More than Friends?

Using the geography of conflict to estimate the impact of foreign assistance to Colombian insurgents

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Abstract

Over 50 % of all rebel groups since 1950 are believed to have had bases outside of their country of origin. In this paper I present a data-based method of identifying this form of foreign influence and I provide evidence that the ability to cross international borders leads to a large increase in the intensity of rebel activity. A long list of diplomatic incidents suggests that Colombian guerrilla groups may have been provided refuge in Venezuela during the administration of Hugo Chávez (1999-2013). Since this president could not have helped the rebels before his term started in 1999 and since guerrilla military technology is mainly short-range, I predict that the existence of rebel sanctuaries in Venezuela should be reflected in an increase in guerrilla activity near the border with this country after Chávez takes office. Using subnational data on the Colombian conflict for the period 1988-2008 I find that there is a large increase in FARC activity at the border with Venezuela after 1999, consistent with rebels being able to hide across the border. No robust change is observed in the intensity of activities of either guerrilla group ELN or paramilitary group AUC, suggesting active collaboration from the Venezuelan government as the more likely explanation for the change in FARC activity. Furthermore, I provide evidence against alternative explanations such as economic spillovers from Chávez's domestic policies, the paramilitary expansion of the late 1990s and the US military aid package known as "Plan Colombia". I also find that political conditions in Venezuela affect the location of rebels in the country.

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1. Introduction

> "FARC and ELN are not terrorist groups, they are armies with territory in Colombia, insurgent groups with a political objective, a 'bolivarian' objective that we respect here."
>
> *Hugo Chávez, January 2008*

Internal civil conflict has been highly prevalent since the end of World War II, taking place in more than half of the countries in the world (Blattman and Miguel, 2010). Conflict tends also to be long-lasting, with one out of every five countries experiencing conflict for at least 10 years during this period (Blattman and Miguel, 2010). Colombia is one of these countries and since 1964 left-wing guerrilla groups FARC and ELN have been fighting government forces for the control of the state. This has had significant economic consequences, reducing annual growth rates by between one half and two percentage points (Cárdenas, 2007; Echeverry et al., 2001; Alvarez and Rettberg, 2008; Riascos and Vargas, 2011).

Even though most of the conflict literature has looked at countries experiencing conflict in isolation (Blattman and Miguel, 2010), recent research has shown that foreign influence may play a part in the onset and outcomes of civil conflict (Albornoz and Hauk, 2011; Berger et al., 2013). One specific way in which the international context seems to matter is the ability of rebels to cross international boundaries and set up bases abroad: 55 % of rebel groups since 1945 are believed to have done this (Salehyan, 2008)[1]. Research based on cross-country regressions suggests that the existence of rebel bases abroad is correlated with a longer duration of internal conflict (Salehyan, 2007), but also with a reduced risk of war between rival neighbouring countries (Salehyan, 2008).

These findings are very suggestive but additional research is required to establish causality since these studies lack credible identification of the key parameters being estimated. The reason is that even when able to include country fixed effects, time periods when rebels in a specific conflict set up bases abroad are not random. This will lead to omitted variable bias when estimating the effect of rebel bases abroad on conflict if all correlates of bases abroad are not controlled for. Furthermore, in practice it may be difficult to determine when exactly in the course of the conflict did the rebels start operating across the borders, given the clandestine nature of rebel activities. This may lead to bias due to measurement error or may force the researcher to treat cross-border sanctuaries as a constant characteristic of specific conflicts.

In this paper I overcome some of these limitations by exploiting the exogenous change in neighbouring Venezuela's policy towards Colombian guerrillas that took place when Hugo Chávez became president in 1999 and using sub-national data to identify and quantify the effect of insurgent access to foreign territory. Chávez never hid his sympathy for Colombia's insurgent groups FARC and ELN. The question that remains is to what extent did this sympathy translate into active collaboration with these organizations. Did Chávez allow the guerrillas to operate inside Venezuela? Although a series of diplomatic incidents involving both Venezuela and Ecuador (governed by Chávez's political ally Rafael Correa since 2007) point towards the existence of guerrilla camps in their territory, up to this day the governments of these countries have denied the existence of these camps as well as any official support for the insurgents.

However, if the guerrillas were provided safe haven in foreign territory they may have left a trace in the location of their activities inside Colombia, one which we can pick up using subnational data on insurgent activity in Colombia. I design an identification strategy suited for this "forensic" task (Zitzewitz, 2012) that is based on two premises. On the one hand, previous administrations in Venezuela did not share Chavez's

[1] Data on this has been collected by David Cunningham, Kristian Gledistch and Idean Salehyan as part of their "Dataset on Non-State Actors in Civil Wars" (Available at http://privatewww.essex.ac.uk/ ksg/eacd.html). For the case of Colombia both FARC and ELN are coded as operating in Venezuela.

sympathy for the rebels, so if his administration aided the Colombian guerrillas, it could only have been after he took office. Furthermore, Chávez's rise to power was mainly the result of a deep political and economic crisis and had little to do with Colombia and its conflict. On the other hand, the guerrillas' military technology consists for the most part of short-range weaponry. Also, travelling long distances in Colombia is very costly due to the country's geography, which means that the strategic advantage of having a safe haven abroad can only be exploited in the vicinity of the international border.

Hence, in this paper I test for the existence of rebel bases in Venezuela by checking whether Colombian municipalities closer to the border with Venezuela experienced an increase in guerrilla activity after Hugo Chávez became president of Venezuela in 1999. The magnitude of any such increase allows me to quantify the impact of having bases abroad on conflict intensity. One way to think of this is as an intention-to-treat analysis, where the treatment consists of providing the guerrillas with a sanctuary. For any given municipality I do not know its actual treatment status (whether it was affected by the availability of refuge to the guerrillas nearby or when), but I do know when treatment began and I also know that treated municipalities cannot be too far from the border.

Figure 1 illustrates the main result of the paper: after 1999, FARC activity increases right at the border with Venezuela relative to municipalities located only a bit further away and which had very similar levels of conflict before that. The regression results, including region-year and municipality fixed effects, suggest that during the Chávez administration FARC activity at municipalities located less than 100 km. away from the border with Venezuela has been 0.32 standard deviations higher than in municipalities located at least 100 km. or more away from the border, with the increase decreasing by 0.05 standard deviations on average for each additional 10 km. away from the border in the first 100 km. This is a large increase and corresponds to 1.3 extra FARC events per 10,000 inhabitants right at the border, relative to a sample mean of 1.15.

This result is shown to be robust to (i) the inclusion of a broad set of control variables for the time-varying effect of municipality characteristics; (ii) the employment of different ways of measuring proximity to the border; (iii) the use of different datasets on guerrilla activity and the Colombian conflict.

Even though the evidence is consistent with FARC setting up camps in Venezuela during the Chávez administration, the question could remain as to whether this occurred due to an intentional policy by the Venezuelan government or to this country's inability to keep insurgent groups out of its territory. To answer this question I use data on the two other main illegal armed groups present in Colombia, the ELN guerrilla and the right-wing paramilitary group AUC, and check if the intensity of their activities also changes near the border when Chávez is in power. If the reason for the change in FARC activity is passive incompetence rather than active support, I would expect these groups to be able to benefit from this as well, but I find no effect. The fact that the only robust effect is found for the FARC guerrilla group, the party with strongest ties to Chávez according to anecdotal evidence, suggests that there may indeed have been active collaboration between the Venezuelan government and this rebel group.

There are of course other explanations to the increase in insurgent activity near the border with Venezuela. For instance, it could simply be the result of Chávez's domestic economic policies causing a negative externality on the border economy. However, I use macroeconomic data from Venezuela to show that the inclusion of control variables for economic conditions in Venezuela has no effect on the results.

Another possible explanation has to do with the paramilitary expansion that took place around the same time as Chávez came to power driving the guerrillas out from the interior of the country and towards the border. However, I do not find any robust change in paramilitary activity near the border after 1999 and I also show that the main result about FARC activity is robust to controlling for paramilitary expansion in

various ways.

A third alternative is that it was not the paramilitaries but the Colombian Armed Forces who drove the guerrillas towards the border as a result of the dramatic increase in US military aid (Plan Colombia) that also took place around the same time as Chávez was coming to power. However, no correlation is found between presence of the Armed Forces and distance to Venezuela after 1999. The main results are again robust to controlling for Armed Forces presence.

I explore the possibility that the increase in FARC activity at the border with Venezuela after 1999 is not homogeneous along the border but instead is concentrated in municipalities sharing some specific characteristics. No evidence is found suggesting a robust heterogeneous effect according to local political or economic characteristics. Interestingly, I do find that guerrilla activity only increases near Venezuela in areas where the state government on the Venezuelan side is in the hands of political parties opposed to president Chávez. This evidence can be interpreted either as supportive of the idea that FARC rebels are able to benefit from lack of coordination between levels of government in a very polarized political environment or as showing that Chávez uses the location of guerrilla headquarters within Venezuela as a way of punishing political opponents.

The remainder of the paper is structured as follows. Section 2 provides some background information about the Colombian conflict and Venezuela's involvement. In section 3, I present the various sources of data and the way in which relevant variables are created while in section 4 I discuss the empirical strategy implemented. Section 5 presents the results and some robustness checks. It also discusses and provides evidence against some alternative interpretations of the findings. Finally, section 6 concludes.

2. Background

As shown in Figure 2, Colombia's longest border is in the east with Venezuela. It is 2219 kilometers long and on the colombian side includes 41 municipalities in 7 different departments[2]. Colombia's other neighboring countries are Ecuador, Brazil, Peru and Panama, and it has coasts in both the Atlantic and Pacific Oceans. Colombia and Venezuela are former spanish colonies and despite long-lasting diplomatic disputes regarding the location of borders, there have never been any military confrontations between them. Throughout the sample period, Venezuela was Colombia's second most important trade partner after the US, representing on average 14 % of Colombian exports.

2.1. A Recent History of Colombia's Internal Armed Conflict: 1988-2009

Armed conflict in Colombia has for the most part involved left-wing insurgent groups trying to overthrow the country's democratic government. The conflict can be traced back to 1964, the year in which the two main rebel groups ("Fuerzas Armadas Revolucionarias de Colombia" -FARC- and "Ejercito de Liberación Nacional" - ELN-) were created. FARC arose from peasant self-defense organizations created in the 1950s during a previous wave of political violence known as "La Violencia." ELN was created by a mix of students and priests that were heavily influenced both by the Cuban revolution of 1959 and the "liberation theology" movement within catholicism. FARC is larger than ELN, with 18,000 men at their high-point around 2002, while estimates for ELN are closer to 5,000 (Dube and Vargas, 2012). As shown in figures 3 and 4, FARC also is present in a larger number of muncipalities than ELN, with its heartland being located in the jungle

[2]Colombia is divided into 32 departments, each of which is fully divided into municipalities. There are 1123 municipalities, which roughly correspond to US counties, while departments are similar to US states.

regions in the south of the country. ELN activity tends to be concentrated in a small number of locations, most of which are near the border with Venezuela.

The two groups have a broadly similar political agenda shaped by marxism and which includes among its political grievances inequality in the distribution of land[3], the role of foreign firms in the extraction of the country's natural resources and the intervention by the US government on domestic political affairs. Their sources of income are roughly the same. Estimates for FARC suggest that 48 % of its income comes from taxation of drug crops and direct participation in the exporting of narcotics, 36 % from the extorsion of local businesses[4], 8 % from kidnapping and 6 % from cattle theft (Rangel, 2000). Other sources of revenue include appropriation of public funds, especially transfers made by the central government to local ones and natural resource royalty payments. Even though neither group has ever had the military capacity nor the popular support necessary to overthrow the government (Pizarro, 2007), they have been able to survive for over four decades thanks to having both a stable source of income and geographic conditions favourable to guerrilla tactics.

FARC activity escalated in the second half of the 1990s, partly due to the increase in their drug-related income that resulted from the shift in cultivation of coca plants from Peru and Bolivia to Colombia after 1994 (Angrist and Kugler, 2008). A series of FARC military successes, including the capture for 72 hours of the city of Mitú (capital of the department of Vaupés), led president Andres Pastrana (1998 - 2002) to seek peace negotiations with the rebels. The Pastrana administration agreed to FARC's demand for the establishment of a demilitarized zone, covering 5 municipalities in the departments of Meta and Caquetá, where peace talks were held between 1999 and 2002. No agreement was reached and the failure of the negotiations contributed to Alvaro Uribe's victory in the presidential race of 2002.

