


When the State Becomes Complicit: Mayors, Criminal Actors, and the Deliberate Weakening of the Local State in Colombia

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Abstract

Some politicians engage in relationships with criminal actors in pursuit of mutual interests. How does their rise to power affect state capacity? I focus on one of Colombia's worst episodes of criminal politics to understand how the victory of paramilitary-friendly mayors impacted subnational taxation. Focusing on close races, I find that the victory of a paramilitary-friendly mayor in 2007 led to a substantive drop in property taxation in subsequent years. I argue that criminal collusion allows politicians and criminals to accumulate wealth and political power, but doing so requires them to deliberately undermine local state institutions. Indeed, the evidence suggests that municipalities governed by paramilitary-friendly politicians experienced a weakening of property rights, the worsening of local judicial institutions, and an alteration of the electoral playing field. Rather than a mere consequence of criminal collusion, state weakening is a politically strategic decision that serves the interests of both criminals and politicians.

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Introduction

A few months after the paramilitary demobilization in 2005, the mayor of Tarazá, Colombia, paid a public tribute to Cuco Vanoy, a former paramilitary commander, and expressed his gratitude for his contribution to the region's social and economic development. Years later, wiretapping evidence also revealed the close relationships between Tarazá's police department and Autodefensas Gaitanistas, the main paramilitary successor group in the region. In one of his conversations with a member of the criminal group, a police officer stated: "I am with you, I am 99.9% gaitanista" ([El Tiempo, 2010](#)).

It is not uncommon for state officials and criminal actors to engage in collusive relationships, whereby the former distribute state resources and selectively enforce institutions in exchange for financial and political support ([Bailey & Taylor, 2009](#); [Trejo & Ley, 2020](#)). Recent studies have explained how criminals, sometimes in partnership with state agents undermine the principles of democracy and electoral competition ([Acemoglu et al., 2013](#)), weaken civic life and citizenship ([Córdova, 2019](#); [Ley, 2018](#)), and hinder the rule of law ([Auyero & Sobering, 2019](#)).

There is, however, still some disagreement on whether and how collusion with criminal actors affects the state. Some claim that state-criminal collusion may enhance it: in an insightful, almost Tilly-esque, interpretation, [Koivu \(2018\)](#) holds that while fighting crime develops the state's coercive capacity, collusion may promote economic institutions in the short term. States may turn a blind eye to criminal activities, so long as they contribute to the development of markets and the economy. Indeed, activities such as drug-trafficking, construction, real estate, and agribusiness can increase the basis of revenue and motivate states to behave complicitly ([Devine et al., 2020](#); [McSweeney et al., 2017](#)). Moreover, if state-crime collusion reduces fighting between criminals and the state, the absence of violence may help officials protect property rights and enforce contracts more easily ([Besley & Persson, 2008](#); [Sobek & Thies, 2015](#)).

However, one could also expect state-criminal collusion to be deleterious for the public interest and state institutions: actors, such as drug cartels or militias, infiltrate the state to promote certain policies and procure the non-enforcement of institutions, with harmful consequences for the provision of public goods ([Dal Bó et al., 2006](#); [Daly, 2021](#); [Di Cataldo & Mastrorocco, 2021](#)). Based on Colombia, [Acemoglu et al. \(2013\)](#) suggest that collusion may ultimately weaken the state, as colluded politicians, who received key

electoral support in exchange for economic and political resources, see themselves unwilling to eliminate the groups that aided them. Similarly, as [Hidalgo and Lessing \(2019\)](#) show in Brazil, state officials may initially tolerate paramilitaries, but then become incapable of eliminating them later. Either way, the negative effects of collusion on state capacity result from the unintended consequences—both in terms of incentives and ability—of allying with criminal actors.

The literature has made important progress in the understanding of state-criminal collusion, but we still know little about how and why such type of arrangement affects the making and unmaking of the local state, in particular its capacity to extract resources. While the weakening of state institutions may be an unintended consequence of crime, deliberately undermining the state is also a politically strategic choice for state officials and criminals.

How does the rise of politicians with previous ties to criminal actors affect subnational state capacity? This article studies how political parties with previous ties to criminal groups undermine fiscal extraction in Colombian municipalities. My central argument is that state-criminal collusion allows its participants to accumulate wealth and political power, but doing so requires state officials, in collaboration with criminals, to deliberately weaken local state institutions. By intentionally preventing and delaying additional investments in property rights institutions and hiding critical information from the state, politicians and their criminal partners ultimately depress the state's extractive capacity. My argument draws on a body of research that views state weakening as a politically strategic decision by state officials to pursue their private and political goals.

I explore this argument by focusing on the aftermath of the *parapolítica* scandal, whereby politicians sought electoral support from paramilitary groups in exchange for access to resources and legislation. Concretely, I focus on the 2007 mayoral elections, a period where the criminal market had become particularly fragmented due to the process of remilitarization ([Daly, 2016](#); [Nussio & Howe, 2016](#)). Moreover, by 2007, paramilitaries had been able to build extensive networks in state institutions and security agencies ([Gutiérrez Sanín, 2019](#)). Some of the politicians that came under investigation for being involved with paramilitaries years earlier used the local elections to maintain their grip to power by promoting their successors, both relatives and political allies, as candidates for mayoral and gubernatorial office. Put differently, this was a moment where politicians had a lot at stake and winning elections, through their successors, was essential.

Learning about the effects of criminal collusion on local state capacity is challenging. As some instances of collusion are unobserved and kept secret, it is rare to find “smoking gun” evidence that politicians actively seek to undermine state institutions. I circumvent some of these challenges by using a regression discontinuity design and comparing tax revenue in areas where

paramilitary-friendly parties won and lost by a narrow margin. If revenue decreased in towns with paramilitary-friendly parties, relative to almost identical areas without them, this difference may be attributed to the rise of mayors colluded with criminal actors. Qualitative evidence from Segovia and Tarazá, two Colombian municipalities with different outcomes in tax revenue, illustrate the mechanics of the argument.

Results from the RD suggest that fiscal capacity weakened in towns where a paramilitary-friendly party won the election by a narrow margin: the victory of such a party leads to a sizable decline in property taxes during the subsequent mayoral term, equivalent to around .69 standard deviations. Moreover, I find that this negative effect persists even after the first government term. This, I suggest, is likely to be explained by criminal politicians' ability to maintain their influence in municipal administrations through their political successors. The evidence points in that direction: in municipalities where paramilitary-friendly parties came to power, there were 1.5 fewer mayoral candidates and .5 fewer effective parties competing in the subsequent race, but the probability of electing a mayor belonging to the incumbent party was 22% higher.

The erosion can be plausibly attributed to a deliberate attempt to undermine local state institutions: municipalities governed by a paramilitary-friendly party have older cadastral institutions, although the effect is not statistically significant. However, property values, based on cadastral appraisals, are lower and levels of land informality are greater. The paper also explores a key implication of the argument: if state officials and criminals are interested in accumulating wealth and political power with impunity, influencing local judicial institutions may be fruitful. Having judges, prosecutors, and judicial functionaries on one's side can make a difference when illicit transactions are at stake. Leveraging municipal-level data on complaints against judicial functionaries, I find that judicial inefficiency and corruption is greater in those municipalities where paramilitary-friendly parties come to power.

