

**A SHARED RESPONSIBILITY: COUNTERNARCOTICS  
AND CITIZEN SECURITY IN THE AMERICAS**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE  
CORPS, AND GLOBAL NARCOTICS AFFAIRS

OF THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

—————  
MARCH 31, 2011  
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Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: <http://www.fdsys.gpo.gov>

U.S. GOVERNMENT PRINTING OFFICE

67-800 PDF

WASHINGTON : 2011

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# **A SHARED RESPONSIBILITY: COUNTERNARCOTICS AND CITIZEN SECURITY IN THE AMERICAS**

THURSDAY, MARCH 31, 2011

U.S. SENATE,  
SUBCOMMITTEE ON WESTERN HEMISPHERE,  
PEACE CORPS AND GLOBAL NARCOTICS AFFAIRS,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:07 a.m., in room SD-419, Dirksen Office Building, Hon. Robert Menendez (chairman of the subcommittee) presiding.

Present: Senators Menendez and Rubio.

## **OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY**

Senator MENENDEZ. Good morning. The committee hearing will come to order. Welcome to our hearing on shared responsibility, counternarcotics and citizen security in the Americas. Let me thank our panelists for coming today. We look forward to your insights.

Let me begin by laying out the framework for our discussion today and some sobering statistics. Latin America and the Caribbean region has one of the highest crime rates of any region in the world. According to the U.N. Office on Drugs and Crimes, in 2003 the homicide rate in Latin America and the Caribbean was 19.9 per 100,000 people. By 2008, the rate had climbed to an astounding 32.6 per 100,000 people.

In El Salvador, the rate is estimated to be as high as 71 per 100,000, despite President Funes's tremendous efforts to combat the maras, gangs that are largely responsible for violent crime. It is not a coincidence that cocaine seizures in Central America have also tripled during this time period.

The problem is no longer limited to transit or trafficking in drugs, but has expanded into production and domestic consumption. Earlier this month, Honduran authorities found a cocaine processing laboratory in the remote northeastern mountains capable of producing 440 to 880 pounds of cocaine a week.

Our successes through Plan Colombia, while significant, failed to take into account the ability of the market to find new avenues to move its product and new territories to infiltrate. However, the successes we achieved in Colombia through close bilateral coopera-

tion demonstrated that it is possible to take on the drug trafficking organizations and to achieve success.

The recipe for victory in my mind is clear. Our efforts must be shouldered jointly, recognizing a shared responsibility to address supply and demand for narcotics, as well as a shared responsibility to take into account the social and economic factors contributing to the trade. It is also necessary that we control the flow of weapons and cash from the United States to the region, for they are fueling the violent attacks that are leaving hundreds of people dead every week in Mexico and enabling traffickers to fight off law enforcement officers or co-opt their efforts.

Let me say, for the record, that I am extremely disappointed that the Bureau of Alcohol, Tobacco, and Firearms declined to participate in today's hearing and accept our invitation to address this aspect of the narcotics equation. While they may have avoided today's hearing, I can assure them that they will not avoid a hearing in perpetuity.

In the past, our strategy for dealing with this threat has been targeted eradication of production and interdiction of supply. What we have seen in response is a balloon effort, where supply routes have moved from the Caribbean to Mexico, with drug trafficking organizations moving from Colombia to Mexico and now making inroads into Central America. The truth is, as you can see on the charts, we are being attacked from all directions.

Unfortunately, in my mind our budget priorities do not reflect the scale of the problem. The budget request for fiscal year 2012 for State-INL appears to be significantly lower than the fiscal year 2010 enacted level, \$565.6 million versus \$701.4 million. At the same time, we anticipate cuts to funding for programs that are crucial to addressing the underlying social and economic causes of the drug trade.

So our commitment to shared responsibility must also be shared by our government and the bureaucracies that need to work together to coordinate efforts to bring a whole government approach to the task. To that end, in the last Congress I worked with Senators Kerry and Lugar on legislative vehicles that would rechannel our efforts to address this issue, and create a comprehensive multiyear strategy for combating narcotics, taking into account the demand and supply issues, the role of U.S. weapons flowing south, and the balloon effort that has moved the problem from one part of the hemisphere to the other.

I plan to reintroduce legislation this Congress that I hope will refocus the administration's efforts on developing a comprehensive strategy that will bring together all the pieces of the puzzle and truly commit us to the promises of assistance and cooperation articulated by President Obama during his recent visit.

With that, I know that Senator Rubio, the ranking member, will be here a little later, since we had to change the time of this hearing and he had a conflicting commitment.

I want to thank our distinguished panel for appearing today. Let me introduce them. They are: Ambassador William Brownfield, the Assistant Secretary for International Narcotics Control and Law Enforcement; Gil Kerlikowske, the Director, Office of the National

Drug Control Policy; and David Wechsler, the Deputy Assistant Secretary for Counternarcotics and Global Threats.