Uribe was elected (and re-elected in 2006) with a clear mandate to fight the guerrillas, who had been able to expand while the negotiations with the Pastrana government were taking place, as shown in figure 3. Uribe was able to carry out a strong military campaign against the rebel groups[5] thanks partly to a 1.3 billion USD increase in US military aid through a bilateral pact known as "Plan Colombia", which started in 1999[6]. Particularly during Uribe's second term FARC suffered some heavy losses: 5 of the 7 top FARC leaders died; their main political hostages were either rescued by the Armed Forces or had to be released due to international pressure; approximately 10,000 of their members deserted (according to the Colombian Agency for Reintegration)[7]. Figure 3 shows a reduction in the intensity of FARC activities between 2002 and 2008, although it also suggests they were able to remain active in some of the areas they had colonized in previous years. After succeeding Uribe as president in 2010, Juan Manuel Santos agreed to a new round of peace talks with FARC in 2012, which at the time of writing are currently taking place.

It was also during the Uribe administration that the third agent in the conflict, the paramilitary organization Autodefensas Unidas de Colombia (AUC), partially demobilized. The first paramilitary groups were created in the early 1980s by land owners and drug lords who decided to organize private armies as a response to extortion from the guerrillas. These groups survived thanks to their involvement with the drugs trade

[3]Although Albertus and Kaplan (2012) find that land reform initiatives have for the most part led to an increase in guerrilla activity.

[4]Camacho and Rodriguez (2013) find that conflict increases the probability of exit for manufacturing firms in Colombia.

[5]Cortés et al. (2012) find a heterogeneous effect of the expansion in police coverage during the Uribe administration on guerrilla attacks depending on previous police presence.

[6]Although Dube and Naidu (2012) find no statistically significant effect of US military aid on the performance of the Colombian armed forces for the period 1988-2005.

[7]Fergusson et al. (2012) use some of these events as a source of exogenous increase in the probability of FARC defeat and find that it leads to a decrease in military activity (particularly in politically salient municipalities), consistent with Uribe "needing" the enemy to obtain re-election.

and to contributions from businesses who paid for security in their areas of operation. In 1997 the peace process with FARC became imminent and many of these organizations united as the AUC, with the explicit purpose of fighting the left-wing guerrillas. Between 1999 and 2002 the paramilitaries expanded dramatically and had approximately 15,000 combatants at their peak around 2002 (Dube and Vargas, 2012). The AUC demobilization had mixed success since not all paramilitary groups agreed to demobilize while others kept operating under new names.

2.2. Socialism for the 21st century

Army lieutenant Hugo Chávez first became known in Venezuela when he led a failed coup attempt against then president Carlos Andrés Pérez (1989-1993) in February 1992. He was imprisoned but in 1995 received an amnesty from Pérez's succesor, Rafael Caldera (1994-1998). This allowed him to participate in the 1998 presidential elections, which he won with 56 % of the votes, mainly due to his ability to capitalize on popular discontent with traditional political parties and current economic conditions, gaining support from both Venezuela's left and the military (Corrales, 2013). Figure 6 shows the combination of low growth, rising unemployment, high inflation and flat oil revenue that catapulted Chávez to the presidency.

Less than a year after Chávez became president, Venezuela had a new constitution through which most of the country's main institutional framework was drastically modified and adjusted to Chávez's "bolivarian" ideals. To 'relegitimize' all powers, new elections were held in mid 2000 and Chávez was re-elected for a six-year presidential term with 60 % of the vote.

Chávez's second term (2001-2006) had its critical point in 2002 with a failed coup attempt taking place in April and employees from Venezuela's national oil company, "Petróleos de Venezuela" (PDVSA) going on a prolonged strike in December. This last event led to the country's most important industry being paralysed for over sixty days[8]. As figure 6 shows, economic conditions deteriorated vastly at the time.

The afermath of the crisis involved massive dismissals of PDVSA employees, giving Chávez a stronger grip on oil revenue. He also responded by creating a series of social programs known as "Misiones"[9] The opposition movement attempted to remove president Chávez from office through a referendum in 2004, but he won with 60 % of the vote[10]. Chávez was further re-elected as president in 2006 and 2012, with 63 % and 55 % of the votes respectively, but died from cancer in March 2013.

Chávez electoral success may be partly attributed to rising oil prices from 2004 on (see panel (d) in figure 6), which also allowed him to pursue an aggressive policy of "petro-diplomacy" (Clem and Maingot, 2011) abroad. This policy has been explained in terms of the use of "Social" power or diplomacy (Corrales, 2009; Ortiz, 2011) to counteract US influence in latin America and spread the Bolivarian revolution across the continent. However, Corrales (2009) points out that Venezuela's generosity towards foreign governments was possible thanks not only to high oil prices but also to the lack of accountability resulting from a dysfunctional democracy at home. Although Chávez's contribution to the process requires further study, latin american politics experienced a turn to the left in the following years, with left-wing candidates winning presidential elections in Brazil, Argentina, Uruguay, Bolivia and Ecuador among others.

[8] 95 % of Venezuela's exports (and 12 % of GDP) come from oil revenues, according to the CIA World Factbook.

[9] Ortega and Rodriguez (2008) use Venezuela's household survey to assess the efficacy of Chávez's illiteracy erradication program ("Misión Robinson") and find at most a small effect.

[10] Hsieh et al. (2011) provide evidence of how those citizens who had signed the petition calling for the referendum to take place went on to be systematically discriminated against by government and had a significant decrease in both employment and earnings after 2004

2.3. Diplomatic tensions involving FARC

Guerrilla presence near the border with Venezuela is not new. According to Avila (2012), guerrilla presence in Venezuela can be traced back as far as 1985, with both ELN and FARC engaging in combat with the Venezuelan Armed Forces. In 1995 president Caldera created a military unit in the state of Apure with the express purpose of fighting the Colombian guerrillas in Venezuela. He also demanded greater effort by the Colombian government in preventing the rebels from crossing the border and suggested that Venezuelan troops should be allowed into Colombian territory when in pursuit of guerrilla units.

This policy clearly changed when Chávez became president of Venezuela in 1999 as one of his first actions as president was to declare Venezuela a neutral country in the Colombian conflict, breaking a long tradition of support to the Colombian government in the conflict. Shortly afterwards the first news reports on Chávez's friendship with FARC appeared, even suggesting that the rebel group might be obtaining weapons through Venezuela (El Tiempo, 1999). In 2001 a first diplomatic incident occurred when the Venezuelan government at first denied having captured ELN member José Ballestas and later refused to extradite him to Colombia.

But according to Avila (2012), it was only during the crisis of 2002 that president Chávez abandoned his original attitude of mild sympathy towards Colombia's insurgent groups and started seriously considering them as a "Plan B" should there be a US-led invasion of Venezuela, something he deemed feasible at the time. Chávez had a clear ideological affinity with the Colombian guerrillas, sharing their admiration for South America's independence hero, Simón Bolivar, and their marxist ideology[11], particularly through the Castro regime in Cuba[12].

A series of diplomatic incidents involving FARC took place in the following years, all of which confirm the closeness between FARC and Chávez. In January 2005 the Colombian government secretly paid bounty-hunters to capture FARC leader Rodrigo Granda in Venezuela and deliver him at the border with Colombia, which led to the breaking of diplomatic relations between the two countries. In 2007, FARC requested that president Chávez act as mediator for the release of hostages held by this organization, but the Colombian government asked him to stop less than 3 months later claiming that he was exceeding the power of his role. In early 2008, Chávez publicly campaigned for the guerrillas to be excluded from lists of international terrorist organizations. However, a short time later he publicly criticized their methods and asked them to put down their weapons.

In March 2008 another top FARC leader, Raul Reyes, was killed during an attack by the Colombian Armed Forces on his camp, located 2 kilometers inside Ecuadorian territory. At the time Ecuador was already being governed by Rafael Correa, a close political ally of Chávez who broke diplomatic relations with Colombia after the incident. Laptops seized at Reyes' camp contained documents linking FARC with both Chávez and Correa. Even though the documents were certified as legitimate by INTERPOL, the Venezuelan and Ecuadorian governments claimed that the laptops had been manipulated.

In July of that same year, the Colombian army tricked FARC into surrendering some of its most valuable prisioners, including former presidential candidate Ingrid Betancourt. It was later revealed that some of the soldiers passing as journalists were wearing vests with the logos of Venezuelan and Ecuadorian news channels Telesur and Ecuavisa. The mounting diplomatic tension led to restrictions on trade with Colombia being imposed by the Venezuelan authorities from 2008 on.

[11] Although Rodríguez (2008) shows how some of the policies and results of the Chávez administration are inconsistent with the common characterization of his administration as "pro-poor".

[12] The caribbean island is Venezuela's closest ally and trade between the two countries has increased significantly under Chávez, with Cuba receiving oil at preferential prices in exchange for providing doctors and other personnel to help in the "Misiones".

In July of 2009, the Colombian government revealed that it had found weapons at a FARC camp which had originally been bought from Sweden by Venezuela. The Venezuelan government replied that the weapons had been stolen. A year later, the Colombian government presented before the Organization of American States satellite images of alleged FARC camps inside Venezuela. According to press reports, it was estimated that FARC could have over 1,500 of their members distributed among 28 camps inside Venezuela (El Espectador, 2010).

Diplomatic relations between Colombia and Venezuela normalized after Uribe left office in 2010 and in 2012 president Chávez was once again asked to act as mediator for the new round of peace talks with FARC.

3. Data

3.1. Conflict

The main source of conflict data used in the paper is the "Centro de Estudios sobre Desarrollo Economico" (CEDE) at Universidad de los Andes in Bogota. CEDE has yearly information at the municipality level on 26 different activities (terrorist acts, kidnappings, combats, road blocks, etc.) by agent (FARC, ELN, AUC). CEDE collects data from several government sources (including the National Department of Planning -DNP in spanish- and the Observatory on Human Rights from the Vicepresident's Office -ODH in spanish-), which gather information from newspaper reports as well as from the records of the National Police. Data are available for 1,099 municipalities from 1993 until 2008[13]. This corresponds to 98 % of the 1123 municipalities existing in the country. The 24 municipalities lacking CEDE conflict data are shown in grey in figures 3 and 4.

Following Acemoglu et al. (2013) and Camacho and Rodriguez (2013), who also use this data, I add 21 indicators of activity[14] for each municipality in each year: terrorist acts (explosive, incendiary and others), attacks to private property, attacks to organization headquarters, political assasination attempts, road blocks, combats with armed forces, ambushes, village sieges, incursions into villages, overland piracy acts, illegal check-points, events with injuries to armed forces, murders (civilians, politicians and military), massacres, and kidnappings (civilians, politicians and military). I then divide this total by 1993 population in tens of thousands (or initial population for new municipalities)[15] and create a variable called "Events" at the agent-municipality-year level[16]. Since the CEDE dataset has no information on government forces I complement it with data from ODH on the number of combats initiated by the Armed Forces, which is only available starting in 1998.

To check the robustness of the results to the source of conflict data employed, I use the publicly available replication data from Dube and Vargas (2012), which I will refer to as the DV dataset[17]. This dataset is for the most part the same as the dataset from think-tank CERAC[18], but has been subject to additional

[13]Although four indicators have no non-zero values from 2004 on, while another four are also always zero from 2007 on. It is not obvious whether this corresponds to there actually being no events of those types in those years or if it is simply an incorrect coding of missing values. In any case, results are robust to the exclusion of years from 2004 on.

[14]The ones not added are either aggregates of the others or not event counts.

[15]Results are robust to using contemporary population instead, as well as to the exclusion of both new and broken up municipalities.

[16]The main results are very similar if I create a set of "strict" dummy variables equal to one only for those municipality-years above the 75th percentile of each group's "Events" variable, as in Acemoglu et al. (2013), and a set of "weak" dummies taking a value of one if any of the 26 indicators available for each group is non-zero.

[17]This dataset is also used by Fergusson et al. (2012).

[18]Older versions of this paper included regressions using the original CERAC dataset, which is publicly available on their website. Even though the results were consistent with those obtained with the other datasets, CERAC data has two limitations: 1. the dataset only contains dummy variables indicating each actor's presence in a municipality-year. 2. Most municipalities

corrections[19]. CERAC collects information from national and local newspapers and complements it with reports from non-government organizations working in remote areas[20].

I use the DV dataset to create for both "Guerrillas" and "Paramilitaries", an "Events" indicator which is equal to the sum of the number of attacks, massacres and political kidnappings per municipality-year, divided by 1993 population. For the "Armed Forces" only the number of attacks is available, which I also normalize by 1993 population. The DV dataset includes 966 municipalities between 1988 and 2004[21]. Guerrilla presence and availability of DV data can be seen in figure 5.

To make it easier to compare results obtained using the different datasets all conflict variables are standardized to have a mean value of 0 and a standard deviation equal to 1.