I draw on existing work to understand whether and how politicians connected to the criminal underworld affect state capacity. However, rather than seeing state weakness as a mere unintended negative effect of criminal politics, I suggest that "hollowing out" the state is a politically strategic decision that serves the interests of both criminals and politicians. I join existing work highlighting the intentional erosion of state institutions (e.g., [Onoma, 2009](#); [Suryanarayan & White, 2020](#)) but focus on a setting of violence and criminal politics.

I also zero in on the role of mayors. While state-criminal collusion, on its "state side," consists of a variety of actors, this article places a special emphasis on mayors. As municipalities' executive authorities, mayors and paramilitary groups jointly shaped local politics and affected state capacity in a consequential way.

At the same time, the article underscores the difficulty of fully dismantling criminal networks and their effects. Indeed, I show that the state's extractive capacity may comparatively remain weak even after the first term. As such, this article is closely related to the observation that political elites and criminal structures from the past that manage to survive and adapt to political changes (e.g., post-conflict settings or democratic transitions) are important determinants of corruption, criminality, and violence in the future (Cruz & Durán-Martínez, 2016; Martínez-Bravo et al., 2017).

Collusion Between Politicians and Criminals

A growing literature in political science has sought to understand the multiple types of relationships between state and criminals and their consequences for democracy, the rule of law, and violence. Scholars have proposed typologies for understanding the various kinds of relationships between violent actors and officials (Bailey & Taylor, 2009; Barnes, 2017; Staniland, 2012), while others have extensively focused on particular types of arrangements and their consequences (Auyero & Sobering, 2019; Trejo & Ley, 2020).

The term “state capture” has been used to describe partnerships between criminals and states. In one of the most prominent definitions, Hellman et al. (2000, p. 3) define state capture as “shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials.” Initially proposed to understand the role of firms in transition economies, some scholarship on Colombia has described alliances between paramilitaries and politicians as an instance of state capture and co-opted reconfiguration of the state (Garay-Salamanca et al., 2008; López, 2010). According to this view, *de facto* violent groups, such as Colombian paramilitaries, were able to obtain policy changes in their favor by *coopting* politicians and other officials throughout the territory.

The literature has offered important descriptions of how *de facto* groups—including insurgencies, paramilitaries, mafia organizations, and drug cartels—manage to infiltrate state institutions across a variety of contexts. Yet, by placing a heavy emphasis on the *capturing* actor, the notion of state capture tends to strip politicians and state officials of some of their agency, thus ignoring their active role in allying with criminal actors and transforming state institutions on their own. Moreover, “state capture,” according to critics like Grajales (2011) and Ballvé (2012), advances a Weberian and normative view of the state that sees organized crime as the antithesis of the state and portrays paramilitaries as “extraneous actors, separated from the political game” (Grajales, 2011, p. 773). What the Weberian approach fails to capture is that paramilitaries became the “midwives of state formation,” engaged in

symbiotic relationships with state institutions, and produced resilient “regimes of accumulation and rule” (Ballvé, 2020).

An alternative concept is that of criminal collusion, whereby state officials and violent actors establish alliances and cooperate with one another in pursuit of common goals (Barnes, 2017; Magaloni et al., 2020; Staniland, 2015; Trejo & Ley, 2020). One first, key, lesson from this literature is that the existence of crime and criminal collusion does not necessarily reflect a failed state or a vacuum of power (e.g., Skaperdas, 2011). Instead, scholars posit that organized crime thrives in the presence of (ambivalent and complicit) states which, selectively and sporadically, enforce the rule of law, while at the same time acting as an accomplice and sponsor of criminal acts (Auyero & Sobering, 2019; Trejo & Ley, 2020).

In colluding with each other, both politicians and criminals pursue a variety of goals. Among them, the accumulation of wealth and political power is one of the most important goals (Barnes, 2017). Wealth is essential to the survival of both politicians and criminals, but it is also auxiliary to other important aims, such as winning elections, eliminating common contenders, and influencing policy outcomes. For instance, land as a resource facilitates drug-trafficking, mining, and agro-industrial activities (Ballvé, 2012; Grandia, 2013). In Mexico, state officials selectively enforced the law and built protection rackets with drug-trafficking organizations (Snyder & Duran-Martinez, 2009). Evidence from Colombia and India suggests that municipalities exposed to oil and mining shocks witnessed a higher rate of victory of politicians with criminal ties and profiles (Asher & Novosad, 2021; Carreri & Dube, 2017).

In addition to wealth, state officials also collude with criminals in pursuit of political power. This should be distinguished from overthrowing the political system, an objective more closely associated with insurgencies. In Colombia, politicians and paramilitary organizations established alliances throughout the country, whereby the former provided access to resources and influence in policy-making in exchange for electoral support (Acemoglu et al., 2013). Very much like Colombian paramilitaries exchanging access to resources and impunity for electoral support, Brazilian politicians have relied on traffickers’ support in favelas in order to secure votes (Albarracín, 2017; Arias, 2017). Moreover, criminal collusion may be useful to restrict the entry of competitors into the electoral arena perceived to be ideologically distant and threatening to their political hegemony. In both Colombia and Guatemala, political and economic elites, along with drug-traffickers and violent organization, built alliances to mobilize against left-wing militants and restore the status quo (Fergusson et al., 2020a; Gavigan, 2009).

In sum, state officials and criminal groups actively establish ties and mutually beneficial relationships in pursuit of their interests, including the accumulation of wealth and political power. However, scholars disagree on

the consequences of criminal collusion for state capacity. Cooperative state-crime interactions may promote market and economic institutions with positive outcomes for fiscal capacity (Koivu, 2018). If insurgencies, as well as other anti-state groups, are detrimental to state capacity, one could expect the reduction of violent conflict, arising from state-criminal collusion, to help state officials protect property rights and extract revenue with fewer challenges (e.g., Sobek & Thies, 2015). However, politicians with criminal ties often times do a worse job of governing and promoting state capacity (Daly, 2021). It is not surprising that criminals' ability to provide state officials electoral and political support ultimately weakens their incentives and capacity to eliminate criminals from the territory (Acemoglu et al., 2013; Hidalgo & Lessing, 2019).

Argument: Criminal Collusion and Local State Capacity

How does the victory of subnational politicians tied to criminal actors affect the state's extractive capacity? I focus on the role of local taxation, a fundamental activity of states at the subnational level, a necessary condition for the provision of public goods, and a mechanism through which citizens may hold their rulers accountable.

I suggest that criminal collusion allows politicians and criminal actors to accumulate wealth and political power, but doing so requires state officials, in collaboration with criminals, to intentionally and jointly weaken state institutions, with harmful consequences for the state's extractive capacity. This emerges from a key corollary: the state's ability to legibly observe their property and transactions, and adjudicate disputes, is likely to constitute an impediment to their political and private objectives.

When State Capacity Becomes an Impediment

The existence of a relatively strong state, while crucial for the provision of public goods and promotion of economic development, may also become an impediment to the pursuit of personal and private interests. A state is usually considered to be strong when it is capable of establishing its presence throughout the territory and implementing political decisions (Mann, 2012). In the process, states must bargain and confront alternative forms of social power in order to enforce their decisions (Migdal, 2001). States are considered to be relatively stronger than others when they successfully extract revenue from the population, enforce property rights and contracts between citizens, and are capable of providing public goods and security. Moreover, capable states also tend to be successful at the collection of fine-grained information about population and their assets, typically gathered through a variety of tools,

including censuses and cadastral maps (Brambor et al., 2020; Lee & Zhang, 2016).