Gentlemen, we look forward to your testimony. I'd ask you to summarize your testimony into 5-minute statements. Your full testimony will be entered into the record and we will start with Director Kerlikowske.

**STATEMENT OF HON. R. GIL KERLIKOWSKE, DIRECTOR,  
NATIONAL DRUG CONTROL POLICY, WASHINGTON, DC**

Mr. KERLIKOWSKE. Thank you, Chairman Menendez. I look forward to the hearing also and appreciate the invitation with Ranking Member Rubio and members of the subcommittee, for the opportunity to discuss the counternarcotics and citizen security in the Western Hemisphere. We're all aware that substance abuse strains families, communities, economies, health care, and criminal justice systems, not only in the United States but in the Western Hemisphere and overseas.

The President's national drug control strategy strengthens our focus on community-based prevention, evidence-based treatment, support for those in recovery, coordinated law enforcement initiatives, innovative criminal justice policies and programs, and stronger, more productive international partnerships. The strategy addresses drug production and consumption throughout the world by building on these partnerships.

The Western Hemisphere remains our highest priority. Violent consequences of drug trafficking, social disruption, and public health consequences are evident. The northern border is exploited by drug traffickers. The majority of cocaine and heroin available in our borders is produced by our neighbors to the south.

To highlight the importance of drug policy issues in the Western Hemisphere, I visited Colombia twice, Peru once, Mexico on numerous occasions, and the Southwest border. In this effort, ONDCP is preparing a Western Hemisphere counternarcotics strategy to merge the multiple active regional counternarcotics efforts. We're working to release the strategy this summer, which will address interdiction and disruption of transnational criminal syndicates, institutional strengthening, construction of strong and resilient communities, and drug demand reduction.

We are coordinating with my colleagues that are here today and the other Federal agencies to strengthen our efforts to support security and law enforcement through provision of equipment, training, and law enforcement intelligence, as well as to support those resources for the high seas interdiction, air smuggling detection and monitoring, and intelligence coordination, the strengthening of institutions through sharing expertise, sponsoring judicial exchanges, and training prosecutors, and the provision of assistance in building strong communities through sharing and increasing access to effective evidence-based substance abuse prevention and treatment, and last, prevention and treatment through the sharing of knowledge and best practices bilaterally.

The Western Hemisphere strategy will also bring together the multiple interconnected regional approaches to counternarcotics strategy. They include the Merida Initiative, the Southwest Border Strategy, the Central America Regional Security Initiative, and the

Caribbean Basin Security Initiative, and the Colombian Strategic Development Initiative.

This coordinated approach will carry us through as we seek to help our northern and southern neighbors to reduce the demand for and interdict the flow of drugs and develop democratic institutions. Our increased emphasis in international demand reduction will also require continued support through guidance, training, and technical assistance.

In a recent example of international demand reduction coordination, the United Nations Commission on Narcotic Drugs passed a U.S.-proposed resolution regarding drugged driving. Supporting countries included Peru, Uruguay, Mexico, Costa Rica, and Brazil, and the EU. With the help of our international partners, the United States has also made historic progress in removing cocaine from the transit zone year after year.

Not only has Colombia become a safer and more prosperous country, it has expanded the rule of law and continues to instill respect for human rights. Gains in Colombia have directly translated into progress against drug trafficking in the United States through drastic decreases in potential heroin and cocaine production, coupled with reductions in purity and increases in price for street-level cocaine in the United States.

Colombia remains a strong example of a successful partnership in Latin America. As with Colombia, partnerships with our hemispheric neighbors must continue to reinforce counternarcotics and citizen security efforts.

I look forward to working with the members of this subcommittee and others in Congress as we continue to strengthen our coordinated response. Thank you for the opportunity and I look forward to your questions.

[The prepared statement of Mr. Kerlikowske follows:]

PREPARED STATEMENT OF R. GIL KERLIKOWSKE

Mr. Chairman, Ranking Member, and the Members of this subcommittee, thank you for the opportunity to testify before you today. On behalf of the Office of National Drug Control Policy, I look forward to continuing to work with the members of this subcommittee to advance and improve U.S. policies in the Western Hemisphere.

A NEW APPROACH TO THE THREAT

Substance abuse strains families, communities, economies, health care and criminal justice systems, not just in the United States, but throughout the Western Hemisphere and world. Effective drug control relies upon a comprehensive approach balancing both public health and public safety. And the Obama administration has such a comprehensive approach to drug control policy. The President's National Drug Control Strategy (Strategy) strengthens our focus on community-based prevention, evidence-based treatment, support for those in recovery from addiction, coordinated law enforcement initiatives, innovative criminal justice policies and programs, and stronger, more productive international partnerships.