Even though CEDE and DV both try to measure the same phenomena and share some of their sources, the correlation between them is not as high as would be expected. For example, the correlation coefficient for the two main dependent variables in the paper ("FARC Events" from CEDE and "Guerrilla Events" from DV) is only 0.333. Of course, "FARC Events" is constructed adding more than 20 activity indicators while "Guerrilla Events" is the sum of only 3, but even if we look at more comparable quantities (for example, the number of political kidnappings) the correlation is still only 0.55.

This makes it all the more important to check the robustness of results to the use of different sources of information about the conflict. And yet, from the expanding literature on political violence in Colombia (Angrist and Kugler, 2008; Dube and Vargas, 2012; Cortés et al., 2012; Dube and Naidu, 2012; Albertus and Kaplan, 2012; Fergusson et al., 2012; Acemoglu et al., 2013; Camacho and Rodriguez, 2013; Fergusson et al., 2013), only Albertus and Kaplan (2012), Acemoglu et al. (2013) and Fergusson et al. (2013) check the robustness of their results using different sources of conflict data. Hence, the present paper is among the first to carry out this type of robustness exercise.

3.2. Distances

I manually calculate the geodesic or great-circle distance from the urban area where the seat of the municipal government is located ("Cabecera Municipal") in each municipality in Colombia to the border with Venezuela[22]. I also calculate the distance to the border with Ecuador to be able to carry out placebo checks. Figures 7a and 7b show the results[23]. This way of measuring distance is sometimes termed "As the crow flies" and it underscores the fact that geographic characterisitics of the terrain like altitude and the presence of waterways or roads is ignored. This could be a source of measurement error given the importance of the three Andean mountain ranges for the location of municipalities in Colombia.

An alternative would be to use driving distances, as in Dell (2012) and Dube et al. (2012). But the geodesic distance I use is arguably better suited for the present study because insurgents in Colombia do not make heavy use of existing roads. Accounts by hostages and deserters talk about long days of walking through thick jungle and the next best means of transportation in many of the rebels' areas of influence seems to be the use of boats along jungle rivers. Also, if insurgents were able to carry out military operations in Colombia and then flee across the border, where Colombian authorities can't get to them, it would make

lack a complete panel and data availability seems to be strongly correlated with armed group presence.

[19]This was confirmed to me in private correspondence by Juan F. Vargas

[20]Restrepo et al. (2004) provide a detailed account of the construction of the CERAC dataset.

[21]The original dataset goes until 2005 for all variables except kidnappings. Results are qualitatively similar if I look only at attacks and extend the sample until 2005.

[22]I used a web-based Google Maps application (available at http://www.daftlogic.com).

[23]Miguel and Roland (2011) calculate distances in a similar way in their analysis of the effect of US bombing on economic conditions in post-war Vietnam.

sense to cross through the shortest path and not to depend on road transportation, which might increase the probability of combat or capture.

To check the robustness of the results to the way in which proximity to Venezuela is measured I also group municipalities into three groups: municipalities located right at the border, municipalities that are neighbours of border municipalities and municipalities that are none of the above. Figure 7c shows the results. The mean distance to Venezuela of border municipalities is 27 km., while that of neighbours is 92 km. The same numbers for border and neighbour-of-border municipalities near Ecuador are 24 km. and 47 km.

3.3. Other

Data on municipality characteristics like altitude, area, distance to province capital, distance to nearest market and an indicator for coca cultivation in 2000 are provided by CEDE. Data on yearly transfers from the central government and natural resource royalty payments from 1994 on is provided by the National Department of Planning (DNP). I use data on total population and the share of rural population from the census of 1993 and 2005 (and projections for the other years), as well as the poverty indicator of "Unmet Basic Needs" (UBN) for those same years from the National Department of Statistics (DANE). I also use DANE data to identify new municipalities created during the sample period and those from which they came from[24]. The DV dataset provides data on 1988 oil production, 1978 coal reserves, 1978 hectares of precious metal mining, 1997 hectares of coffee cultivation and the length of oil pipes in the municipality in 2000. I use these as additional controls in some regressions. I also use data on coca and opium cultivation in 1994 (dummy), the vote share of Andrés Pastrana in the 1998 presidential election, the vote share of left-wing party UP in the 1986 presidential election, and the 1985 land Gini coefficient from the replication dataset of Acemoglu et al. (2013).

Table 1 shows summary statistics for the main variables employed in the paper. The next to last column shows the mean of each variable for municipalities located less than 100 km. from the border. The stars show the significance level at which we can reject the hypothesis that the mean value is the same for municipalities less than 100 km. from the border and those that are at least 100 km. away. The results suggest that not only are average levels of conflict intensity higher near the border but these municipalities also seem to be different in many other dimensions. For example, near the border poverty levels are higher and coca cultivation is more common. Also oil production and royalty payments are higher and there are longer pipelines, which is consistent with the existence of oilfields in the border departments of Arauca and Norte de Santander.

In terms of the empirical strategy that I will present next, these results suggest that it is important to account for the constant differences between municipalities closer to the border and those farther away. It seems also necessary to account for the time-changing effect that some of the characteristics just discussed may have.

4. Empirical Strategy

To identify the effect of rebels being provided refuge abroad on the intensity of conflict I design an identification strategy based on two premises. First, even though I do not know when were the Colombian guerrillas allowed to set up bases in Venezuela, if at all, I do know that if President Chávez helped the

[24] 88 new municipalities are created between 1988 and 2008. They are created from 92 existing ones in 23 different departments

rebels he could not have done so before he took office as president of Venezuela in 1999. Especially since, as discussed in section 2.3, previous administrations had a strong policy of fighting the foreign insurgents.

Second, if the guerrillas did start operating from Venezuela, the strategic advantage that this awards to them can only be exploited in the vicinity of the border. The guerrilla's arsenal includes mostly AK-47 russian rifles and M-60 machine guns, as well as 60 mm. mortars. FARC have also been known to build home-made explosive like explosive-filled gas cylinders. None of these weapons have an effective range of more than 5 or 6 km. This means that if a guerrilla unit is planning to attack a police station or an army convoy it has to do so from a relatively short distance.

Therefore if the guerrillas want to benefit from the ability to strike and retreat to a safe haven across the border then any extra activity resulting from this strategic advantage can only take place in municipalities close to the border with Venezuela. The geographic constraint is made even more binding by the fact that distances in Colombia are quite large[25] and guerrilla units mainly move on foot, as discussed in section 3.2. This also limits the scope of other activities like kidnappings, where again the risk of being detected and captured before being able to return to the border increases the farther away from the border that the action takes place.

Based on these two premises I can test for guerrilla presence in Venezuela by examining whether municipalities closer to the border with Venezuela have more guerrilla activity after Chávez comes to power in 1999. One way to interpret this strategy is in terms of an intention-to-treat design where the treatment for a given municipality is having guerrilla units hiding in foreign territory nearby. I do not know which municipalities were treated nor when, but I do know that treatment could not have begun before 1999 and I also know that the probability of treatment increases as we move closer to the border. Estimates can be interpreted causally because after controlling for persistent heterogeneity between municipalities through the use of municipality fixed effects there is no reason to expect conflict near the border with Venezuela to be different after 1999 from anywhere else in the country.

I design a flexible specification that allows the level of conflict to change as we move away from the border and to do so differentially for the area closest to the border. For this purpose I construct three variables: (1) the interaction of a Chávez dummy (year$\geq$1999) with a dummy variable grouping municipalities that are less than 100 km away from the border with Venezuela[26]; (2) the triple interaction of the Chávez dummy with the "less than 100 km" dummy with the distance to Venezuela in 10's of km; (3) the interaction of the Chávez dummy with the distance to Venezuela in 10's of km.

When I regress a conflict indicator on these three terms, the first one captures the effect on conflict of being right at the border after 1999 (since distance equals zero in such a case) while the second term corresponds to the incremental effect of ten additional kilometres away from the border after 1999 for those municipalities that are less than 100 km away from the border[27]. The third term will reflect the general effect of ten extra kilometres away from Venezuela after 1999 anywhere on the distance distribution. The equation estimated for Venezuela is hence:

[25] On average, municipalities that are neighbours of border ones are 92 km. away from the border and the median distance is 64 km.

[26] Results are robust to changing this threshold distance to 50 km or 150 km.

[27] The use of municipality fixed effects makes it unnecessary to include the interaction between the "less than 100 km" dummy and the distance to the border to avoid ommited variable bias in the estimation of the triple interaction, since these are fixed municipality characteristics.

$$
\begin{aligned}
Conflict_{i,j,t} =& \beta_1(\text{Chavez}_t \times D(\text{Distance Ven} \leq 100\text{km})_i) \\
&+ \beta_2(\text{Chavez}_t \times D(\text{Distance Ven} \leq 100\text{km})_i \times \text{Distance Ven}_i) \\
&+ \beta_3(\text{Chavez}_t \times \text{Distance Ven}_i) \\
&+ \alpha_i + \delta_{j,t} + \gamma X_{i,j,t} + \epsilon_{i,j,t} \qquad (1)
\end{aligned}
$$

where the unit of observation is municipality i in region j in year t. α_i is a municipality fixed effect that accounts for the possibility that municipalities closer to the border with Venezuela may have more conflict simply due to their strategic geographic position or due to any other fixed municipality characteristic[28]. $\delta_{j,t}$ is a region-year fixed effect that controls for events affecting equally all municipalities within a region in the same year (e.g. weather shocks). For this purpose, I divide the country into six regions, roughly corresponding to the country's natural geographic regions[29].

Fixed characteristics with a time-varying effect on conflict could potentially bias my estimates if correlated with distance to the border. For example, estimates would be biased if coca is mostly cultivated near the borders (as Table 1 shows is indeed the case) and coca-growing municipalities have more conflict after 1999 due to erradication policies. Therefore, I include a full set of year interactions with a wide range of such characteristics: altitude, area, distance to province capital, distance to nearest market, population in 1993, share of rural population in 1993, poverty index (UBN) in 1993, transfers from central government in 1998, natural resource royalty income in 1998[30], presence of coca crops in 2000, new municipality. I also include a time-varying variable indicating for each municipality the cumulative number of municipalities that have separated from it and a dummy for the 5 municipalities that were part of the demilitarized zone between 1999 and 2002. These controls correspond to $X_{i,j,t}$ in equation (1). The error term, $\epsilon_{i,j,t}$, is two-way clustered by municipality and province-year, following Cameron et al. (2011).

As mentioned in section 3.2, I also collect data on whether municipalities are located right at the border with Venezuela or are neighbours with border municipalities. Using this data I estimate the following variation of equation (1):

$$
\begin{aligned}
Conflict_{i,j,t} =& \beta_1(\text{Chavez}_t \times \text{Border}_i) + \beta_2(\text{Chavez}_t \times \text{Neighbour}_i) \\
&+ \alpha_i + \delta_{j,t} + \gamma X_{i,j,t} + \epsilon_{i,j,t} \qquad (2)
\end{aligned}
$$

5. Results

5.1. Main Results

Table 2 shows estimates of equation (1) using data from the CEDE and DV datasets. The first row in Column 1 tells us that after 1999 municipalities right at the border with Venezuela experienced on average a 0.33 standard deviation increase in the number of FARC events per 10,000 inh. per year. Not only is this

[28] Buhaug and Rod (2006) find that proximity to the border was positively correlated to separatist conflict but unrelated to political conflict in Africa between 1970 and 2001. Buhaug and Gates (2002) report that internal conflicts taking place near an international border tend to have a larger geographical scope.

[29] Results are robust to the inclusion of province-year fixed effects instead, although these absorb most of the variation in the distance to the borders.

[30] Results are unaffected if I use the contemporary value of transfers and royalties instead.

effect statistically significant at the 1 % level, but it is also quite a large effect and corresponds to an extra 1.36 FARC events relative to a sample mean of 1.15 per 10,000 inh. The second row shows that this effect is reduced on average by 0.05 standard deviations for each additional 10 km away from the border with Venezuela in municipalities located less than 100 km away. Finally, row 3 shows that after 100 km there is no differential effect in FARC activity by distance to Venezuela after 1999. Column 2 looks at ELN events. The results indicate that ELN activity after 1999 decreased (significant at 10 % level) as we move away from the border, particularly in municipalities less than 100 km away. This is consistent with ELN retreating to the border with Venezuela amid rising pressure from paramilitary groups and government forces.

Columns 3 and 4 in table 2 show that the increase in guerrilla activity near the border with Venezuela after 1999 is robust to using the "Events" variable based on DV data. Notice that to maximize sample size I have used all years for which the different datasets are available and the resulting variation in time span does not seem to affect the results[31]. Also notice that column 4 includes yearly interactions with additional control variables from the DV dataset, such as the amount of coffee cultivation in 1997 and oil production in 1988. The robustness of the estimates suggests that the effect I am finding is independent of any effect that changes in the prices of these goods had on conflict in the municipalities that produce them, as reported in Dube and Vargas (2012).