Therefore, if political actors are interested in the accumulation of wealth and political power, functioning state institutions may become an obstacle. For one, a process of wealth accumulation, especially when done rapidly and through illicit means, may be hindered in the presence of a strong institutional framework: the existence of both weak property rights and a low capacity to collect information about transactions provide an opportunity to capture and accelerate the acquirement of wealth (Gutiérrez Sanín, 2019; Onoma, 2009). The ability to forcefully displace individuals from their property, appropriate it, and engage in money laundering without consequences faces higher constraints when the state can enforce rights and institutions. Moreover, having functioning state institutions makes it costlier for political actors to eliminate competitors or tilt the playing field through the use of violence.

Consequently, if those in charge of implementing political decisions on the ground—local bureaucrats, judges, and law enforcement agents—do their job and respond to the general interest, the ability of politicians and criminals to advance their narrow interests can be significantly curtailed. Indeed, as suggested by an extensive literature, institutional capture, facilitated through both bribes and threats of violence, can be used against key decision-makers in order to promote certain policies and guarantee the selective enforcement of institutions (e.g., Ch et al., 2018; Dal Bó & Di Tella, 2003; Martinez-Bravo et al., 2017; Mattingly, 2016). If state institutions are an impediment to the accumulation of wealth and political power, what can politicians with criminal ties do about it?

Weakening the State as a Politically Strategic Decision

I argue that politicians and their criminal partners deliberately undermine local state capacity by preventing and delaying additional investments in local institutions and hiding critical information from the state. In developing this argument, I join a rank of scholars that highlight the intentional weakening of state institutions as a politically strategic decision across a variety of settings (e.g., non-civil war and non-criminal war), different ulterior motives (e.g., avoid redistribution and defeat local chiefs), and varying strategies (e.g., cross-class coalitions and criminal alliances) (Christensen & Garfias, 2020; Fergusson et al., 2020b; Onoma, 2009; Suryanarayan & White, 2020).

Politicians and criminals can actively undermine state capacity by dismantling key institutions and preventing additional investments in them. For instance, Suryanarayan and White (2020) show how, during the post-Reconstruction period in the United States, Southern elites established cross-class coalitions to deliberately weaken bureaucratic capacity and limit redistributive taxation in the future. Dismantling local bureaucracies

responsible for the implementation of programs, the access to property and land, and adjudication of disputes can be exploited as a way to preserve and appropriate one's own political power. To be sure, an extreme instance of institutional dismantlement consists of its physical destruction. For instance, in the Colombian city of Valledupar, paramilitaries and drug-traffickers burned down the land registry office, thus destroying over 20 thousand files containing information about land transactions (El Tiempo, 2006).

Relatedly, politicians and criminals can actively work to hide critical information from the state. As recent literature shows, the collection of high-quality information is a fundamental task that translates into effective governance and taxation. In particular, undermining cadastral institutions, tasked with the responsibility of collecting and systematizing key aspects of property, eliminates important information needed by the state to observe assets and tax accordingly (Christensen & Garfias, 2020). For instance, Onoma (2009) shows how politicians in Kenya and Ghana intentionally undermined property rights institutions to extort money from peasants and gain political leverage over traditional chiefs that opposed them. Hiding information helps politicians and their associates accumulate power and wealth with greater impunity.

Lastly, politicians and criminals can weaken state institutions by coopting state officials in key positions and influencing their decision-making process (Dal Bó & Di Tella, 2003). For instance, by capturing bureaucrats and decision-makers, criminals and politicians may prevent the provision of public goods, selectively and partially enforce institutions, and lead to policies that run contrary to the general interest. Perhaps, a more fundamental way to weaken state capacity, without impunity and legal consequences, is to co-operate and work hand in hand with local judicial institutions.

Indeed, obtaining the cooperation of judicial officers, prosecutors, and law enforcement agents is essential. If criminals and colluded politicians are interested in dismantling state institutions, whatever their ultimate aim may be, having judicial officers on their side can make the process easier. Evidence suggests that the ability to exploit and accumulate land (Onoma, 2009) and engage in extrajudicial killings (Acemoglu et al., 2020) is enhanced by the existence of weak and faulty judicial institutions. More fundamentally, if legal capacity constitutes a key dimension of state power, which enables governments to protect private property from predation (Besley & Persson, 2011), then its weakening facilitates the accumulation of wealth. Collusion with judges and prosecutors emerges from the need for impunity and doing so can, indirectly, have harmful consequences for fiscal institutions: bribing, intimidating, or coopting judges and prosecutors can help criminals and their partners hide information from the state, manipulate institutions, use violence against contenders, and accumulate resources without impunity.

At this point, it is important to note that the deliberate weakening of state institutions is not the result of a single actor. Mayors, while locally influential, are only one actor within a network of political, bureaucratic, and law enforcement agents working hand in hand with criminals in the pursuit of common goals (Grajales, 2011). This article, however, zeroes in on the role of mayors, municipalities' highest executive authority. In addition, intentional state erosion is not exclusive to settings of criminal politics, as it is a widespread strategy present across a variety of contexts. However, my argument does suggest that those politicians who collude with criminal actors will cooperate with one another to hollow out the state. Lastly, while states can be weakened in multiple dimensions, I focus on local taxation due to its centrality in any process of state consolidation and its natural closeness to the process of wealth accumulation (Bräutigam et al., 2008; Nieto-Matiz, 2022a).

In sum, the argument suggests that, under conditions of criminal collusion, the decline in fiscal capacity is not a result of an exogenous change in the environment, but rather the intentional and deliberate effort by state officials with criminal ties to undermine state institutions. In particular, I expect the rise of subnational politicians with criminal ties to have a negative effect on local taxation. Because I attribute such a decline to a deliberate weakening of local institutions, I expect to observe a decline in the performance of institutions associated with property rights and the local administration of justice. Lastly, if politicians and criminal actors also collude in order to accumulate political power, I expect to observe a change in the electoral playing field and an increase in the vote share of the incumbent's party in the subsequent election.

Paramilitaries, Criminals, and Politicians in Colombia

The expansion of self-defense and paramilitary groups in Colombia is intimately related to the evolution of the Colombian state. During the 1980s, a series of changes, such as political decentralization and peace negotiations with guerrilla groups, triggered the resistance of regional elites, mostly cattle ranchers, local notables and drug-traffickers, who deemed such measures as detrimental to their political influence (Romero, 2003). While their emergence was associated to the increasing insecurity in the countryside against the rural elite, paramilitaries were not simply a counterinsurgent project, but a complex set of organizations that sought to establish a social order (Duncan, 2006).

Although conflictual at times, paramilitaries' relationships with state officials were also collaborative. Throughout their history, paramilitaries amassed significant political power and developed an extensive network of contacts in security agencies, regional economic elites, and local bureaucrats. At the beginning of the 2000s, however, paramilitaries forged alliances with politicians, both local and national. Politicians acted as brokers for paramilitary groups by connecting them to officials in other state agencies and to

key political actors in higher levels of government (Gutiérrez Sanín, 2019; López, 2010). For instance, since 1998, representative César Pérez from *Convergencia Liberal*, a faction of the Liberal Party, managed to broker alliances between paramilitaries and both mayors and candidates running for Congress. His role as a strongman in Antioquia was pivotal to the penetration of paramilitaries in the region.