The administration's Strategy recognizes that the criminal justice system plays a vital role in reducing the costs and consequences of drug crimes and should employ innovative, evidence-based solutions to stop the all-too-common cycle of arrest, incarceration, release, and rearrest. An increasing body of evidence suggests that the right combination of appropriate policies and strategies and the provision of a continuum of evidence-based interventions can effectively address the needs of the offender, ensure the safety of the community and ultimately break that cycle. Some innovations include: Drug Market Intervention, a prearrest strategy shown to reduce open air drug markets; testing and sanctions strategies to address probation and parole violations in a swift yet modest manner to facilitate offender compliance;



reentry support strategies to prepare offenders for life after release; and of course, drug courts which are well-suited for high-risk, high-need offenders. These interventions can result in a more efficient allocation of resources, a reduction in offender recidivism, while ensuring offender accountability and maintaining public safety.

The global nature of the drug threat requires a strategic response that is also global in scope. It is not realistic for countries to expect to be effective if they are operating in a vacuum. We no longer live in an either/or world of “demand reduction” versus “supply reduction” or “producer country” versus “consumer country.” Accordingly, the Strategy addresses drug production and consumption throughout the world and explicitly builds on international partnerships to achieve our national drug control goals.

By the same token, criminal conduct engaged in by transnational criminal organizations is not limited to drug trafficking. Increasingly, international criminal syndicates are involved in kidnapping, extortion, human trafficking, arms trafficking, and a variety of other illegal activities.

#### LEADERSHIP

No environment is more compelling, urgent, or consequential to U.S. drug control policy than that of the Western Hemisphere. The violent consequences of illicit drug trafficking and the social disruption and public health threat caused by drug consumption are evident. Although the United States itself produces illicit drugs, and the Northern border is a region exploited by drug traffickers, the majority of the cocaine and heroin available in the United States is produced by transnational drug trafficking organizations operating in the nations to the south. Substantial proportions of methamphetamine traverse Central America and Mexico en route to the United States. Cocaine also is exported to Europe, increasingly through West Africa. The quantity of illegal trafficking leaves nations in the region vulnerable to the violence, institutional instability, and public corruption caused by international trafficking organizations and local criminal gangs involved in a wide variety of criminal enterprises.

President Obama reiterated the need for a clear and cooperative approach to the most pressing issues in this hemisphere at the Summit of the Americas in 2009, and followed up during his recent visits to Brazil, Chile, and El Salvador. As he noted again in Santiago, progress in the Americas has not come fast enough for “the communities that are caught in the brutal grips of cartels and gangs, where the police are outgunned and too many people live in fear.”

We are working internationally to develop and implement a similar comprehensive approach through programs that we do at home. Again, citing the President, we are working with “our partners from Colombia to Mexico and new regional initiatives in Central America and the Caribbean.” We have increased our support for security forces, border security, and police to keep communities safe. But we are doing more. As the President said, “. . . we will never break the grip of the cartels and the gangs unless we also address the social and economic forces that fuel criminality. We need to reach at-risk youth before they turn to drugs and crime. So we are joining with partners across the Americas to expand community-based policing, strengthen juvenile justice systems, and invest in crime and drug prevention programs.”

We do this with the understanding that circumstances differ dramatically among nations in the hemisphere, requiring flexibility, pragmatism, and program adaptation. The role of the Office of National Drug Control Policy remains to lead and coordinate interagency actors and programs to advance the President’s policy efficiently and effectively domestically and internationally.

To highlight the importance of drug policy issues in the Western Hemisphere, I have visited and met with high ranking public officials in Colombia twice, Peru once, and Mexico numerous times since my confirmation as Director of National Drug Control Policy. In addition, ONDCP and the State Department cosponsored a bilateral demand reduction conference with Mexico last year, and we will do the same this summer. I hold regular discussions with partners involved in Western Hemisphere drug policy implementation and have visited the Southwest border region numerous times. This on-the-ground review has underscored the importance of coordinating U.S. agencies in support of our international allies’ efforts to address drug violence in the hemisphere, stem the proliferation of drugs, enhance treatment and prevention programs, and obstruct the southbound flow of money and weapons. Our policy in the Western Hemisphere will continue to emphasize the importance of regular and reliable communication with our international partners. We strive to assist them in meeting the counterdrug objectives as they are defined and developed within their countries.