To get a sense of the magnitude of the increase in guerrilla activity at the border I can compare my results with those of Dube and Vargas (2012). If I replicate column 4 using simply the number of guerrilla attacks (without normalizing for population or standardizing) as the dependent variable, I obtain a statistically significant increase of 0.82 right at the border, which decreases at a rate of 0.12 for each 10 km away from the border (not reported). Given that Table 1 shows that the average municipality less than 100 km. from the border is 52.7 km away, this means that after 1999 it experienced an increase of 0.19 guerrilla attacks per year. This is a large increase in guerrilla activity relative to the one of 0.09 that Dube and Vargas (2012) find for the average coffee-growing municipality in Colombia following the drop in coffee prices between 1997 and 2003, though they are both of the same order of magnitude.

5.2. Robustness Checks

I next estimate equation (2), replacing the distance information employed in the previous specifications with indicators for border municipalities and neighbours of border municipalities. Table 3 shows results for Venezuela using the same conflict variables as in Table 2. Just like when using the distance measures, I observe a large and statistically significant increase in FARC activity in border municipalities. According to the first row in column 1, border municipalities experience 0.183 standard deviations more FARC events per 10,000 inh. per year than other municipalities. These results are consistent with the ones from Table 2 since with those estimates the magnitude of the predicted increase in FARC events for border municipalities, which are on average 27.4 km away from the border, is 0.187. Importantly, column 2 shows no significant difference in ELN activity in border or neighbouring towns after 1999, suggesting that the increase in guerrilla activity is all due to FARC.

The results also suggest that it is only in border municipalities that guerrilla activity increases after 1999. Given that the average distance to the border among neighbouring municipalities is approximately 92 km, this result is consistent with the ones reported in Table 2, where no effect was found after 100 km. This result is also consistent with the idea that the guerrillas' fighting technology only allows them to attack municipalities quite close to the border if they are being provided refuge in the neighbouring country.

[31] The results are unchanged if I carry out the estimation using the intersection of the two samples between 1988 and 2004.

Columns 3 and 4 show that this result is robust to the use of different conflict datasets and to the inclusion of additional controls. For instance, column 4 shows an increase of 0.338 standard deviations in the guerrilla events rate¿This is equivalent to 0.34 extra guerrilla events per 10,000 inh. relative to a sample mean of 0.32.

I next show that the reported increase in FARC activity at the border with Venezuela after 1999 is robust to some other modifications. Columns 1 and 2 in Table 4 alleviate concerns about the possible endogeneity of the coca cultivation indicator used in the previous regressions since I am using information from the year 2000, after Chávez was already in power. In these regressions I instead interact year dummies with 1994 indicators of coca and opium cultivation (available for a subset of municipalities). For these municipalities I also have data on the vote share of Andrés Pastrana in the 1998 presidential election, the vote share of the left-wing party UP (created by former FARC members) in the 1986 presidential election and the Gini coefficient on land inequality for the year 1985. I also interact all of these characteristics with a full set of year dummies and add them as controls. The results hardly change, suggesting that the effect does not result from differential trends related to drug cultivation, political preferences and land inequality, no matter which conflict dataset I use.

The results in columns 3 and 4 allow me to rule out that the observed effect is due to conflict near the border trending upwards for reasons unrelated to Chávez, since estimates are shown to be robust to the inclusion of a quadratic trend specific to municipalities less than 100 km away from the border with Venezuela[32]. Interestingly, while FARC Events, based on CEDE data, does not seem to be following a trend, the Guerrilla Events variable based on DV data does have a significant quadratic trend, but its inclusion actually increases the magnitude of the "Chávez" effect.

Columns 5 and 6 show that the increase in conflict after 1999 is not due to border municipalities having more or less conflict in the pre- period (e.g. regression to the mean), since estimates are robust to including yearly interactions with the 1998 level of FARC events in the municipality. Finally, coefficients are almost identical if I get rid of the noisy year-to-year variation and just compare pre- and post-Chávez averages of rebel activity, as shown in columns 7 and 8.

5.3. Placebo Checks

I carry out two placebo tests to confirm that it was precisely in 1999 and only near the border with Venezuela that there was a change in the intensity of guerrilla activity. The first one involves checking whether there is evidence of a differential change in rebel activity at the border with Venezuela in the years before 1999. To do this I expand equation (1) by interacting the three distance terms with dummies for both the years 1997/1998 and 1995/1996[33]. To minimize issues of endogeneity with the control variables, I use 1994 levels of transfers and royalties, as well as the 1994 indicators for coca or opium cultivation used in Table 4. This reduces the set of municipalities included in the estimation, but results are robust to the use of the control variables used in most estimations and the corresponding enlarged sample.

The results in column 1 of Table 5 show that for FARC Events the estimates for the Chávez period are robust to the inclusion of these additional variables. In fact, the magnitude of the estimated increase in guerrilla activity at the border increases to 0.45 standard deviations. The results in the rows below suggest that there is no evidence of a differential change in FARC activity near Venezuela before 1999. Column 2 looks at ELN events. In this case, the estimates still point towards a reduction in ELN activity as we move farther away from the border, in its vecinity, but they allow us to see that this pattern is not exclusive

[32]Results are robust to the inclusion of a trend specific to municipalities in the "border" category instead.
[33]Results are unchanged if I just include one dummy for all 4 years.

to the years in which Chávez was in power, but it can actually be traced back all the way to 1995. This further confirms that the only group who seems to have had differential access to Venezuela when Chávez is in power is FARC. The estimates in column 3 are obtained using the DV dataset. Again, the estimates for the post-1999 period are robust to the inclusion of extra variables for the pre-period and there is no robust evidence of changes in rebel activity before 1999.

I perform an additional placebo test by estimating equation (1) using the distances to the border with Ecuador instead of the ones to Venezuela. If the differential change in guerrilla activity after 1999 is driven by the election of president Chávez then we should not expect to find any impact at the border with Ecuador hundreds of kilometres away. The results in Table 6 confirm this and show that there is no significant change in rebel activity near Ecuador after 1999, no matter which conflict dataset we use.

5.4. Alternative Mechanisms

The previous results indicate that during the Chávez administration guerrilla activity increased near the border with Venezuela more than in the rest of the country. Even though the evidence suggests that the mechanism through which this increase occurred was the Venezuelan authorities providing FARC rebels with sanctuary in Venezuela, there are other plausible explanations that must be examined before reaching a conclusion. I now analize the three most likely alternative explanations: economic conditions in Venezuela, the paramilitary expansion and the "Plan Colombia" military aid package from the United States.

5.4.1. Economic conditions in Venezuela

Besides the changes to PDVSA discussed in section 2.2, economic policy during the Chávez regime included nationalizations and both price and currency controls. Rodríguez (2008) claims that Chávez's handling of the macroeconomy fits perfectly into what Dornbusch and Edwards famously termed "macroeconomics of populism". This is a situation where expansionary fiscal policy and an overvalued exchange rate are used to keep the economy growing while price and exchange controls try to deal with the resulting inflationary pressures. Figure 6 confirms that this was the case in Venezuela. Panel (f) shows an increase of around 15 percentage points of GDP in the size of government between 1999 and 2006, while panel (a) shows an average GDP growth rate of 10 % after the crisis of 2002, with imports growing by more than 20 % per year in the aftermath of the crisis. The inflation rate, though not as high as in the 1990s, fluctuated around 20 % (panel (c)). In the case of Venezuela, this macroeconomic program was facilitated by the more than fourfold increase in the value of oil exports between 1999 and 2008 displayed in panel (d).

We would of course expect some of the policies implemented by Chávez to affect people living in Colombia as well, particularly those people living close to the border, given the tight integration of the border economy. Since economic conditions have been found to be important determinants of insurgent activity both internationally (Collier and Hoeffler, 2004; Miguel et al., 2004) and in Colombia (Dube and Vargas, 2012), the increase in FARC activity near the border with Venezuela documented in the previous section could be due to Chávez's domestic policies having cross-border spillovers on border municipalities in Colombia.

To check this possibility, I augment equation (1) by adding the interaction between the three distance terms and each of the macro variables whose evolution is depicted in Figure 6, one at a time. Table 7 shows the results for four of them (they are quite similar for the others). It is surprising to observe how robust the estimates are to the inclusion of these controls. Moreover, none of the macro variables seem to have any effect on guerrilla activity near the border.

One could still argue that the main mechanism for economic spillovers is bilateral trade, which may not be properly accounted for by the change in aggregate imports by Venezuela. More specifically, the restrictions on trade with Colombia imposed by the Chávez administration at times of diplomatic tension may have had a negative impact on the border economy, leading to greater insurgent activity. However, data on bilateral trade from the COW trade dataset shows that even though these restrictions did reduce Venezuelan imports of Colombian goods, this only happened after 2008, at the very end of the period under study. If fact, imports from Colombia increased more than sevenfold between 2003 and 2008.

5.4.2. The paramilitary expansion

As discussed in section 2.1, paramilitary groups expanded significantly after their unification as the AUC around 1997. Since this expansion is roughly contemporary with the start of the Chávez administration the previous results could potentially be explained by the paramilitary expansion driving guerrilla groups out of the interior of the country and towards the border.

To check this alternative, in Table 8 I re-estimate equation (1) including additional controls for paramilitary activity. I do this for both datasets in two different ways. First, in columns 1 and 4 I include the contemporary measure of paramilitary activity from the corresponding dataset as a control variable. The results on guerrilla activity after 1999 are robust to the inclusion of these controls for the two datasets considered. Interestingly, the effect of paramilitary presence on guerrilla activity seems to depend heavily on the dataset used. According to CEDE there is no significant impact, but using the Dube-Vargas dataset I obtain a positive and just as significant estimate. Of course, on no grounds can I claim that these coefficients are consistently estimated but one would expect any bias to be independent of the conflict data employed.

The second thing I do is to create a dummy variable indicating whether a municipality had paramilitary activity at any point during the sample period (again, separately for each conflict dataset) and include as additional controls in equation (1) the interactions between all the year fixed effects and this paramilitary presence dummy. Columns 2 and 5 show the results. Again, the coefficients of interest are very robust to this new specification. Overall, these results suggest that the increase in guerrilla activity near the border with Venezuela after 1999 seems to be unrelated to the expansion of paramilitary groups taking place around the same time.

The fact that the increase in FARC presence at the border was not caused by the paramilitary expansion does not necessarily imply that the paramilitaries could not benefit from the change of government in Venezuela, especially if the new government made it easier for armed groups to carry out cross-border operations. The over 2,000 km. long border between Colombia and Venezuela could be big enough for enemy groups to simultaneously benefit from access to the neighbouring country. Establishing if there was an increase in paramilitary activity near the border with Venezuela when Chávez came into power will allow us to better determine whether the Venezuelan government provided active support to one of the parties in the Colombian conflict, FARC, or if it simply was not able to prevent both insurgent and counterinsurgent groups from crossing into its territory.

To this end, columns 3 and 6 in Table 8 show estimates of equation (1) where the dependent variable is a measure of paramilitary activity (again, once for each dataset). The results vary depending on the dataset used[34], suggesting that there does not seem to be any robust change in paramilitary activity near the border with Venezuela after 1999. These results further suggest that the Chávez administration purposefully allowed

[34]Estimats with CEDE data stop being statistically significant at conventional levels if I use dummy variables of paramilitary activity of the kind described in footnote 16.

FARC rebels into Venezuela, rather than being unable to keep Colombia's armed groups out of their territory.

5.4.3. Military activity and Plan Colombia

Table 9 replicates the previous exercises, but now looking at operations by the Colombian Armed Forces. The reason for this is to make sure that the post-Chávez increase in FARC activity near the border is not the result of changes in Colombian military strategy. For instance, the large surge in US military aid that took place after 1999 as part of the "Plan Colombia" treaty between the US and Colombia could be biasing the results if this led to an increase in military activity that is correlated with the distance to Venezuela (e.g the additional resources allowed the Colombian military to drive the guerrillas towards the border).

First, column 3 shows that controlling for the contemporary presence of government forces does not affect the results on guerrilla activity for the DV dataset. Note that the lack of data on the Colombian Armed Forces in the CEDE dataset prevents me from doing this exercise with it. What I can do is use ODH data on the 1998 level of government attacks and interact that with the full set of year dummies. The results in column 1 show that the estimates on FARC activity with CEDE data are unaffected by the inclusion of these additional controls. Column 4 shows that this is also true for the CERAC and DV datasets. Finally, in column 2 I check whether there was a change in government attacks depending on proximity to Venezuela after 1999. There does not seem to be any robust change in military activity near the border, which suggests that "Plan Colombia"did not cause the reported change in rebel activity.