In one of the most remarkable episodes of criminal penetration, Colombian paramilitaries and politicians created a system of mutual collaboration, later known as the *parapolítica* scandal. Paramilitaries would help state officials get elected in exchange for access to resources, contracts, and favorable legislation. Many of these relationships were formalized in written agreements and pacts signed by paramilitaries and candidates aspiring to public office.

This article places a special emphasis on the municipal elections held in 2007. By this election, paramilitaries and their political allies had been shaken by two important shocks, which rather than ending state-crime collusion, only transformed their relationships. On the one hand, a stream of judicial investigations, both by the National Prosecutor's Office and the Supreme Court, coupled with civil society activism, resulted in the arrest of dozens of politicians. On the other hand, between 2003 and 2006, the government's negotiation with paramilitaries led to the demobilization and disarmament of around 30,000 paramilitary troops.

As a result, the 2007 regional elections for mayor and governor became an important arena for those politicians involved in paramilitary politics to maintain their political influence. First, while the demobilization process eroded the AUC's formal structure, it failed to dismantle the political and social networks of criminality between political elites and paramilitary groups (Duran-Martinez, 2018). Although many troops kept their promise of abandoning violence, Daly's (2016) study documents how almost half of the 37 paramilitary blocs associated to the AUC remilitarized. Groups, such as the Urabeños, Rastrojos, and ERPAC, returned to their former areas of operation and sought to expand throughout the country.

Second, the 2007 mayoral elections took place only 1 year after Álvaro Uribe's second presidential reelection and whose coalition has been questioned for favoring them in the past. The vote share for Uribe's first term, in 2002, was significantly higher in areas of strong paramilitary presence, but the evidence indicates that this support was much stronger in 2006 as a result of policies favoring paramilitary groups (Acemoglu et al., 2013).

Third, the political parties that were involved in criminal collusion with paramilitaries after 2002 had already managed to build a more robust machine and network of contacts among paramilitaries. While some of the politicians, most of them national-level officials, were sentenced and arrested for colluding with paramilitaries, they did not abandon their ambition to access political power in the subsequent municipal elections in 2007. They did so

with some elements in mind. On the one hand, criminal politicians acted more carefully than before. Since the probability of getting caught had increased, and some were under investigation or captured, politicians saw themselves forced to keep their political machines with a lower profile. On the other hand, however, some politicians managed to maintain their political power by transferring their electoral capital to their heirs. These successors, both relatives and political allies, exploited the networks and information accumulated in previous elections to run for office and get elected. Crucially, many of the right-wing parties widely known for their involvement in the parapolítica scandal (e.g., Colombia Democrática, Colombia Viva, Apertura Liberal, and Convergencia Ciudadana) had been dissolved by the following elections in 2011.

A relevant and illustrative case is Álvaro García, a prominent politician from Sucre, in northern Colombia. A former member of the Liberal Party, García was elected Senator for Colombia Democrática in 2002,¹ which allowed him to promote the election of several representatives, deputies, and mayors in his area of influence. Despite being re-elected Senator in 2006, shortly thereafter, García was sentenced by the Supreme Court to 40 years of prison for facilitating the expansion of paramilitary groups in Sucre, appropriating resources, and ordering both massacres and selective assassinations. The 2007 mayoral elections, however, were decisive in his attempt to maintain influence over local administrations: from jail, García supported the election of Sucre's governor, 6 state deputies, and 21 mayors ([La Silla Vacía, 2010](#)).

Empirical Strategy and Data

One way to estimate the impact of criminal partnership on the state's extractive capacity would be to regress property taxation on the election of politicians with criminal ties. However, this approach is likely to be problematic. If criminals wish to establish territorial presence and influence state officials, they are likely to choose among different candidates and consider the municipality's financial resources, political and military rivals, and the strength of judicial institutions. A second problem is that many of the alliances between criminals and state officials are secret and unobserved. Covert behaviors and practices are a central dimension of politics and observing them is elusive for obvious reasons (e.g., [Gambetta, 2009](#)). Thus, it is not unreasonable to believe that, in *some* cases, a sizable portion of state-crime relationships takes place peacefully and violence emerges once their alliances erode and break down.²

Therefore, relying on the name of politicians involved with violent groups to measure alliances is likely to be biased toward the more visible cases and against smaller instances of collusion not captured by the media or the

judiciary. In other words, the main problem lies in that while judicial investigations reveal valuable and fine-grained information about the involvement of some politicians with violent groups, it is difficult to know the size of the universe.

A Focus on Political Parties

An alternative approach is to focus on political parties. Concretely, I consider a political party to be “paramilitary-friendly” if one or more of its elected politicians was found to have relationships with paramilitaries and had a national reach (i.e., were able to secure a seat in Congress). A similar approach has been used by [Dube and Vargas \(2013, p. 1395\)](#) who, based on [Fergusson et al.’s \(2013\)](#) list of *parapolíticos*, designate a “political party whose member has been accused of such charges as pro-paramilitary.” In this article, I rely on [Dube and Vargas \(2013\)](#) and the investigations carried out by the Supreme Court and Prosecutor’s Office to determine whether a political party, through one or many of its politicians, engaged in alliances with paramilitaries prior to 2006.

To be sure, a problem with this party-based approach is that not all politicians of a “paramilitary-friendly” party necessarily had ties to violent groups. I argue, however, that the potential measurement error arising from this is unlikely to be pervasive or systematic, as I focus on those parties that were able to have a national reach (i.e., Congress). In a similar way, [Carreri and Dube \(2017\)](#) observe that “National legislators tend to be leading, influential members of their parties, so their positions typically serve as good proxies for the positions of other members.” While far from perfect, this approach seeks to minimize the problems associated with the study of this phenomenon, as previously discussed.

Estimation

My main empirical strategy consists of a regression discontinuity design, which takes advantage of the mayoral close elections in 2007. I compare municipalities where a pro-paramilitary political party barely won, to municipalities where a pro-paramilitary political party barely lost. To do so, I restrict my sample of cases to towns where a pro-paramilitary party is either the winner or the runner-up. The running variable is calculated as the vote share of the pro-paramilitary party minus the vote share of the non-paramilitary party. Elections are considered *close* as this difference approaches zero.

A regression discontinuity design exploits this type of elections and assumes that cases around the cutoff are similar on both observed and unobserved characteristics, except for the victory status of pro-paramilitary

political parties. The treatment effect is the average difference between levels of property taxes in municipalities where a pro-paramilitary party *barely* won and *barely* lost. The basic equation regression discontinuity equation is

$$Y_{i,t>2007} = \alpha + \beta_1 \text{ProPara}_{i,t} + \beta_2 \text{Margin}_{i,t} + \beta_3 \text{ProPara}_{i,t} \times \text{Margin}_{i,t} + \gamma_{i,t} \text{ for all } i, t \text{ such that } |\text{Margin}_{i,t}| < \epsilon \quad (1)$$

where $Y_{i,t>2007}$ is the log of property taxes per capita—the outcome variable for municipality i after 2007. *ProPara* is a binary variable indicating whether a paramilitary-friendly party won the 2007 mayoral election and *Margin* is the difference between the winner and the runner-up candidate. γ_{it} is the idiosyncratic error term. ϵ is the bandwidth, a small vote margin around the cutoff, used to fit the local polynomials. Following best practices, and to avoid ad-hoc specifications, I use [Calonico et al.'s \(2014\)](#) common MSE-optimal bandwidth selector, but for robustness purposes, I try a series of alternative bandwidths. Lastly, I estimate this equation using separate local polynomial regressions with triangular kernel functions for treatment and control units and only with observations within the specified bandwidth.