## POLICY IN THE WESTERN HEMISPHERE

The foundation of our Nation's hemispheric counterdrug policy consists of a series of interconnected regional approaches. These approaches include the Merida Initiative, the Southwest Border Counternarcotics Strategy, the Central American Regional Security Initiative (CARSI), the Caribbean Basin Security Initiative (CBSI), and the Colombian Strategic Development Initiative (CSDI). In addition, a "Northern Border Counternarcotics Strategy" is under development—with ONDCP as the lead—pursuant to Public Law 111-356, the Northern Border Counternarcotics Strategy Act of 2010.

In recognition of the need to clearly and comprehensively enunciate the administration's approach to Western Hemisphere drug policy issues (excerpted from the 2010 "National Drug Control Strategy"), ONDCP, in consultation with relevant interagency partners, is also preparing a single document that will merge the interlocking regional plans in Latin America. We expect this "Western Hemisphere Counterdrug Strategy" to be completed this summer. It will address interdiction and disruption of transnational criminal organizations, institutional strengthening, construction of strong and resilient communities, and drug demand reduction.

In developing this Western Hemisphere Strategy, we must be cognizant of the unique political, social, and economic circumstances of the individual nations within the region that could affect implementation of drug control policies and programs. We will solicit input from a broad range of government and policy experts with experience in and knowledge of the issues and the region.

## FOUR PARTS TO THE WESTERN HEMISPHERE STRATEGY

*Security and Law Enforcement:* We are placing much of our attention and resources in Central America, Mexico, and the Caribbean. Transnational drug trafficking organizations are most active there. In each of these three geographic areas, we support national institutions whose first function is to disrupt international criminal syndicates and powerful national-level criminal groups. The U.S. Government provides equipment, training, and law enforcement intelligence. In addition, a fundamental goal of our participation is to bring to bear the United States unique resources for high-seas interdiction, air smuggling detection and monitoring, and intelligence coordination to bolster the capacities of our allies.

*Strengthening Institutions:* We support the strengthening of institutions that implement the rule of law, strengthen the democratic process, and inculcate respect for human rights. In countries such as Colombia and Mexico, which are transitioning from a paper-bound, anachronistic criminal judicial system to faster and more transparent trial procedures, we are providing U.S. experts, sponsoring judicial exchanges, and training prosecutors and attorneys. In late February 2011, the Department of Justice convened the 12th iteration of a 2-week Trial Advocacy course for Mexican Federal prosecutors. This course was held in Mexico City, with three assistant U.S. attorneys from Utah, Texas, and Oregon serving as instructors. The United States also funds human rights education for law enforcement and security, as part of the Merida Initiative, and such programs are a core component of our assistance to Colombia.

*Strong and Resilient Communities:* We provide assistance in building strong communities that resist criminal enterprises and offer alternatives to drug abuse and crime. The United States Agency for International Development (USAID) works with regional partners to address the social and economic forces that fuel narcotics trafficking and other criminality. In source countries, USAID supports alternative development programs that provide rural populations with opportunities to earn sustainable, licit incomes in place of engaging in narcotics cultivation. USAID programs also work to expand community-based policing, strengthen juvenile justice systems, and support crime and substance abuse prevention programs. A critical element of this support for strong communities includes the sharing of, and increased access to, effective, evidence-based substance abuse prevention and treatment programming. For example, our leading nongovernmental demand reduction organization, the Community Anti-Drug Coalitions of America (CADCA), has been working to equip prevention leaders in several Western Hemisphere countries with the skills, knowledge, and resources needed to build effective coalitions. With support from the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, CADCA's international work has focused primarily upon providing training and technical assistance to nongovernment organizations in the area of core competencies for community mobilization to reduce illegal drugs. Currently, CADCA is working in Peru, Guatemala, Honduras, El Salvador, Colombia, Mexico, and Brazil. In addition, the organization hosted a conference in Kingston, Jamaica, on March 2-4, 2011, for Caribbean University, government and international orga-

nization representatives to discuss how to prepare graduates to tackle the social, economic, and criminal consequences of the drug problem in the Caribbean, especially in the demand reduction field. The underlying purpose was to prepare government officials and intellectuals to deal with the consequences of drug trafficking and abuse.

*Prevention and Treatment:* The United States shares prevention and treatment knowledge and best practices bilaterally and through international agencies such as the Inter-American Drug Abuse Control Commission (CICAD) Experts Group on Demand Reduction, which the United States currently chairs. In that forum, we anticipate focusing experts on support for three key elements of CICAD's Hemispheric Drug Strategy and its implementation plan, which was approved in Guadalajara on February 25. Specific areas of focus currently being explored mirror three major demand reduction signature initiatives highlighted in the National Drug Control Strategy: community-based prevention, drugged driving, and prescription drug abuse.