5.5. Heterogeneous effects

In order to better understand the conditions under which the administration of Hugo Chávez in Venezuela may have collaborated with FARC rebels, I explore the possibility of a heterogeneous change in rebel activity near the border according to specific municipality characteristics. The most obvious one is the department to which the border municipality belongs to, so I disaggregate the "Border" dummy into the 4 regions that make up the border[35] and estimate an expanded version of equation (2). However, the specific parts of the border where the change in guerrilla activity takes place after 1999 depend on the dataset used (results not reported but available upon request). According to CEDE it is mainly at La Guajira, Cesar and Arauca, while estimates with DV data point also to Arauca but include North Santander as well as the place where the differential increase in guerrilla activity occurs. These results are robust to using a sample only including municipality-years available in both datasets.

I estimate other expanded versions of equation (2) where I include the interaction between the Chávez dummy, the Border dummy and a given municipality characteristic. I perform this for variables related to political conditions (Pastrana vote share 1998, UP vote share 1986), economic conditions (land Gini coefficient 1985, UBN poverty index 1993), local public finances (natural resource royalties 1998, central government transfers 1998) and conflict intensity (Armed Forces activity 1998, coca cultivation 2000). No robust heterogeneous impact is found for any of these variables (results not reported but available upon request).

I then explore another source of heterogeneity in the form of local political conditions in Venezuela. For each border municipality in Colombia I identify its neighbouring municipality in Venezuela and the state in

[35] These are the border region of La Guajira and Cesar in the north; the Norte de Santander segment south of the Perijá mountains; the border are in Boyacá and Arauca; and the jungle region in Vichada and Guainía in the south.

which it is located[36]. I then classify the state as "pro-Chávez" at a given year if the governor of the state at the time belongs to a party in the "Chavista" coalition[37]. For this purpose I use data from the state elections of 1998, 2000 and 2004. I do likewise with Venezuelan border municipalities and the municipal elections of 2000 and 2004[38]. Thus I know for each border municipality in Colombia on each year between 1999 and 2008 whether the corresponding neighbouring municipality on the Venezuelan side, and the state to which it belongs, are in hands of the "chavista" coalition or not.

Table 10 displays estimates of an expanded version of equation (2) that includes the interaction between the fixed characteristic of being a border municipality with the time-changing political situation at the other side of the border. If we use "FARC Events" as dependent variable, column 1 tells us that the increase in rebel activity near the border with Venezuela after 1999 is fully offset in those sections of the border where the provincial government is pro-Chávez. This finding is confirmed by the DV dataset in column 2 and is robust to the inclusion of additional controls in column 3, though having the year 2004 as the endpoint of the sample leaves me with only one municipal election (2000) and makes it impossible to identify the effect of the interaction between the local and state political conditions[39]. Local government seems to be irrelevant for the most part.

A priori, it is not clear whether the allignment of subnational officials with Chávez should favour or hinder rebel activity. On the one hand, if state officials have some authority over defence policy then it may be necessary that all levels of government pull in the same direction for rebels to benefit from access to Venezuela. In this case, we would expect rebel activity to grow in areas dominated by Chávez's followers. However, given the highly centralized nature of the Venezuelan government and the fact that the organization in charge of patrolling the border ("Guardia Nacional") responds exclusively to the central government, this seems unlikely. On the other hand, if we think of aiding the rebels as the provision of a public good by Chávez to his supporters, then he could have had to deal with the "Not in My Backyard" issue typically faced by planning authorities. Even though his resounding electoral victories provided Chávez with a clear mandate to pursue his radical political agenda, no one wants to have foreign rebels stationed near, given the risk of violence such proximity implies, plus the possibility that the rebels may engage in extorsion in the areas they occupy. Under such circumstances, Chávez may decide to allow rebels into Venezuela but only into areas dominated by the opposition, where local authorities have no means of repelling them and must additionally pay the political cost associated with rebel presence, thereby being punished for their political views.

Of course, the observed correlation between state-level political conditions and rebel activity near the border could be spurious. This concern would be particularly serious if we observed that the increase in rebel activity happened only at a particular segment of the border, which happened to be located next to an opposition-dominated Venezuelan state. However, this is not the case and there is substantial variation over space and time in the outcome of border state elections[40] This lends credibility to the findings and supports

[36] In most cases, each Colombian border municipality shares a border with only one municipality in Venezuela. In the couple of cases where this is not so, I do the matching according to the length of the border.

[37] The four bordering states are Zulia, Táchira, Apure and Amazonas. The parties supporting Chávez are MVR, MAS, PPT, PCV and PSUV

[38] Until 1998, governors and mayors were appointed by the central government. The first majoral elections were meant to take place simultaneously with the other 1998 elections but were postponed until 2000 because the electoral calendar was deemed too crowded in 1998.

[39] Up to 2004, I only observe municipalities where the neighbouring province is pro-Chávez and municipalities where both levels of government are pro-Chávez

[40] Between 1999 and 2000 only the state of Zulia was in "chavista" hands through Chávez's fellow coup perpetrator Francisco Arias. In 2000, only Ronald Blanco from the MVR party won the state election in Táchira. However, elections were recalled in Amazonas and Liborio Guarulla of PPT won. Finally, in 2004 both Blanco and Guarulla were re-elected and additionally Jesús

the idea of Chávez punishing his opponents by allowing the FARC rebels to operate in areas where he is not electorally succesful.

6. Conclusion

Did Venezuela's former president Hugo Chávez provide Colombian insurgents with refuge across the border? I find that there is a sharp increase in FARC activity at the border with Venezuela after Chávez becomes president in 1999. This effect is robust to the inclusion of a broad set of control variables as well as to the use of different datasets on the Colombian conflict. Furthermore, the fact that this effect is found only for FARC and not robustly for fellow guerrilla group ELN nor for the paramilitary group AUC suggests that rather than being unable to keep Colombian armed groups out of his territory, Chávez actively collaborated with FARC. I explore and dismiss other explanations for these findings, such as a spillover effect from Chávez's domestic economic policies, the paramilitary expansion of the late 1990s and the "Plan Colombia" military agreement between Colombia and the US. The evidence reported is not conclusive but it is very suggestive of Chávez and FARC being more than friends.

Why did Chávez help the guerrillas? Besides the clear ideological affinity between Chávez and FARC, collaboration with the rebels fits into the agressive "petro-diplomacy" characteristic of the Chávez administration, which aimed at expanding the bolivarian revolution throughout latin America. Furthermore, the evidence presented in this paper suggests that Chávez may have used the rebels to his own political advantage, allowing them to locate only in states governed by opposition parties.

As discussed in section 2.3 Chávez's close political ally Rafael Correa took office as president of Ecuador early in 2007. It was during his administration that FARC leader Raul Reyes was killed during an assault on his camp inside Ecuadorian territory. In further research, it would be interesting to employ the methodology used in this paper to determine whether there is similar evidence to the one reported here regarding collaboration between the Correa administration in Ecuador and FARC. Preliminary estimates using the CEDE dataset employed in this paper (DV data only goes up to 2005) are inconclusive. But since CEDE data finishes in 2008 (only two years into the Correa administration) and, more importantly, there are some concerns about its validity after 2004[41], further research is necessary when more recent data becomes available.

Given that more than half of all rebel groups in the last fifty years are estimated to have operated beyond the borders of their country of origin, it is important to further explore this still little understood dimension of civil conflict. However, it is first necessary to determine in which cases does conflict data support suspicions about cross-border collaboration based on historical sources. The methodology employed in this paper can be used for such a purpose. The fact that the estimated increase in rebel activity resulting from cross-border collaboration is of a large magnitude should also lead international policy-makers and peace-keeping organizations to think about the consequences of tolerating this practice.

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Aguilarte became governor of Apure.

[41] See footnote 13.

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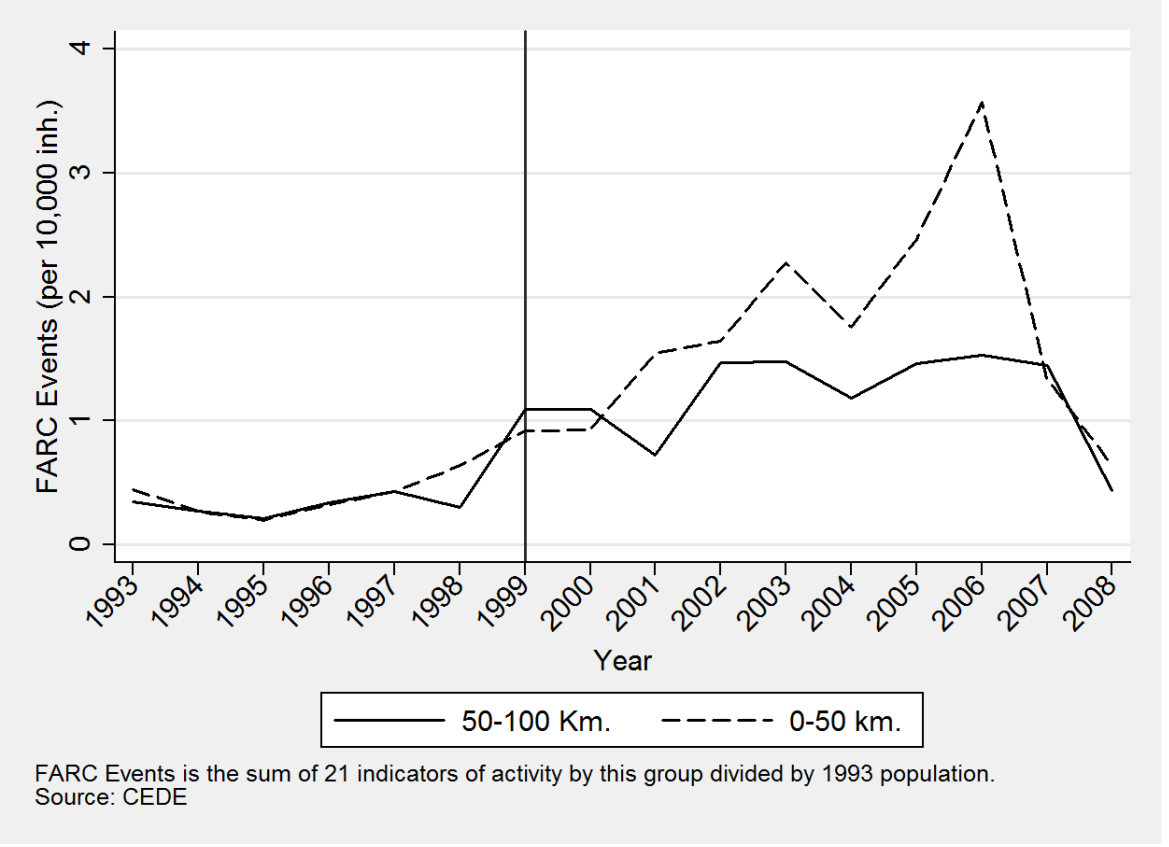
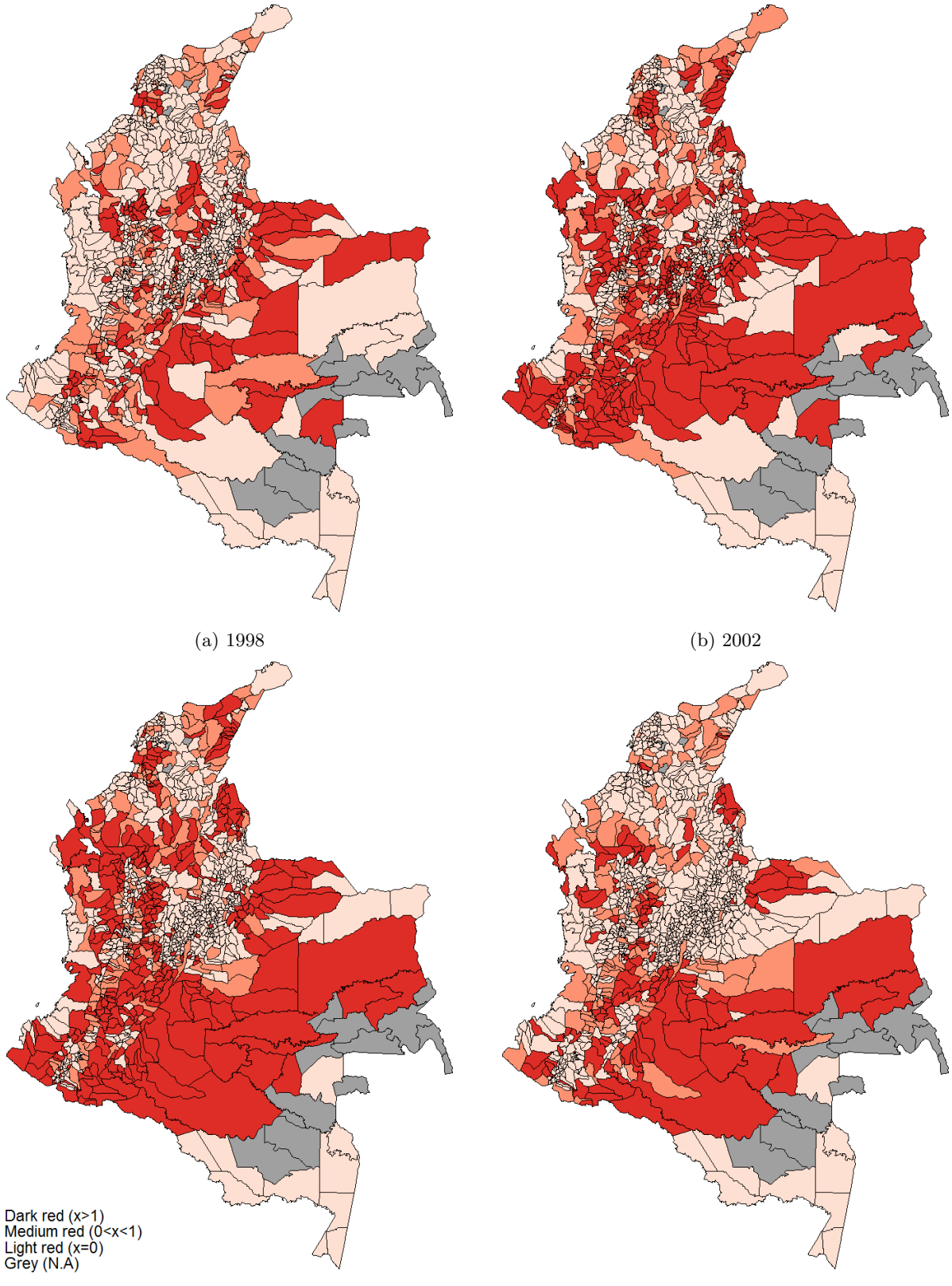