As a supplement to this strategy, I also rely on a simple OLS strategy where I regress property taxation on the presence of a paramilitary-friendly party—using [Carreri and Dube's \(2017\)](#) data of parties involved in paramilitary politics—and a set of pre-treatment covariates. As I show in the Appendix, the results from the OLS estimation are largely consistent with those presented in the main text. While neither strategy is infallible, consistency across empirical strategies increases our confidence in the empirical expectations and findings.

Data

This article focuses on political parties with a pro-paramilitary stance that took office in 2007. Similar to [Dube and Vargas \(2013\)](#) and [Carreri and Dube \(2017\)](#), I classify a political party as pro-paramilitary if (i) at least one of its members was investigated and prosecuted by authorities for establishing alliances with paramilitary groups in previous years, and (ii) held a position with national reach (e.g., Congress). Based on this, I define the forcing variable as the difference between the vote share received by the winner and the runner-up in the mayoral elections. I use data from Colombia's National Civil Registry (Registraduría Nacional del Estado Civil), and compiled by [Pachón and Sánchez \(2014\)](#), to calculate the vote share.

The main outcome of interest is the log of property taxes normalized by population. Property taxes is a tax collected by municipal administrations and one of the most important sources of revenue for local governments. It is a fairly good measure of the local state's extractive efforts since it requires local

administrations to have certain degree of information about owners and their property. I use Departamento de Planeación Nacional’s measure of property taxes, logged and normalized by the municipality’s population size.

Empirical Findings

Main Results

Table 1 reports RD non-parametric estimates using both linear and quadratic polynomials as well as robust biased-corrected confidence interval (Calonico et al., 2014). The outcome variable is property taxes, adjusted by population size and averaged between 2008 and 2011. In the Appendix, I report findings with covariate adjustment and find consistent results.

The marginal victory of a paramilitary-friendly party leads to a substantive and statistically significant reduction of property taxes over the entire mayoral term. The results are statistically significant, and in the expected direction, using both linear and quadratic polynomials. The RD estimates indicate that, relative to control municipalities, the victory of a pro-paramilitary party is associated with a decrease in property taxes of around 68% standard deviations during the 2008–2011 period. Relative to a municipality with median levels of property taxes, the victory of such a party is equivalent to around 1.4 times fewer taxes.

The graphical representation of the treatment effect is shown in Figure 1: municipalities right of the vertical line, where pro-paramilitary parties came to power, indicate a noticeable decline in property taxes compared to similar municipalities left of the vertical line, where the same type of parties lost the elections. Moreover, the results are not sensitive to alternative choices of bandwidth. Plot (b) of Figure 1 shows the point estimates with 95% confidence intervals using different bandwidths. The marginal victory of a paramilitary-friendly party has a negative and statistically significant effect

Table I. Main Results.

	Dependent variable: Property Taxes (2008–11)	
Paramilitary party	−26.603** (11.110)	−27.074** (13.074)
Observations	259	259
Effective Obs	93	144
Bandwidth	.078	.136
Polynomial	1	2

***p < .01, **p < .05, *p < .1.

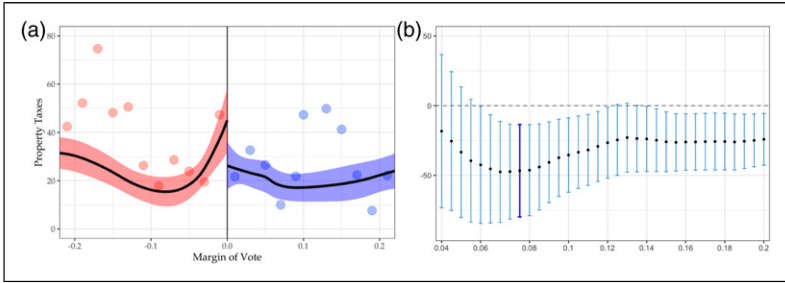


Figure 1. Regression discontinuity plots.

when using a bandwidth as small as .06 all the way to .2, suggesting the robustness of the results despite differences in sample size.

Persistence over Time: How Criminal Collusion Shapes Competition

As shown earlier, the victory of pro-paramilitary parties are associated with a decline in property taxes between 2008 and 2011. In this section, I explore whether or not these negative effects persist beyond the mayoral term, using average levels of property taxes between 2012 and 2015.

As documented in [Figure 2](#), municipalities that elected paramilitary-friendly parties in 2007 experienced a significant decline in property taxes even after the first mayoral term, between 2012 and 2015. The effect is statistically significant over the entire term and in all individual years, except 2013. What could be responsible for this persistence over time? Given the “stickiness” of institutions, political actors’ decision to erode property rights institutions or abstain from enforcing them may have long-term negative consequences. For instance, hiding crucial information from the state and under-reporting the value of land could directly affect tax performance, but its “correction” (e.g., investments in local institutions) may take some time to consolidate.

A plausible option is that in their attempt to accumulate political power, paramilitary-friendly parties shape electoral competition and promote the election of their political allies. I study this channel in [Table 2](#) by estimating how the victory of paramilitary-friendly parties in 2007 affected mayoral elections in 2011. In columns 1 through 4, I explore the vote margin; the effective number of parties; the number of candidates running for mayor; and whether a mayor of the incumbent political party was elected.³

The results are in favor with the interpretation that the rise of paramilitary-friendly parties affected local taxation beyond the first mayoral term by shaping the subsequent process of political selection. Concretely, the narrow victory of paramilitary-friendly parties in 2007 has a negative effect on 2011

vote margin, indicating, counterintuitively, that it made the election more competitive. However, when measured differently, columns 2 and 3 show that those municipalities displayed, comparatively, a change in political competition: the victory of a paramilitary-friendly party in 2007 is associated with around .5 fewer effective parties (although not statistically significant) and 1.5 fewer candidates in 2011, equivalent to .89 standard deviations. Lastly, and more importantly, in municipalities where paramilitary-friendly parties barely won in 2007, the probability of electing a politician from the same party in 2011 was 22% higher, relative to areas where the same type of party barely lost. This result is consistent with the evidence that criminal politicians in

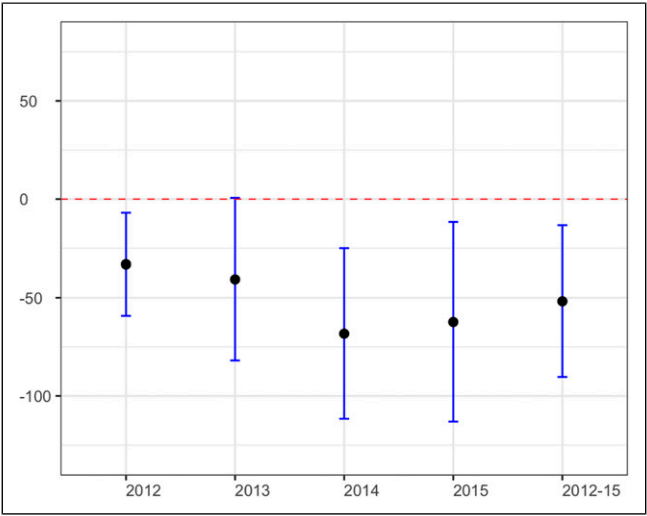


Figure 2. Effects over time, 2012–2015.