#### BRINGING THE REGIONAL PLANS TOGETHER

*Merida Initiative:* The United States collaboration with the Government of Mexico against violent drug trafficking organizations is monumental in its scope and commitment. In order to disrupt entrenched drug trafficking organizations throughout the country, significant time, resources, and perseverance by both governments will be required. The U.S. Congress has appropriated \$1.5 billion for Mexico since the inception of the Merida Initiative in FY 2008, of which over \$400 million has been expended to date and over \$500 million more is planned for delivery in 2011. In 2009, the Governments of the United States and Mexico agreed on new goals to broaden and deepen our cooperation to affect lasting change. The programs to increase Mexican counterdrug capacity and to institutionalize our partnership focus on four pillars: Disrupt Organized Criminal Groups, Strengthen Institutions, Create a 21st Century Border, and Build Strong and Resilient Communities.

*The Southwest Border Security Initiative:* The administration is backing up its commitment by making major investments along the Southwest border. The Southwest Border Security bill, signed by President Obama in August 2010, included \$600 million in supplemental funds for enhanced border protection and law enforcement on the U.S. side of the border. To ensure the effective coordination of resources and initiatives related to the National Southwest Border Counternarcotics Strategy (Southwest Border Strategy), I have formed a Southwest Border Strategy Executive Steering Group, which has met five times since I became Director of ONDCP in 2009. The group is comprised of officials from the Departments of Justice, State, Homeland Security, Defense, Treasury, and others, and meets to oversee Southwest Border Strategy implementation and address any issues which may impede our progress. The group has guided preparation of the Southwest Border Strategy and a companion document on Southwest Border Strategy implementation that was transmitted to Congress in the fall of 2010.

*Northern Border Strategy:* Our Northern border communities and our Nation as a whole are significantly impacted by the large scale trafficking of synthetic drugs and high potency marijuana from Canada. Canada is the primary source of MDMA/Ecstasy—a dangerous drug which is often made more potent due to synthetic drug producers adding methamphetamine or other substances into the product. DHS and the DOJ have increased the presence of personnel, technology, and other resources on the border in response to this significant threat, however additional efforts are required due to the scale of the trafficking activity. Canada has also taken some important steps to address the drug threat—notably enacting in late March 2011 new tougher penalties for involvement in synthetic drug production. The National Northern Border Counternarcotics Strategy (Northern Border Strategy), currently under development by ONDCP and our interagency partners, will articulate the administration's plans to substantially reduce the flow of illicit drugs and drug proceeds in both directions across the border with Canada, with a focus on small border communities and enhanced relationships and cooperation with tribal governments. The drafting process for the Northern Border Strategy involves close consultation with Congress, State and local entities, tribal authorities, community coalitions, and the Government of Canada. Upon completion this summer, it will address our combined efforts in the following areas: intelligence collection and information-sharing; interdiction at and between ports of entry, as well as in the air and maritime domains; investigations and prosecutions; and disrupting and dismantling drug trafficking organizations.

*Central American Regional Security Initiative (CARSI):* Addressing the threat beyond the Mexican border, CARSI responds to multiple threats facing the region and

builds upon existing strategies and programs, both on a bilateral and regional basis. It is designed to disrupt the flow of narcotics, arms, weapons, and bulk cash generated by illicit drug sales, and to confront gangs and criminal organizations. CARSII aims to integrate our security efforts from the U.S. Southwest border to Panama, including the littoral waters of the Caribbean. The pillars of CARSII include fostering streets free of violence and crime; disrupting the movement of criminals and contraband; supporting strong and accountable governments willing to combat the drug threat with trained and resourced law enforcement; building state presence in communities at risk; and enhancing regional cooperation. CARSII is designed to produce a safer and more secure region where criminal organizations no longer wield the power to destabilize governments or threaten national and regional security and public safety; as well as to prevent the entry and spread of illicit drugs, violence, and transnational threats to countries throughout the region and to the United States.

*Caribbean Basin Security Initiative (CBSI):* CBSI is a broad initiative focused on citizen safety that brings all members of CARICOM and the Dominican Republic together to collaborate on regional security with the United States as a partner. The United States and partnering Caribbean countries have identified three strategic priorities to deal with the threats facing the Caribbean: to substantially reduce illicit trafficking in drugs and interrupt the flow of illegal arms; to advance public safety and security through programs ranging from reducing crime and violence to improving border security; and to further promote social justice through expanding education and workforce development opportunities for at-risk youth and other vulnerable populations as an alternative to crime and other illicit activity, and reforming the juvenile justice sector, combating government corruption, and expanding community-based policing.