Figure 1: FARC activity by distance to the border with Venezuela

Figure 2: Colombia and Venezuela, Political Division



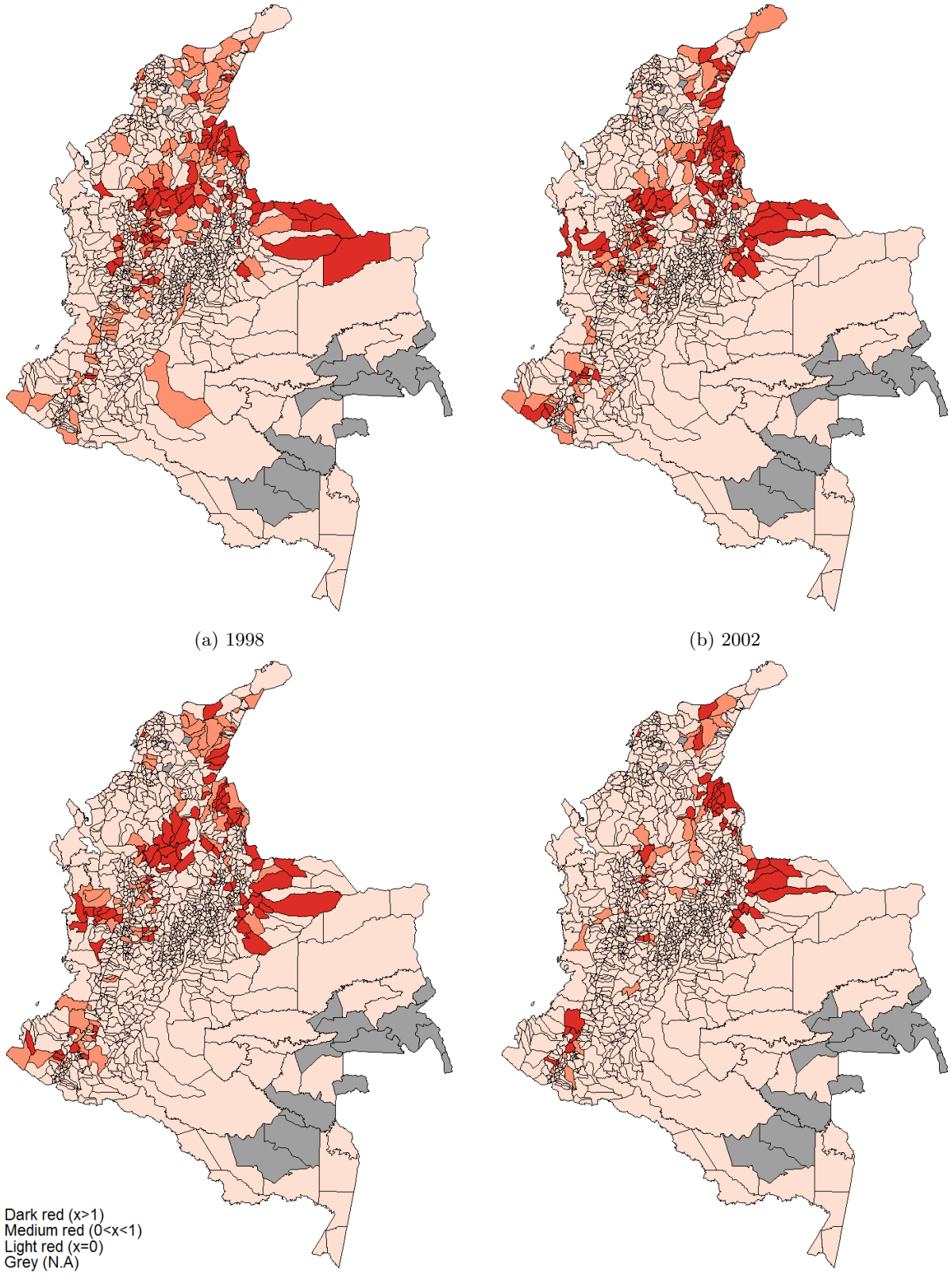
(a) 1998

(b) 2002

(c) 2006

(d) 2008

Figure 3: FARC Events per 10,000 inh. (Source: CEDE)



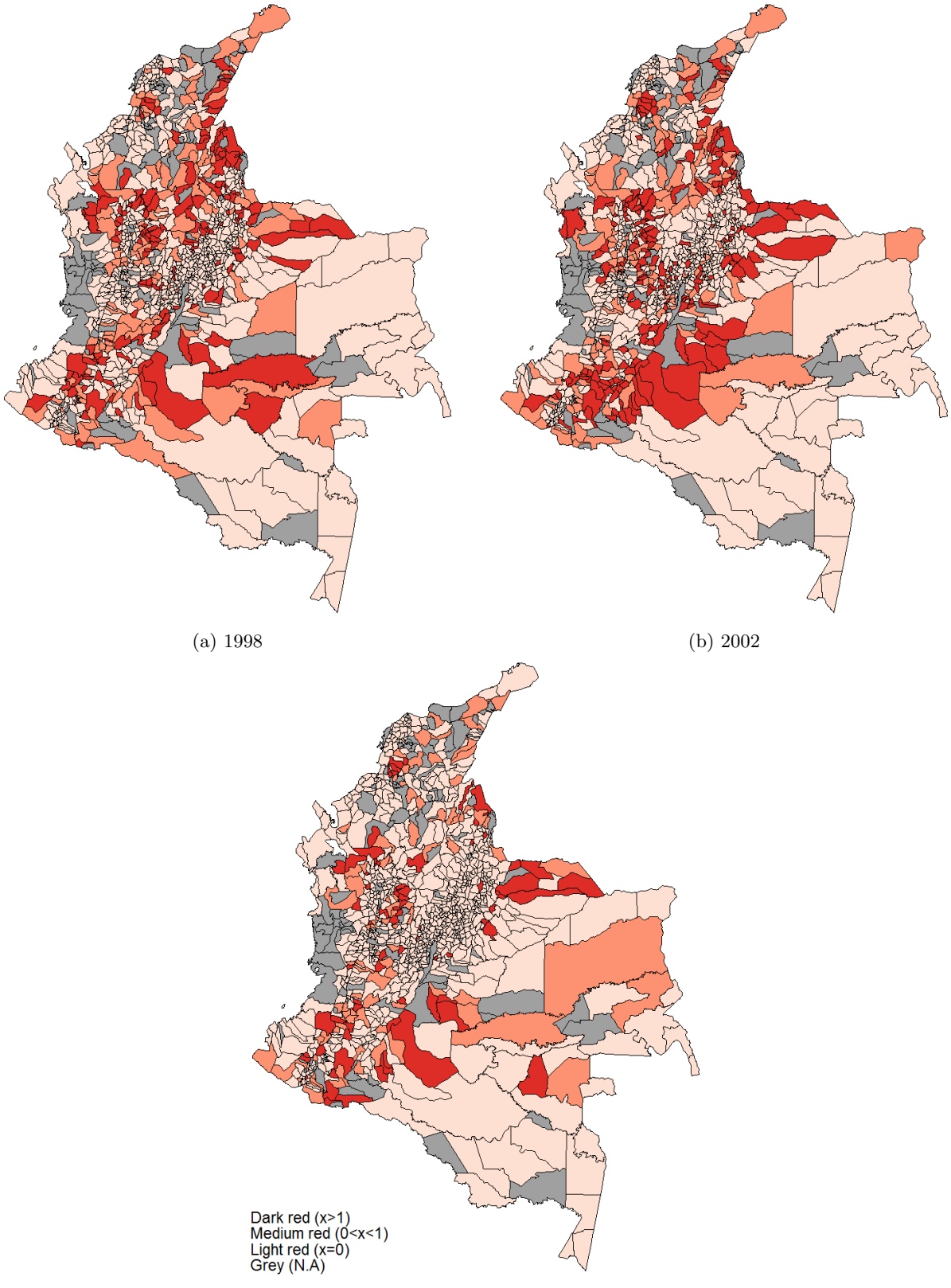
(a) 1998

(b) 2002

(c) 2006

(d) 2008

Figure 4: ELN Events per 10,000 inh. (Source: CEDE)



(a) 1998

(b) 2002

(c) 2004

Figure 5: Guerrilla Events per 10,000 inh. (Source: DV)