Table 2. Effects on Political Competition and Selection.

	Dependent variable (2011)			
	Vote margin	No. of parties	No. of candidates	Party re-elected
Paramilitary party	−.105* (.054)	−.507 (.372)	−1.508** (.769)	.219** (.093)
Observations	260	261	262	254
Effective Obs	129	134	121	171
Bandwidth	.119	.123	.105	.167

*** $p < .01$, ** $p < .05$, * $p < .1$.

Colombia, even those who were sentenced by authorities, managed to maintain their influence by promoting the election of their political heirs (Valencia & Ávila, 2014).

Deliberately Weakening the Local State

Thus far, I have shown that municipalities governed by mayors with criminal ties experience a decline in local taxation. According to the argument, the erosion of fiscal capacity in this type of municipalities can be attributed to a deliberate attempt by politicians and criminals to undermine local state institutions. In this section, I assess this mechanism by exploring changes in property rights institutions, which, due to their localized nature and relevance for extraction, can be subject to influence and manipulation. I also examine the impact of politicians on local judicial institutions.

Shaping Property Rights Institutions

Property rights institutions establish the rules for accessing property, incentivize citizens to engage in licit behavior, and allow states to obtain reliable information for taxation purposes (Besley & Persson, 2008; Demsetz, 1967). Why are property rights institutions a good piece of evidence to shed light on the mechanism? First, property rights institutions are a necessary component of taxation, such that changes in the revenue collected by the state are likely to be connected to the quality of cadasters, land registries, and the state officials that enforce them. Moreover, because their performance tends to be locally grounded, local actors have significant leeway in shaping and affecting them.

One such institution is the cadaster, responsible for collecting and systematizing information about property and owners. Recent studies, based on cross-national and subnational evidence, emphasize its importance within the broader “ecosystem” of state institutions (Martinez, 2020; D’Arcy & Nistotskaya, 2017). In Colombia, mayors, in coordination with local councils, are supposed to invest the necessary resources to strengthen and update cadastral institutions every 5 years, however, they have the discretion not to do so. Column 1 in Table 3 shows that, in municipalities ruled by paramilitary-friendly parties, cadasters are older and more outdated, although the relationship is not statistically significant.

Column 2 suggests, however, that in those municipalities where paramilitary-friendly parties won the election by a narrow margin, the value of property, based on cadastral appraisals, decreased. Property values are partially related to market transactions and dynamics, but they are also dependent on the assessment made by cadasters on each property, based on the size, location, and improvements made to land plots, among others. Substantively, the coefficient in column 2 indicates that municipalities governed by

Table 3. Mechanisms: Eroding Property Rights and Judicial Institutions.

	Dependent variable			
	Cadaster lag	Rural land value	Land informality	Judicial inefficiency
Paramilitary party	1.619 (2.075)	−12.183** (5.98)	.146** (.063)	.075** (.038)
Observations	238	227	223	262
Effective Obs	118	97	77	147
Bandwidth	.118	.093	.072	.137

*** $p < .01$, ** $p < .05$, * $p < .1$.

politicians with criminal ties experience a decrease of around one standard deviation. To do so, and consistent with existing evidence, politicians and criminals may manipulate the information collected by the cadaster and under-report the value and size of property. An important question is whether in municipalities suffering from criminal collusion property values decline as a result of (a) individuals fleeing those areas due to violent crime or (b) as a result of the manipulation of property values.

While analytically distinct, evidence from Colombia shows that both have occurred simultaneously and that violence and manipulation of property rights are intimately associated (Gutiérrez-Sanín & Vargas, 2017; Peña-Huertas et al., 2017). One way has been when violent actors, in complicity with politicians and bureaucrats, force peasants to transfer their property and sell at below market prices. And because violence is typically used, it has, in many cases, directly led to citizens to abandon their property, thus contributing to a decline in property values. In other words, while it is possible that coercion directly depresses property values, coercion has also been used as a tool to forcibly transform rural property and ownership.

Lastly, I detect a statistically significant difference, between treated and control municipalities, in land formalization. It is well known that around 60% of rural plots in Colombia lack formalization, which not only affects local revenue but also provides a breeding ground for illegal activities (Muñoz-Mora et al., 2018). Recent studies, such as that by Ch et al. (2018), find a positive association between paramilitary violence and land formalization, indicating that, given their interest in large tracts of land, securing property is important. In column 3 of Table 3, I find that municipalities governed by paramilitary-friendly parties experienced an erosion of land formalization: these areas had, relative to control units, a decrease in land formality equivalent to .94 standard deviations. This, of course, does not necessarily contradict Ch et al.’s (2018) finding since the variable does not specify the

beneficiary of land formalization. In other words, it would not be surprising if paramilitary-friendly parties promoted greater formalization for a narrow subset of the population associated with criminals and colluded politicians, while hindering it for the overall population.

Shaping Judicial Institutions

One of the key implications is that the victory of paramilitary-friendly parties may have deleterious consequences for local judicial institutions as well. Crucially, bribing, intimidating, or coopting judges and other members of the judiciary can help criminals and their partners advance their interests—both wealth accumulation and weakening of state institutions—with impunity. In their study of false positives in Colombia, [Acemoglu et al. \(2020\)](#) find that the use of high-powered incentives in the military, “which rewarded soldiers for killing nonstate armed actors,” increased extrajudicial killings, in particular, in those municipalities with weaker judicial institutions. Similarly, as [Onoma \(2009, p. 205\)](#) suggests, “weak institutions, faulty record systems, and inefficient and corrupt courts are a godsend for people involved in certain ways of exploiting land.”

I examine whether municipalities governed by paramilitary-friendly parties experience a weakening of their judicial institutions. I test this mechanism using [Fergusson et al.’s \(2013\)](#) data on judicial inefficiency at the municipal level. Drawing on an event-based dataset with all processes against public servants, judicial inefficiency ranges from 0 to 1 and is computed as the ratio between complaints against judicial functionaries and other types of complaints at the municipal level.⁴ As such, it captures the existence of a corrupt judicial system at the local level, which can prove fundamental to the objectives pursued by criminals and colluded politicians. In [Table 3](#), I explore the effect of paramilitary-friendly parties on judicial inefficiency between 2008 and 2009 and find that municipalities where those parties won by a narrow margin experienced an increase in judicial inefficiency. The difference is not trivial: treated municipalities have an increase in judicial inefficiency by 8%, equivalent to .8 standard deviations.

Is the Erosion of State Capacity an Unintentional Outcome?

How confident can we be that the erosion of state capacity is, to a large extent, a deliberate strategy? While this is a difficult issue to tackle, various types of evidence point to this direction. First, because the RD design compares almost identical municipalities to one another, but only differing in the victory of paramilitary-friendly parties, subsequent differences in state capacity may be attributed to the rise of such politicians. In addition, this section explores the role of two external factors—violence by armed groups and resources from the

center—as potential alternative explanations, but fails to find evidence in their favor, lending support to the process of deliberate, endogenous, weakening. Lastly, some qualitative evidence sheds some light on the argument.

One first possibility is that observed changes in property taxation result from violence perpetrated by armed groups. The victory of paramilitary parties can trigger the reaction of insurgencies and prevent local administrations from raising revenue. The existence of alliances between criminals and politicians may also motivate insurgents to challenge and retaliate against them, thus producing higher levels of violence and creating an unfavorable climate for business and investment. To test this alternative explanation, I use the average number of violent events per capita perpetrated by guerrilla and paramilitary groups between 2008 and 2011.⁵ However, as I show in columns 1 and 2 of Table 4, the marginal victory of a paramilitary-friendly party has no statistically significant effect on guerrilla or paramilitary violence.