*Colombian Strategic Development Initiative (CSDI):* CSDI is the United States interagency program to support the Colombian National Consolidation Plan. CSDI coordinates U.S. foreign assistance by focusing, combining, and sequencing aid in priority regions where international assistance fills gaps in Colombian Government programming. CSDI will help Colombia transition into a post-conflict country and aims to strengthen the strategic partnership between the United States and Colombia by advancing the long-term national security interests of both nations. Although Colombian Government programming was weighted toward public security enhancements during the early phases of state consolidation, CSDI is an inherently civilian-led effort. USAID is the lead agency within the U.S. Embassy in Bogota for CSDI coordination and implementation. CSDI collaborates with the Colombian Federal Government and 14 civilian ministries. CSDI recognizes that security gains made during the Plan Colombia period will only be sustainable if local populations become confident that the Colombian state—in its local, departmental, and national forms—is a more reliable partner than illegally armed groups which have previously exercised de facto control in these zones.

#### ACCOMPLISHMENTS AND THE WAY AHEAD

We must reduce the demand for drugs and the supply of drugs both at home and within our partner nations. Rising drug consumption rates continue to plague nations such as Mexico, Brazil, and Argentina. We must provide more assistance within the hemisphere to understand the importance of strengthening their public health capacities. There is considerable work to be done in this area. Accordingly, we are increasingly emphasizing international efforts in demand reduction to prevent the onset and progression of drug use among youth and urge that treatment and recovery support services be provided for individuals with substance use disorders. We are accomplishing this at home through guidance, training, and technical assistance in the implementation of evidence-based best practices, such as school-based prevention programs; mass media educational campaigns; screening, brief intervention, and referral to treatment programs; testing and sanctions criminal justice programs; drug courts; and peer-based recovery support services.

The United States is demonstrating its leadership on issues of drug demand reduction in the Western Hemisphere by chairing the Organization of American States (OAS)/CICAD Experts Group on Demand Reduction during 2011–12, where we will work to emphasize the importance of strengthening the capacities of our partner nations to reduce the demand for illegal drugs as an essential component of comprehensive national drug control policies.

With the help of our international partners, the United States has made historic progress in removing cocaine from the transit zone<sup>1</sup> year after year. This removal, in combination with dramatically reduced cocaine production in Colombia, has resulted in a trend of higher prices and lower cocaine purity in the United States. From January 2007 through September 2010, the price per pure gram of cocaine increased 68.8 percent from \$97.71 to \$164.91, while the average purity decreased by 30 percent. Unlike in the past, we are now in the midst of a sustained, 3-year period of escalating prices and decreasing purity.

Our strong partnership with Colombia has resulted in unequivocal success. Not only has Colombia become a safer, more prosperous country, it has expanded the rule of law and continues to instill respect for human rights. Gains in Colombia have directly translated into progress against drug trafficking in the United States. From the high point of output in 2001, Colombian potential production of heroin plummeted 82 percent by 2009, which represents the latest data available. Comparably, potential cocaine production has decreased 60 percent over the same time period; moreover, total Andean potential production of cocaine has declined by 34 percent during this time. Reductions in purity and increases in price for street-level cocaine in the United States coupled with falling rates of cocaine use signal a major disruption of the market for Colombian cocaine.

These achievements are a result of a comprehensive and balanced strategy of suppressing illegal drug cultivation and production, disrupting narcoterrorist organizations, and building effective national programs to expand government presence and security along with major economic development in the form of alternative livelihoods.

We continue to move forward to improve the strength and number of our alliances in the hemisphere and promote the integration of demand and supply reduction. Today, a comprehensive Western Hemisphere Counterdrug Strategy, composed of numerous integrated programs and multinational partnerships, is becoming a reality. In developing the Strategy we are reaching out to Members of Congress, non-governmental organizations, the counterdrug and countercrime divisions of the OAS, and foreign government partners in the region. We are convinced that their views need to be taken into consideration if we are to design a truly comprehensive, collaborative, and viable strategy. Thank you for your support and encouragement as we continue to strengthen our coordinated response to counternarcotics and citizen security issues in the Western Hemisphere. I look forward to working with the members of this committee and others in Congress toward these goals. Thank you for the opportunity to appear today and I am happy to address any questions that you may have.

Senator MENENDEZ. Thank you, Director.  
Ambassador Brownfield.

**STATEMENT OF HON. WILLIAM R. BROWNFIELD, ASSISTANT SECRETARY OF STATE, BUREAU OF INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC**

Ambassador BROWNFIELD. Thank you, Mr. Chairman, Senator Rubio, for the opportunity to appear today. May I add my personal thanks for your flexibility in moving this hearing forward to this morning, thereby permitting the true aficionados of the great American pastime the possibility of being at National Stadium at 1:05 promptly this afternoon. [Laughter.]

Last year, Mr. Chairman, in open hearing before this committee I said to you I did not intend to be the first INL Assistant Secretary to deemphasize Latin America programs. I meant it then. I mean it now. Latin America is at the core of INL's global mission.