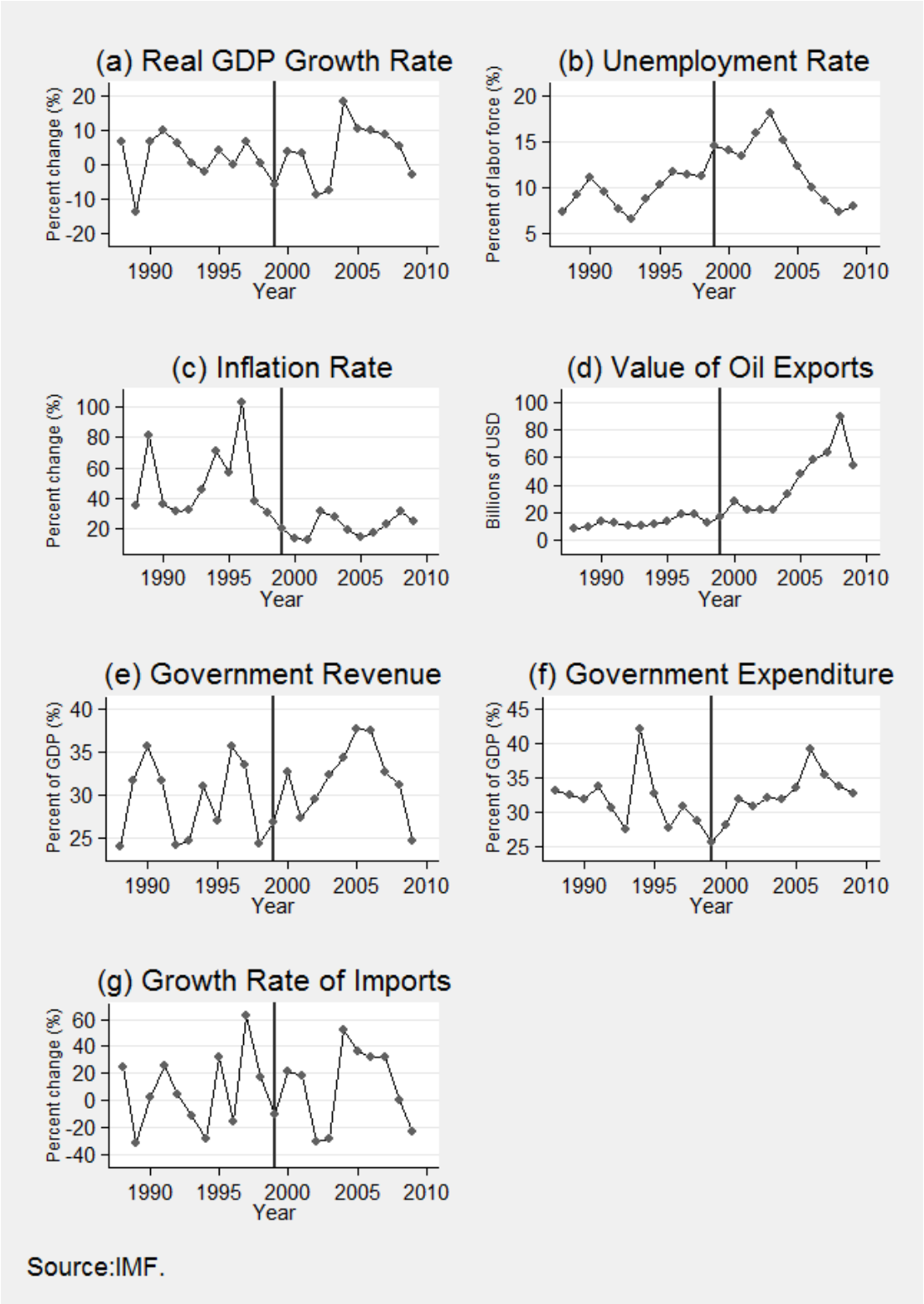
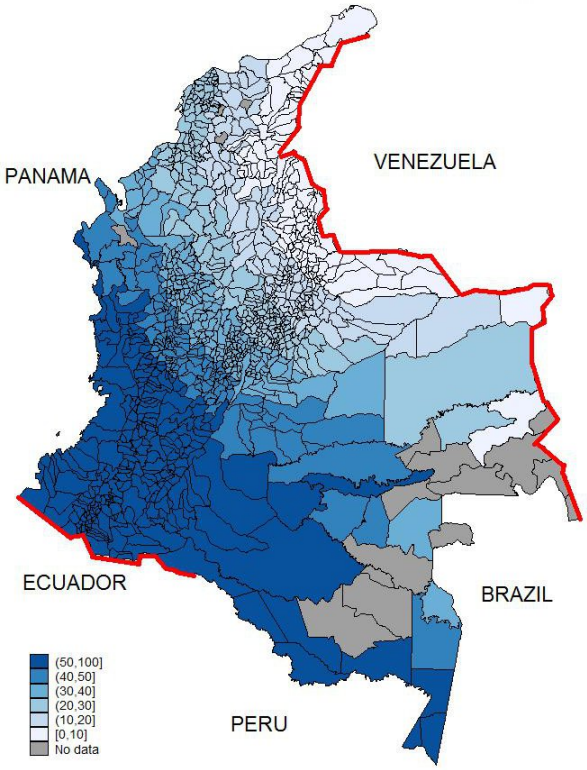
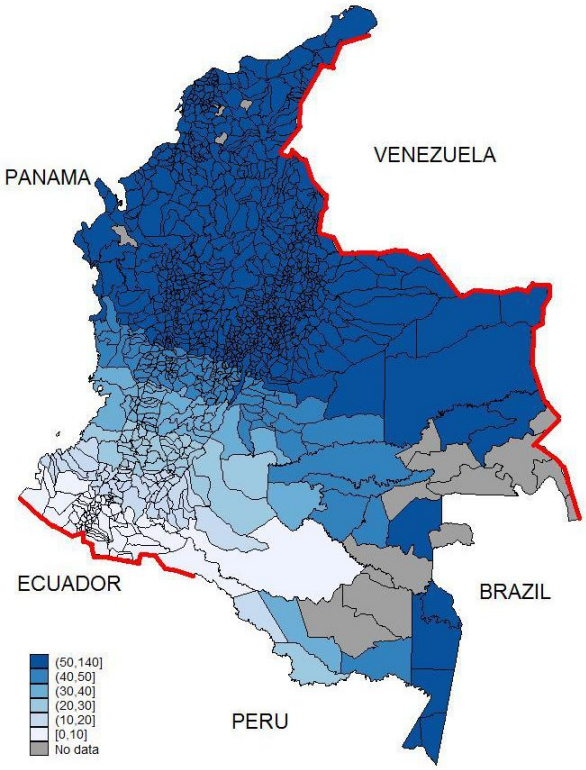


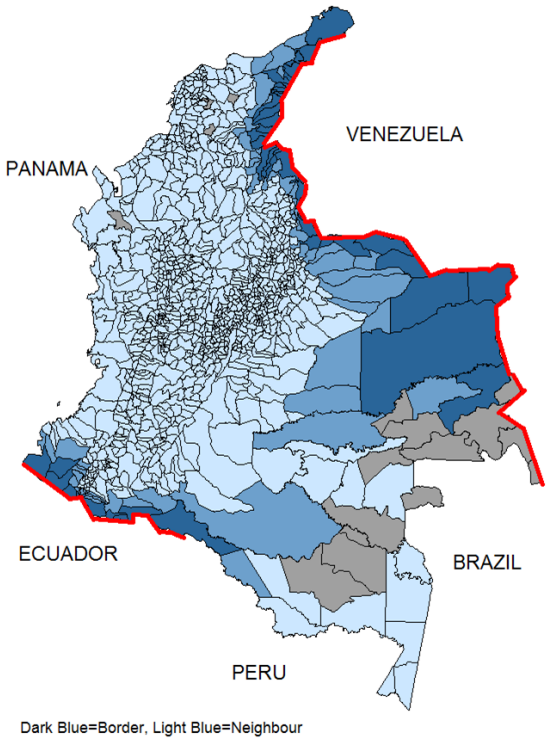
Figure 6: Venezuelan Macroeconomic Indicators (1988-2009)



(a) Distance to Venezuela (10s of km.)



(b) Distance to Ecuador (10s of km.)



(c) Bordering municipalities and their neighbours.

Figure 7: Proximity to Venezuela and Ecuador

Table 1: Summary statistics for the entire sample and for municipalities less than 100 km. from Venezuela

Variable	**Mean**	**Std. Dev.**	**Mean if Dist. Ven. $\leq$ 100 Km.**	**N**
FARC Events (per 10,000 inh.)	1.15	4.13	1.03	17338
ELN Events (per 10,000 inh.)	0.34	1.6	0.94***	17338
AUC Events (per 10,000 inh.)	0.14	0.76	0.17*	17319
Guerrilla Events (per 10,000 inh.) (DV)	0.32	1.01	0.67***	16473
Paramilitary Events (per 10,000 inh.) (DV)	0.08	0.43	0.12***	16473
Government Attacks (per 10,000 inh.) (DV)	0.05	0.33	0.11***	16473
Distance to border with Venezuela (10s of Km.)	36.01	23.24	5.27***	1099
Distance to border with Ecuador (10s of Km.)	61.51	28.49	94.67***	1099
Altitude (Metres above sea level)	1148.07	906.15	954.54***	1099
Area (Km. sq.)	932.64	3056.37	891.10	1099
Distance to province capital (Km.)	79.81	58.55	89.71**	1099
Distance to nearest market (Km.)	123.46	97.61	124.15	1099
1993 Unmet Basic Needs index	54.17	19.78	59.37***	1099
1993 population (or initial) (10,000s)	3.34	18.83	2.80	1099
1993 share of rural population (or initial) (%)	0.64	0.23	0.62	1099
2000 coca crops (dummy)	0.17	0.38	0.31***	1099
1998 natural resource royalties (millions of COP)	151.01	907.82	306.52**	1099
1998 transfers from central government (millions of COP)	2766.86	15970.06	2208.71	1099
New municipality (dummy)	0.07	0.26	0.12**	1099
1998 oil production (100,000s of barrels/day)	0	0.05	0.015**	969
1978 coal reserves (dummy)	0.32	0.47	0.32	969
1978 precious metal mining (hectares)	548.2	3762.26	222.63	969
1997 coffee cultivation (1,000s of hectares)	0.84	1.55	0.47***	969
Length of oil pipes (Km.)	0.07	0.27	0.16***	969

Sources of data in the text. Summary statistics for the conflict variables are calculated before standardizing. The stars refer to a difference of means test between municipalities located less than 100 Km. from Venezuela and those that are at least 100 Km. away.

*** p<0.01, ** p<0.05, * p<0.1

Table 2: The Chavez administration and conflict near the border with Venezuela

VARIABLES	(1) FARC Events (CEDE)	(2) ELN Events (CEDE)	(3) Guerrilla Events (DV)	(4) Guerrilla Events (DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.329***	-0.0421	0.452***	0.440***
	[0.101]	[0.138]	[0.142]	[0.133]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0526***	-0.0302*	-0.0660***	-0.0659***
	[0.0129]	[0.0179]	[0.0206]	[0.0190]
Chavez x Dist. Ven.	0.00215	-0.00424*	0.00139	0.00123
	[0.00249]	[0.00222]	[0.00157]	[0.00160]
Observations	17,338	17,338	16,422	16,422
Number of codmpio	1,099	1,099	966	966
Start Year	1993	1993	1988	1988
End Year	2008	2008	2004	2004
Extra Controls	No	No	No	Yes

Standard errors clustered by municipality and by province-year in brackets.
*** p<0.01, ** p<0.05, * p<0.1
All regressions include municipality FE, region-year FE and a full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls in all estimations include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Column 7 includes extra year interactions with 1988 oil production, 1978 coal reserves dummy, 1978 hectares of precious metal mining, 1997 hectares of coffee cultivation and length of oil pipes. Distances are measured in 10's of kilometres (Km.).
Source of dependent variable in parentheses in the header. (1,2) Events is the sum of 21 indicators of activity divided by 1993 population. (3,4) Guerrilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 3: Robustness check for Venezuela with border categories

VARIABLES	(1) FARC Events (CEDE)	(2) ELN Events (CEDE)	(3) Guerrilla Events (DV)	(4) Guerrilla Events (DV)
Chavez x D(Border Ven.)	0.183*	-0.0397	0.351***	0.338***
	[0.0955]	[0.107]	[0.131]	[0.114]
Chavez x D(Neighbour Ven.)	-0.0522	-0.0797	0.00897	0.000264
	[0.124]	[0.116]	[0.102]	[0.103]
Observations	17,338	17,338	16,422	16,422
Number of codmpio	1,099	1,099	966	966
Start Year	1993	1993	1988	1988
End Year	2008	2008	2004	2004
Extra Controls	No	No	No	Yes

Standard errors clustered by municipality and by province-year in brackets.
*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and full set of year interactions with following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, year of foundation, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Column 7 includes extra year interactions with 1988 oil production, 1978 coal reserves dummy, 1978 hectares of precious metal mining, 1997 hectares of coffee cultivation and length of oil pipes. Border municipalities are located next to the border with Venezuela. Neighbours are municipalities that do not border with Venezuela but do border with 'Border' municipalities.

Source of dependent variable in parentheses in the header. (1,2) Events is the sum of 21 indicators of activity divided by 1993 population. (3,4) Guerrilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 4: Other robustness checks for Venezuela

	A. Political Controls		B. Border trend		C. 1998 Guerrilla Activity		D. Pre- & Post- Avg.	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VARIABLES	FARC Events (CEDE)	Guerrilla Events (DV)	FARC Events (CEDE)	Guerrilla Events (DV)	FARC Events (CEDE)	Guerrilla Events (DV)	FARC Events (CEDE)	Guerrilla Events (DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.272***	0.447***	0.382***	0.936***	0.311***	0.432***	0.300***	0.450***
	[0.0991]	[0.154]	[0.115]	[0.197]	[0.100]	[0.149]	[0.106]	[0.143]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0349***	-0.0733***	-0.0526***	-0.0660***	-0.0477***	-0.0664***	-0.0484***	-0.0657***
	[0.0127]	[0.0217]	[0.0130]	[0.0205]	[0.0131]	[0.0206]	[0.0118]	[0.0179]
Chavez x Dist. Ven.	0.00275	0.000478	0.00214	0.00138	0.00236	0.00152	0.000185	0.00130
	[0.00242]	[0.00166]	[0.00249]	[0.00156]	[0.00239]	[0.00152]	[0.00190]	[0.00167]
Trend x D(Dist. Ven.≤100 Km.)			-0.00159	0.0644**				
			[0.0325]	[0.0273]				
Trend sq. x D(Dist. Ven.≤100 Km.)			-0.000195	-0.00617***				
			[0.00122]	[0.00188]				
Observations	15,849	15,810	17,338	16,422	17,338	16,422	2,160	1,932
Number of codmpio	991	930	1,099	966	1,099	966	1,080	966
Start Year	1993	1989	1993	1988	1993	1988	1993	1993
End Year	2008	2004	2008	2004	2008	2004	2008	2008

Standard errors clustered by municipality and by province-year in brackets.

*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and a full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls in all estimations include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.).

