380,000 people were forced to flee their homes, a 24 percent increase over 2007, as reported by CODHES (2008).

24. The ground rent in the United States is the opportunity cost of land.

Table 2 Costs of Land Rent per Hectare of Rice Production (1999) in US Dollars (exchange rate of 1,816 pesos to the dollar)

Country	US dollars
Colombia	202
Ecuador	131 (1995)
Uruguay	78
Brazil	157
Argentina	73
United States*	34

Source: Garay 2004; Fajardo Montana 2008.

*This is estimated as opportunity cost of production per hectare.

above the regional average (table 2); more important, the overall land price in Colombia is considerably higher, averaging 15 percent of the production costs of sugar, tamarillo, soya, and other food crops.

One explanation is that, since the mid-1980s, drug traffickers have bought significant lands in a great number of municipalities, including those of rice production (see figure 3). This was the case in Espinal, a main rice-producing municipality in Tolima Department (Reyes Posada 2009). Tolima is the eighth most favored department for drug traffickers' investments (see figure 3), and it produces 27 percent of the country's rice, the highest proportion in the country (FAO 2006). As a result of the narco-bourgeoisie's and others' investments, the cost of land (ground rent) increased to 30 percent of the total cost of production, which, according to Garay (2004, 49), is extremely high by regional and world standards. Since the mid-1980s, the emerald baron Víctor Carranza also bought land in Tolima, which contributed to increased land prices and rents (Panorama Actual del Tolima 2002, 224–227). It is important to note, however, that 51 percent of rice growers are renters who are affected by the increasing rents.[25]

The overall high costs of land in Colombia significantly increase production costs, including of dairy products and meat, which affect mainly small producers with small landholdings, and this is mainly attributed to the unrelenting trend of land concentration, which has led to the formation of a landed oligopoly and has created economic dislocation and inflexibility in the market. This in turn inflates land prices and rents and diminishes production incentives (see Machado and Suárez 1999, 151–156), which partly explains why the area of harvested rice declined from 463,656 hectares in 2001 to 431,578 in 2010.[26] There was a corresponding decline in most harvested areas of food crops, and consequently in food production in other regions, including soya, down 14 percent; wheat, down

25. From the FAO Corporate Document Repository (accessed March 7, 2012, at http://www.fao.org/docrep/005/y4347e/y4347e0h.htm).

26. Data from the Encuesta Nacional Agropecuaria 2001 and 2010 (accessed February 7, 2012, at http://www.agronet.gov.co/www/htm3b/public/ENA/ENA_2001.pdf).

12.5 percent; rice, down 4.1 percent; and sorghum, down 14 percent (Fajardo Montana 2008, 29). This represents a net loss of lands harvested for food to large cattle ranches, as Fajardo Montana (2008) pointed out. According to Montoya (2005), 1 million hectares of food-producing land have been transformed into pastureland for cattle ranchers since the mid-1990s.

CONCLUSION

Since the 1950s, the zero-sum game between rentier capital and food production has increasingly tilted in favor of the former. During the period 1950–1987, agricultural crops enjoyed tariff protection, which stimulated expansion of land under cultivation. But since 1987 land used for food crops has declined significantly, and many causes have contributed to this, including liberalization of the economy, oil discoveries and production (see Kalmanovitz and López 2007, 145–146), and an influx of narco-dollars. Combined, these factors have contributed to increased commodity and land prices, as well as appreciation of the peso, which has offered a comparative advantage to land speculators and rentier capitalism.

The rentier trend in the cattle-ranching economy ebbed and flowed with land laws that swung between land reform (championed by Pumarejo and Lleras) and conservatism (led by Pastrana and Julio César Turbay). The first two attempted to advance agrarian capitalism, and the others protected the interests of large landowners such as cattle ranchers. Conservatism and the reactionary configuration prevailed in the Chicoral Pact of 1973 with the reinforcement of the provisions of Law 200 of 1936 and subsequent laws protecting cattle ranchers. Land laws, including those introduced after 2002, as well as low taxes considerably diminished opportunity costs for investors, including cattle ranchers, entrepreneurs, and the narco-bourgeoisie. For these landowners, the opportunity cost of using their land today is the higher rent price or profit that they can gain tomorrow. Consequently, more land is kept for speculation and is either underused or not used for food production. This explains, for example, the disproportionate increase in the ratio of one cow per 11.9 hectares recorded between 1978 and 1987, and the decreasing investment in livestock, shown in the declining number of herds between 1995 and 2009.

This article demonstrates that the narco-bourgeoisie complemented and reinforced a trend that started decades before its emergence in the 1970s. This capital sector may have accumulated roughly 12 million hectares of agricultural land,[27] or about 30 percent of the 41 million hectares currently dedicated to cattle ranching. This is an important percentage, but there is also the remaining 70 percent that is in the hands of cattle ranchers who measured their opportunity costs against their expectations for rent and land prices. Combined, these forces are among the major players shaping the rural rentier political economy.

However, the rentier trend suffers also from an inherent contradiction between the high land concentration and inelastic land markets. In 1984 landhold-

27. This figure is based on summing Rocha's (1998) estimate of 6 million hectares with Garay's (2010) estimate of 5.5 million hectares lost by the displaced population.

ings greater than five hundred hectares were owned by 0.5 percent of landowners and covered 32.7 percent of agricultural land; in 2001, 0.4 percent of landlords expanded their acquisition to 61.2 percent of agricultural land, mostly for extensive cattle ranching (Fajardo Montana 2008, 33). This concentration created a monopoly in land markets, increasing prices and rents, and thus allowing large owners to distort market forces. A 1998 FAO study, for example, showed that large landowners tended to sell to wealthy urban dwellers rather than break up their properties for higher profit margins. According to the study, large landowners make some improvements, such as fencing the property and building houses, which can increase the value of the land twofold. These phenomena obviously would neither improve the country's food security nor produce sustainable development. An equally important question is for how long this contradiction between land concentration and inelastic land markets can maintain low opportunity costs and high expected gains.

It is also important to note the impact of free-trade agreements with the United States and Canada and their impact on food production. Most likely, this situation will become only more aggravated. This bleak assessment is corroborated by a recent study conducted by the Ministry of Agriculture, according to which free-trade agreements would chiefly affect seasonal food crops, such as rice, wheat, corn, beans, soya, and sorghum, which are the main food staples of the population, because of higher production costs as a result of factors such as higher costs of land. In this regard, the president of FEDEGAN, José Félix Lafaurie, argued that this negative impact already is taking place: "The area dedicated to these food staples decreased by 324,334 hectares over the past decade to 1,129,000 hectares." He added that most of these products are grown in areas appropriate for cattle ranching and pasturelands in Meta, Casanare, Huila, and Tolima; cattle ranching could pick up the pieces left by the continuous decline in production of traditional crops. He concludes, "As a result of the FTA, the future of the agrarian economy will be very different from the one we have today."[28]

Indeed, at least in the short term, the agrarian political economy and its aspect of rentier speculation will grow stronger with the loss of more land to global competition. These lost lands will be taken over by speculating cattle ranchers, developers, agribusiness, and multinational mining and oil corporations.

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28. José Félix Lafaurie, "La nueva agricultura" (accessed March 7, 2012, at http://portal.fedegan.org.co/pls/portal/docs/PAGE/FNG_PORTLETS/NOTICIASYCOMUNICADOS/ARTICULOSPRESIDENCIA/POLITICA%20AGROPECUARIA/LA_NUEVA_AGRICULTURA.PDF). It is estimated that for 2010, about fifty thousand hectares will stop producing rice.

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