For my part, I divide our counternarcotics and citizen security challenges in the hemisphere into four strategic regional compo-

<sup>1</sup>A 6-million-square-mile area, including the Caribbean, Gulf of Mexico, and Eastern Pacific. The path(s) used by drug traffickers to transport illicit drugs to their market. Geographically, these paths normally connect, but do not include, the source and arrival zones. See National Interdiction Command and Control Plan—March 17, 2010 (Glossary of Terms).

nents. While they are all interconnected, each presents its own set of challenges. First, starting in the south, the Andean Ridge of South America has been our focus for nearly 40 years. We've made real progress with Plan Colombia and the Andean Counter-Drug Initiative. Congress has been generous in providing resources. Our challenge now is to transition our programs in the Andean Ridge to a long-term sustainable posture in political, budgetary, and operational terms. This challenge is complicated by the dichotomy between some governments of the region, like Colombia and Peru, with whom we have excellent relations, and other governments with whom our relationship is more complicated.

Second, to the north, in Mexico we have entered the third year of our bilateral cooperation under Merida. Both governments have shown serious political commitment to cooperation and willingness to put behind us 175 years of complicated issues and tension. Congress again has been generous in appropriating funds to support the effort. American and Mexican citizens have paid the ultimate price for challenging the vicious organizations that threaten our communities on both sides of the border.

We see progress today from Merida and the partnership. Our challenge I suggest is to deliver sufficient support, equipment, and results so that citizens on both sides of the border see the value of Merida and the bipartisan political consensus that maintains it.

Third, we come to that large section of the planet that connects the north and the south, the Central American isthmus. Ironically, Central America is a victim of our successes in Colombia. As we disrupted narcotics shipping routes from the north coast of South America, the traffickers moved their networks to the Central American isthmus. There they found weak government institutions and willing partners in the local gangs.

All of Central America is caught in this unholy vise of drugs and gangs. As the President put it in El Salvador last week, this is a shared problem requiring a shared response. Fortunately, we do not start from scratch. We already have the CARSI regional initiative and the Central American governments have developed their own priorities through the CECA security consultative mechanism.

We have traditional partners like Canada, Europe, the IDB, and the OAS, and we have new partners from the region willing to play a more active role, such as Colombia, Chile, and Mexico. Several parts of the U.S. Government, State, Defense, development, law enforcement, have programs and contributions to make.

Our challenge I suggest is to link these existing partners and processes together efficiently, provide an overarching strategic framework for cooperation, and treat Central America as a regional whole and not a collection of seven individuals.

Fourth—and while few Caribbeans may agree with this, the Caribbean today does not suffer the same degree of threat as Central America. But it will. We have seen this movie before. As our programs and cooperation under Merida and the Central America security partnership take hold, the traffickers will react. And if the past is any indication, they will probe their old routes and networks in the Caribbean.

Our strategic challenge is to build infrastructure in the Caribbean to discourage their return. If we do not, then we're merely

moving from one side of the tennis court to the other in order to hit the ball from a different direction.

Mr. Chairman, I've been in the Latin America business for more than 30 years and I've been in the counternarcotics and security, citizen security, business for nearly 20. I do not believe there is a silver bullet solution. I believe we must think strategically and patiently. I think we must recognize that Latin America is not a monolithic region and deal differently with different regions. I believe we must address all elements of the problem and from all points on the rule of law continuum, and we must work effectively with our partners to stretch limited resources.

I foresee tremendous challenges. Skeptics will say they are insurmountable. Skeptics also said Plan Colombia was impossible. They were wrong then and I hope they're wrong again.

I thank you and I look forward to your questions.

[The prepared statement of Ambassador Brownfield follows:]

PREPARED STATEMENT OF AMBASSADOR WILLIAM R. BROWNFIELD

Chairman Menendez, Ranking Member Rubio, and other distinguished Senators, thank you for the opportunity to appear before you today to discuss counternarcotics and citizen safety efforts in the Western Hemisphere. Today, we are facing complex and evolving threats from a wide range of transnational criminal organizations, established drug traffickers, foreign terrorist groups, and violent youth gangs in the region. Illegal narcotics remain the financial lifeblood of these organizations and while the interdiction and eradication of narcotics remains a major priority, we recognize that these efforts cannot be sustained without holistic support for the rule of law, measured most importantly by the safety of citizens in each country.

In South America, drug production often occurs in areas controlled by groups like Sendero Luminoso in Peru and the FARC and ELN in Colombia which use proceeds to wage wars on their governments. In Mexico, we face a different threat from groups willing to use shocking amounts of violence to protect their criminal interests with no political aspirations beyond that of sheer profit. The most emergent threat in the hemisphere is that facing Central America. As our partner nations in the Andes assume greater responsibility for expanding the rule of law and as our cooperation with Mexico continues to grow, transnational criminal organizations are moving deeper into Central America, where weak institutions and low capacity offer a climate of impunity for criminal activity. To meet this threat, the Department is accelerating and refocusing the Central American Regional Security Initiative (CARSI) as a Citizen Security Partnership for Central America, to address the region's most urgent needs and support the growth of the strong institutions needed to fight violence in coordination with regional partners like Colombia and Mexico as well as other international donors.