A second possibility is for changes in property taxation to be driven by royalties transferred from the central state. If, for some reason, municipalities governed by paramilitary-friendly parties receive greater royalties from the central state, they could have fewer incentives to extract resources from the population. Moreover, larger transfers could also be responsible for increasing corruption, rent-seeking, and dependency on the central state, thus failing to produce a long-term vision in such municipalities (Bornhorst et al., 2009; Gervasoni, 2010; Karl, 1999; Perry & Olivera, 2009). Should this alternative explanation be correct, towns with paramilitary-friendly parties could have worse fiscal performance due to higher income from the central state and not due to the intentional erosion of local institutions. I assess this possibility by testing the effect of paramilitary-friendly parties on per capita royalties, averaged between 2008 and 2011.⁶ I report the results in column 2 and fail to find statistically significant effects, suggesting that the decline in taxation is likely unrelated to resource allocation from the central state.

Table 4. State Weakening as an Non-intentional Outcome—RD Estimates.

	Violent events by		
	Paramilitaries groups	Guerrilla groups	Resources from center
Paramilitary party	.321 (.396)	.330 (.367)	95.752 (139.2)
Observations	262	262	259
Effective Obs	176	169	170
Bandwidth	.180	.155	.172

*** $p < .01$, ** $p < .05$, * $p < .1$.

While this section has ruled out the relevance of other exogenous factors, providing direct, quantitative, evidence that decreases in local taxation may result from an intentional weakening of state institutions is challenging. Some qualitative evidence, however, shows that weakening state institutions, and preventing their normal functioning, is as a deliberate strategy. The case of Miguel Ángel Rangel, mayor of Pinillos (Bolívar) and collaborator of paramilitary groups, illustrates that such a weakening may even be *physical*. Accused of embezzlement, Rangel hired an army of paramilitaries to burn down the town hall and all of the archives and evidence against him ([Corte Suprema de Justicia, 2010](#)). In the department of Magdalena, peasants from Remolinos were forced to transfer their property to former mayor Alexander Ortega and sell it at substantially lower prices ([Perdomo Vaca, 2021](#)). In the same region, the case of Tuto Castro in Colombia's Caribbean region is also particularly illustrative. Castro joined the ranks of paramilitary groups and managed to become a prominent landowner. Through violence and threats, he forced peasants to sell their property at substantially low prices and acquired their land. And to legalize his acquisitions, Castro took advantage of his brother's position as a senator and leveraged his connections to civil servants in Magdalena's land agency, some of which financed his brother's political campaign and turned a blind eye to his activities ([Verdad Abierta, 2012b](#)).

Paramilitaries and politicians benefited from pre-existing weak institutions worked hand in hand to deepen it. In many cases, local politicians, owners of large portions of land, played an active role legalizing illicit transfers, hiding and changing critical information, and using their connections to other state agencies to facilitate their accumulation and impunity. This is consistent with the finding that politicians and landed elites, with the help of specialists of violence, played an important role in the forced transformation of property rights and subsequent erosion of the local state ([Nieto-Matiz, 2022a](#); [Peña-Huertas et al., 2017](#); [Perdomo Vaca, 2021](#)). The next section provides qualitative evidence from two Colombian municipalities.

Qualitative Evidence from Two Colombian Towns

The quantitative evidence suggests that municipalities governed by paramilitary-friendly politicians extracted, relative to other municipalities, lower levels of taxation and that much of this is associated with a deliberate weakening of specific, but important, local state institutions. In this section, I briefly explore the trajectories of two Colombian municipalities—Tarazá and Segovia—that experienced different outcomes in the state's extractive capacity.

Both are located in the department of Antioquia, one of Colombia's wealthiest, but also most violent, regions. Separated only by a five-hour drive, these municipalities witnessed the expansion of paramilitary groups (e.g.,

Mineros and Central Bolivar Blocs), their demobilization, and subsequent transformation into new armed structures (e.g., Rastrojos and Urabeños). At the height of the conflict, both suffered dramatic cycles of violence, as guerrillas and paramilitaries disputed their control over local administrations and natural resources. In the early 2000s, both towns were governed by parties with some links to paramilitary groups: Colombia Democrática in Tarazá and Movimiento Nacional in Segovia.

A quick comparison between the two towns, as shown in [Figure 3](#), reveals relatively similar levels of property taxation in the early 2000s. Between 2008 and 2015, however, they start experiencing divergent paths. During this period, Segovia has an important increase in revenue collection, while Tarazá experiences a sustained decline by 2015, going back to 2000 levels of taxation.

Such a divergence may respond to various idiosyncratic and structural factors. It is important to note, however, that a key difference between both towns was the status of property rights. In Segovia, the cadaster was updated in 2008, immediately after the mayoral elections. In Tarazá, on the other hand, when the newly elected mayor took office, the cadaster status had a 10-year lag. Yet, unlike Segovia, the local administration in Tarazá did not update cadastral institutions during the entire term. While the failure to strengthen property rights institutions—via cadastral update after many years—could have many culprits, the victory of a paramilitary-friendly party in Tarazá helps partially account for the divergent outcomes over time.

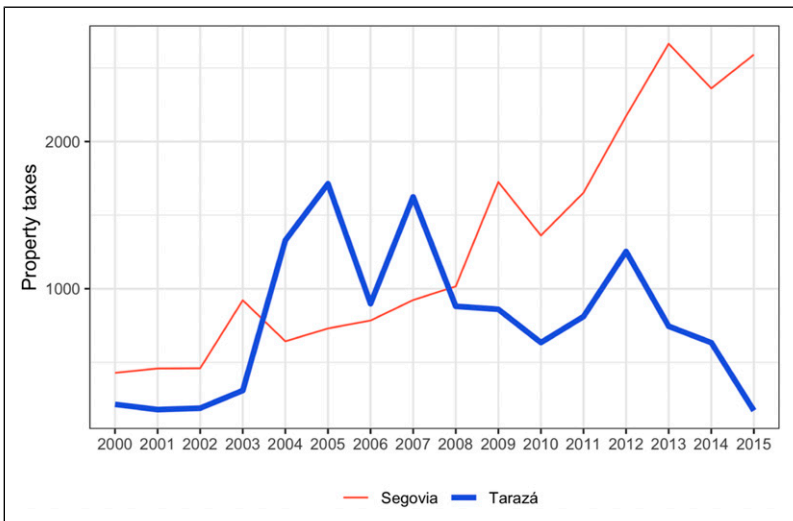


Figure 3. Property taxation in Tarazá and Segovia.

In Tarazá, Miguel Ángel Gómez, elected in 2000 and re-elected in 2007, facilitated the entry of criminal actors using one of Colombia's traditional parties, the Liberal Party, as platform. During his first term, between 2000 and 2003, Gómez established a close relationship with Cuco Vanoy, paramilitary commander of the Mineros Bloc ([Tribunal Superior de Medellín, 2015](#); [Verdad Abierta, 2012a](#)), allowing him to accumulate property and political power. Cuco Vanoy and his men engaged in land grabbing, forced peasants to abandon their property, and were allowed to use the mayor's private land for the benefit of the armed organization ([Verdad Abierta, 2014](#)). Indeed, Cuco Vanoy's confession, recorded in judicial files, recounts how mayors, including Gómez, played a key role in the expansion of the violent group in the area. In some of the social projects executed by Vanoy, whose benefits were distributed to both civilians and former combatants, he discretionally and illicitly used land plots and resources from the municipal government.