Source of dependent variable in parentheses in the header. (Odd) FARC Events is the sum of 21 indicators of activity divided by 1993 population. (Even) Guerrilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. (1,2) Year interactions with 1994 indicator of coca/opium crops, Andres Pastrana vote share in 1998 presidential elections, 1985 Gini coefficient and UP vote share in 1986 presidential elections included. (3,4) Time trend specific to municipalities less than 100 Km. from the border with Venezuela included. (5,6) Year interactions with 1998 level of guerrilla activity (FARC Events for odd, Guerrilla Events for even) included. (7,8) Estimation with pre- and post-1999 averages of all variables. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 5: Guerrilla activity near the border with Venezuela before Chávez

VARIABLES	(1) FARC Events (CEDE)	(2) ELN Events (CEDE)	(3) Guerrilla Events (DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.451***	0.0807	0.357**
	[0.129]	[0.151]	[0.146]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0578***	-0.0743***	-0.0685***
	[0.0152]	[0.0231]	[0.0218]
Chavez x Dist. Ven.	0.00397	-0.00416*	0.00151
	[0.00275]	[0.00246]	[0.00178]
1997/1998 x D(Dist. Ven.≤100 Km.)	0.119	0.197	0.00797
	[0.0958]	[0.130]	[0.136]
1997/1998 x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.00973	-0.0594**	-0.0153
	[0.00979]	[0.0230]	[0.0276]
1997/1998 x Dist. Ven.	0.00166	0.000560	-0.00107
	[0.00178]	[0.00136]	[0.00195]
1995/1996 x D(Dist. Ven.≤100 Km.)	0.0467	0.183	-0.264*
	[0.100]	[0.153]	[0.135]
1995/1996 x Dist. Ven. x D(Dist. Ven.≤100 Km.)	0.00336	-0.0611***	-0.0165
	[0.00957]	[0.0210]	[0.0253]
1995/1996 x Dist. Ven.	0.00320*	0.00160	0.00135
	[0.00188]	[0.00115]	[0.00174]
Observations	16,767	16,767	15,344
Number of codmpio	1,051	1,051	959
Start Year	1993	1993	1988
End Year	2008	2008	2004

Standard errors clustered by municipality and by province-year in brackets.
*** p<0.01, ** p<0.05, * p<0.1
All regressions include municipality FE, region-year FE and a full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca/opium crops dummy 1994, natural resource royalties 1994, government transfers 1994, new municipality dummy. Additional controls in all estimations include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.).
Source of dependent variable in parentheses in the header. (1 & 2) Events is the sum of 21 indicators of activity divided by 1993 population. (3) Guerilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 6: The Chavez administration and guerrilla activity near the border with Ecuador

VARIABLES	(1) FARC Events (CEDE)	(2) ELN Events (CEDE)	(3) Guerrilla Events (DV)
Chavez x D(Dist. Ecu.≤100 Km.)	-0.0206	-0.0175	-0.221*
	[0.175]	[0.0931]	[0.129]
Chavez x Dist. Ecu. x D(Dist. Ecu.≤100 Km.)	-0.0235	0.00872	0.0238
	[0.0193]	[0.0102]	[0.0166]
Chavez x Dist. Ecu.	-0.00327	0.00162	-0.000895
	[0.00218]	[0.00154]	[0.00174]
Observations	17,338	17,338	16,422
Number of codmpio	1,099	1,099	966
Start Year	1993	1993	1988
End Year	2008	2008	2004

Standard errors clustered by municipality and by province-year in brackets.
*** p<0.01, ** p<0.05, * p<0.1
All regressions include municipality FE, region-year FE and a full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls in all estimations include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.).
Source of dependent variable in parentheses in the header. (1 & 2) Events is the sum of 21 indicators of activity divided by 1993 population. (3) Guerilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 7: Tests of robustness to economic conditions in Venezuela

	A. GDP Growth		B. Inflation		C. Oil Exports		D. Government Spending	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FARC	Guerrilla	FARC	Guerrilla	FARC	Guerrilla	FARC	Guerrilla
	Events	Events	Events	Events	Events	Events	Events	Events
VARIABLES	(CEDE)	(DV)	(CEDE)	(DV)	(CEDE)	(DV)	(CEDE)	(DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.340***	0.442***	0.267**	0.360**	0.334***	0.692***	0.321***	0.455***
	[0.0971]	[0.144]	[0.114]	[0.160]	[0.117]	[0.196]	[0.0975]	[0.151]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0520***	-0.0679***	-0.0451***	-0.0580**	-0.0522***	-0.0466*	-0.0504***	-0.0687***
	[0.0126]	[0.0211]	[0.0142]	[0.0235]	[0.0145]	[0.0271]	[0.0125]	[0.0216]
Chavez x Dist. Ven.	0.00307	0.00126	0.00404	0.00193	0.00261	0.00126	0.00211	0.00129
	[0.00235]	[0.00155]	[0.00283]	[0.00180]	[0.00250]	[0.00225]	[0.00239]	[0.00158]
Macro Var. x D(Dist. Ven.≤100 Km.)	-0.00492	-0.00634	-0.00168	-0.00305	-0.000181	-0.0218	0.0116	0.00118
	[0.00827]	[0.00665]	[0.00188]	[0.00259]	[0.00287]	[0.0138]	[0.0110]	[0.0121]
Macro Var. x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.000248	-0.00111	0.000204	0.000265	-1.60e-05	-0.00177	-0.00308**	-0.00145
	[0.00104]	[0.00100]	[0.000209]	[0.000428]	[0.000381]	[0.00202]	[0.00140]	[0.00240]
Macro Var. x Dist. Ven.	-0.000397*	-7.50e-05	5.20e-05*	1.80e-05	-1.79e-05	1.09e-05	4.63e-05	-5.26e-05
	[0.000203]	[7.99e-05]	[2.78e-05]	[2.71e-05]	[6.91e-05]	[0.000140]	[0.000222]	[0.000126]
Observations	17,338	16,422	17,338	16,422	17,338	16,422	17,338	16,422
Number of codmpio	1,099	966	1,099	966	1,099	966	1,099	966
Start Year	1993	1988	1993	1988	1993	1988	1993	1988
End Year	2008	2004	2008	2004	2008	2004	2008	2004
Correlation with Chavez	0.16	0.16	-0.75	-0.75	0.57	0.57	0.07	0.07

Standard errors clustered by municipality and by province-year in brackets.

*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and a full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls in all estimations include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.).

Source for odd columns is CEDE, for even columns is DV. (Odd) FARC Events is the sum of 21 indicators of activity divided by 1993 population. (Even) Guerrilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one. In each column "Macro Var." corresponds to the variable in the header: (A.) Percentage change in real GDP. (B.) Percentage change in end of period consumer prices. (C.) Value of oil exports in billions of USD. (D.) Government spending as a percentage of GDP. Source: IMF World Economic Outlook.

Table 8: Tests of robustness to Paramilitary Expansion

VARIABLES	(1) FARC Events (CEDE)	(2) FARC Events (CEDE)	(3) AUC Events (CEDE)	(4) Guerrilla Events (DV)	(5) Guerrilla Events (DV)	(6) Paramilitary Events (DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.364***	0.328***	-0.301*	0.466***	0.480***	0.337
	[0.107]	[0.101]	[0.168]	[0.145]	[0.149]	[0.214]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0573***	-0.0530***	0.0401*	-0.0693***	-0.0711***	-0.0396
	[0.0138]	[0.0130]	[0.0243]	[0.0209]	[0.0215]	[0.0301]
Chavez x Dist. Ven.	0.00263	0.00216	-0.00436**	0.000915	0.000810	-0.00228
	[0.00257]	[0.00249]	[0.00174]	[0.00159]	[0.00163]	[0.00160]
AUC Events (per 10,000 inh.)	0.160					
	[0.130]					
Paramilitary Events (per 10,000 inh.) (DV)				0.0977***		
				[0.0333]		
Observations	17,319	17,338	17,319	16,303	16,303	16,422
Number of codmpio	1,099	1,099	1,099	959	959	966
Start Year	1993	1993	1993	1988	1988	1988
End Year	2008	2008	2008	2004	2004	2004
Paramilitary x Year	No	Yes	No	No	Yes	No

Standard errors clustered by municipality and by province-year in brackets.

*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and full set of year interactions (1994-2008) with following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.). Estimations in columns 2 and 5 also include the interaction between year dummies and indicators of paramilitary activity, which equal 1 if at any point in the sample period there is evidence of paramilitary activity in the municipality according to the corresponding conflict dataset.

Source of dependent variable in parentheses in the header. (1-3) Events is the sum of 21 indicators of activity divided by 1993 population. (4-6) (7-9) Guerrilla/Paramilitary Events is the sum of unilateral attacks, massacres and political kidnappings by the group divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 9: Tests of robustness to Armed Forces Activities

VARIABLES	(1) FARC Events (CEDE)	(2) Government Attacks (DV)	(3) Guerrilla Events (DV)	(4) Guerrilla Events (DV)
Chavez x D(Dist. Ven.≤100 Km.)	0.329***	0.248	0.421***	0.450***
	[0.101]	[0.169]	[0.135]	[0.142]
Chavez x Dist. Ven. x D(Dist. Ven.≤100 Km.)	-0.0526***	-0.0292	-0.0624***	-0.0653***
	[0.0129]	[0.0201]	[0.0196]	[0.0207]
Chavez x Dist. Ven.	0.00215	-0.00286	0.00175	0.00139
	[0.00249]	[0.00212]	[0.00155]	[0.00157]
Government Attacks (per 10,000 inh.) (DV)			0.384***	
			[0.0727]	
Observations	17,338	16,422	16,422	16,422
Number of codmpio	1,099	966	966	966
Start Year	1993	1988	1988	1988
End Year	2008	2005	2004	2004
Armed Forces Attacks 1998 x Year	Yes	No	No	Yes

Standard errors clustered by municipality and by province-year in brackets.

*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and full set of year interactions (1994-2008) with following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, year of foundation, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls include demilitarized zone (5 municipalities, 1999-2002) and broken up municipalities. Distances are measured in 10's of kilometres (Km.). Estimations in columns 1 & 4 also include the interaction between year dummies and indicators of Colombian Armed Forces activity in 1998: (1) Combats initiated by armed forces (ODH), (4) Government Attacks (DV).

Source of dependent variable in parentheses in the header. (1) Events is the sum of 21 indicators of activity divided by 1993 population. (2) Government attacks is the number of unilateral attacks by government forces divided by 1993 population. (3,4) Guerrilla Events is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.

Table 10: Political conditions in Venezuela and FARC activities near the border

VARIABLES	(1) FARC Events (CEDE)	(2) Guerrilla Events (DV)	(3) Guerrilla Events (DV)
Chavez x D(Border Ven.)	0.366***	0.485***	0.447***
	[0.104]	[0.163]	[0.143]
Chavez x D(Neighbour Ven.)	-0.0547	0.0133	0.00399
	[0.124]	[0.102]	[0.103]
Pro-Chavez Province Gvt.	-0.429***	-0.378***	-0.294**
	[0.0937]	[0.129]	[0.130]
Pro-Chavez Local Gvt.	-0.126	-0.0134	-0.0645
	[0.171]	[0.145]	[0.152]
Pro-Chavez Province & Local Gvt.	0.0125		
	[0.335]		
Observations	17,338	16,422	16,422
Number of codmpio	1,099	966	966
Start Year	1993	1988	1988
End Year	2008	2004	2004
Extra Controls	No	No	Yes

Standard errors clustered by municipality and by province-year in brackets.
*** p<0.01, ** p<0.05, * p<0.1

All regressions include municipality FE, region-year FE and full set of year interactions with the following characteristics: altitude, area, distance to province capital, distance to nearest market, UBN (NBI) 1993, year of foundation, population 1993, share of rural population 1993, coca crops dummy 2000, natural resource royalties 1998, government transfers 1998, new municipality dummy. Additional controls include demilitarized zone (5 municipalities, 1999-2002) and broken municipalities. Border municipalities are located next to the border with Venezuela. Neighbours are municipalities that do not border with Venezuela but do border with 'Border' municipalities. Column 7 includes extra year interactions with DV controls. "Pro-Chávez Province government" is a time-changing dummy taking the value of 1 if the governor of the neighbouring state in Venezuela belongs to the "Chavista" coalition. "Pro-Chávez Local government" is a dummy taking the value of 1 if the mayor of the neighbouring municipality in Venezuela belongs to the "Chavista" coalition.

Source of dependent variable in parentheses in the header.(1) Events is the sum of 21 indicators of activity divided by 1993 population. (2,3) Guerrilla Events (DV) is the sum of unilateral attacks, massacres and political kidnappings by guerrilla groups divided by 1993 population. All dependent variables have been standardized to have mean zero and standard deviation one.