Also in Tarazá, and upon taking office, Gómez used the paramilitaries as a tool for political repression. In one such episode, the mayor gathered the municipal employers' union and had the paramilitaries threaten them to quit their positions. In the meeting, one of the armed men persuaded them to give up their demands "to avoid discomfort in the body, since a bullet burns a lot" ([Corte Suprema de Justicia, 2016](#)).

In Segovia, Luis Alfonso Ochoa was elected mayor in 2007. Unlike his counterpart in Tarazá, there is no evidence connecting Ochoa with paramilitary groups. In fact, Ochoa belonged to Alianza Social Indígena, a center-left organization, whose members have not been accused of allying with paramilitary groups. Importantly, after his election, Segovia did not have a hegemonic clan or party in power, but rather some degree of competition and political turnover. In terms of counterfactual, had Ochoa lost the election, Segovia would have been governed by Alas Equipo Colombia, one of the most representative paramilitary-friendly parties. Emerged in 2005 as a fusion of factions of the two traditional parties, some of the most influential senators from Alas Equipo Colombia were sentenced for forging political pacts with paramilitary groups. While it is difficult to imagine the alternative scenario (e.g., the political environment resulting from Ochoa losing to Alas Equipo Colombia), it is clear that Ochoa's narrow victory prevented a well-known paramilitary-friendly party from ruling the municipality.

By contrast, in Tarazá, Gomez took office in 2008, but was sent to prison, shortly thereafter, for his links to paramilitary Cuco Vanoy. The municipality experienced a profound period of instability, as Gomez governed 2 years from prison, before resigning, and four acting mayors were appointed during his term, some of who were later captured for their closeness with criminal actors. During this period of extreme turnover, a local journalist, Luis Carlos CERVANTES, exposed the mismanagement of the mayor's office in Tarazá, only to

be assassinated in 2010 by three plain-clothed unknown men execution style ([El Colombiano, 2014](#)).

In addition to the use of selective violence against challenging voices, two elements from Taraza's local politics stand out. First, the absence of a coherent and effective judicial system was key to facilitating impunity. For instance, despite the strong evidence collected against him, Gómez was absolved by a local judge and released from prison in 2010. His exoneration raised alarms about possible corruption and cooptation in the local judicial branch, thus leading the Supreme Court to order an investigation against the judge ([Corte Suprema de Justicia, 2016](#)).

Second, and unlike Segovia's recent history, the case of Tarazá shows the ability of Gómez, and his allies, to entrench themselves in local politics. His absolution allowed him to run for office once again and become mayor, for a third term, in 2020. As a result of health complications, which led to his unexpected death, special elections were called. However, and despite his ineligibility to participate in elections, due to his kinship to Gómez, his son was elected as new mayor of Tarazá ([Fundación Pazy Reconciliación, 2021](#)).

Discussion and Implications

The empirical record in Latin America is plagued with cases where violent actors—paramilitaries, drug cartels, and gangs—collaborate with public officials in pursuit of mutual interests. But rather than being captured by extraneous actors, politicians actively seek arrangements of cooperation with criminals. Through these partnerships, politicians and criminals alter the inner workings of the state and the incentives of state officials to remove violent and criminal actors from the territory.

To what extent do these ties between politicians and criminal actors weaken the state? The answer is not necessarily obvious: after all, politicians have agency in the creation of such arrangements and can agree to them in exchange for peace, although uncertain, and economic benefits. To be sure, there have been several tragic cases where politicians, refusing to cooperate with paramilitaries, were assassinated. I deal with this question by focusing on a major episode of criminal penetration in Colombian politics and provide evidence that state-crime collusion has a debilitating effect on the state's extractive capacity. Concretely, municipalities where paramilitary-friendly parties won by a narrow margin experienced a substantive decline in property taxation in subsequent years. Moreover, in those municipalities, I find a deterioration of local judicial institutions.

Local taxation is a fundamental activity of the state. In rural peripheries, local administrations with low levels of extraction are typically unable to provide minimal levels of security and quality of life. In many of these areas, however, state officials openly contribute to the persistence of weak states by

manipulating and selectively enforcing property rights and allocation of land for their own benefit. In particular, this article is consistent with the claim that “hollowing out the state” has been a common strategy in different settings (Suryanarayan & White, 2020). Future research should further investigate the conditions under which politicians engage in a deliberate strategy of state weakening and the mechanisms—societal and political—that may curb its use.

While this article uses evidence from Colombia, its implications may offer lessons for other countries with similar challenges. In Guatemala, the criminal networks that survived the end of the civil war consolidated their control over various criminal markets using their access to government (Schwartz, 2020). In Brazil, police-backed militias expanded throughout favelas, obtained support from local officials, and were able to amass significant political power (Cano & Duarte, 2012). In many of these countries, the existence of political and fiscal decentralization has meant that taxation is assumed by elected officials. As a result, mayors willing to strengthen property rights institutions may face violent backlash and electoral costs, thus hindering the possibility of building a more capable and responsive state. Of course, violence is not separate from the process of fiscal erosion. While an important literature posits a relationship between state-crime collusion and the reduction of violence, as shown by the case of El Salvador (Cruz & Durán-Martínez, 2016), violence has also been used as a resource to eliminate challengers and preserve the status quo.

Lastly, given the endogeneity issues, investigating how state officials with criminal ties affects taxation is a challenging task, for these arrangements are likely to remain unobserved and hidden in the underworld. While judicial and journalistic investigations constitute an unparalleled source of fine-grained information, the issue of “unknown unknowns” remains. Future research should investigate how different types of state-crime arrangements differentially affect taxation and violence and how inequality, land conflicts, as well as citizen mobilization shape the local state.

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Supplemental Material

Supplemental material for this article is available online.

Replication Data

All replication materials and code can be found at Harvard Dataverse (Nieto-Matiz, 2022b).

Notes

1. Colombia Democrática was a dissidence of the Liberal Party and part of the pro-Uribe coalition. It is one of the parties most affected by the “parapolítica” scandal, with 4 out of 5 Congress members elected in 2006 sentenced or under investigation.
2. See Trejo and Ley (2020) on the effect of democratization on cartel violence in Mexico and Nussio and Howe (2016) on the rise of violence in Colombia after the process of paramilitary demobilization.
3. One institutional limitation for mayors in Colombia is that they cannot be re-elected for two consecutive terms.
4. The variable is constructed with data from Colombia’s General Inspector Office (Procuraduría), the institution responsible for overseeing the functioning of government institutions and officials.
5. Data for both variables comes from Centro de Investigación y Educación Popular (CINEP), which collects and systematizes information about human rights violations and armed attacks on a daily basis. Such information is then geo-referenced and recorded by Osorio et al. (2019).
6. The royalty system in Colombia has undergone a series of transformations and currently all municipalities are allowed to receive royalty funding. Before 2011, however, the vast majority of royalty transfers were distributed among oil and coal-producing regions: 80% of the resources were shared by 17% of the population.

While the royalty system had a clear (although unfair) criterion of distribution, cases of corruption and discretionary allocation abounded.

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