However, progress in Central America will only push drug traffickers elsewhere if we do not support strong institutions throughout the hemisphere. Recognizing this, we are also implementing the Caribbean Basin Security Initiative (CBSI), to address citizen safety and regional cooperation throughout the Caribbean, another conduit through which drugs and other contraband can enter the United States. As these projects unfold in Central America and the Caribbean, and our partnerships with Mexico and Colombia continue to grow, we are putting in place a comprehensive approach to address crime, violence, and trafficking throughout the hemisphere.

Meeting these challenges will not be easy, but we have considerable experience to draw upon. In Colombia, we now have a partner assuming greater responsibility for the rule of law within its own territory. Over the past decade, Colombia has developed a robust institutional capacity to combat narcotics cultivation and trafficking. We estimate that potential pure cocaine production potential in Colombia fell to 280 metric tons in 2009, a 60 percent decline from 2001. More important than these numbers, however, are the critical reforms made by the Colombians, who are now increasing responsibility for counternarcotics programs, to promote development and greater inclusion throughout the population. Most critical of all, the Government of Colombia has implemented tax reforms needed to pay for these critical initiatives. The Colombian experience demonstrates that U.S. assistance, coupled with strong leadership and political will, provides the support needed for a country to take responsibility for its own security.

Although each country is different, Colombia's success holds important lessons for the hemisphere. Today, Mexico faces unprecedented levels of violence and, while Mexican cartels do not have the political motives of the FARC or the ELN, the magnitude of the violence overcome by Colombia suggests that supporting strong institutions is also essential in Mexico. Together with Mexico, we have already made significant progress under the Merida Initiative. Since December 2008, we have delivered a total of \$408 million in equipment, technical assistance, and training to Mexico and we are committed to delivering \$500 million in assistance this calendar year. Assistance delivered to date has trained over 57,033 Mexican police and justice sector officials, provided \$29 million in nonintrusive inspection equipment, and provided 11 helicopters, including eight Bell 412's and 3 UH-60M Black Hawks. Since December 2009, information-sharing and technical assistance from the United States has contributed to the arrest or elimination of over 20 major drug cartel figures in Mexico while information shared by our Mexican counterparts was critical to U.S. operations such as Xcellerator, Coronado, and Deliverance that resulted in thousands of arrests of Mexico-linked traffickers in the United States.

However, as in Colombia, institutions will make the lasting difference in Mexico. Some major drug trafficking organizations in Mexico have splintered and increasingly fight among themselves, and are now expanding into enterprises beyond drug trafficking such as extortion, kidnapping, immigrant smuggling, protection rackets, and domestic drug retailing. Supporting our partners in Mexico to face this evolving threat for the long term must be the primary goal of our partnership under the Merida Initiative, and with that in mind we are shifting our focus away from provision of equipment, toward capacity-building and training efforts.

It is with these lessons that we move to address the threats challenging Central America. As pressure intensifies on criminal groups in both Mexico and Colombia, drug traffickers increasingly look to Central America as a sanctuary. Weak institutions, populations mistrustful of their governments after years of civil war, and remote, often unpatrolled national borders allow free reign to drug trafficking organizations from Mexico and South America as well as violent gangs with roots in our own cities. The situation in Central America is dire, with the per capita murder rates in Guatemala, El Salvador, and Honduras among the highest in the world.

We have learned from Plan Colombia and the Merida Initiative that citizen safety must be our priority in this region; only by helping to protect the people of Central America can we hope to build the partnerships necessary to fight transnational crime. We have also learned that progress in one region without building institutions in the next will only move the threat. That is why we have launched both the Central American Regional Security Initiative (CARSI) and the Caribbean Basin Security Initiative (CBSI), two regional partnerships aimed at improving these nations' ability to cooperate with each other as well as with the United States.

We are currently working to accelerate and refocus our assistance to Central America toward the most critical threats, and will review our assistance to ensure we coordinate efficiently and effectively with the international community. Our priorities in the region include helping Central American nations provide safe streets for their citizens, disrupting the flow of criminals and contraband across national borders, and extending governance and rule of law to vulnerable groups, especially youth. We will do this by rewarding strong, accountable governments and by enhancing our regional partnerships with Mexico and Colombia to provide their own assistance to the region. Already, we are preparing an up to \$20 million "Challenge Grants" initiative intended to increase host-nation support. The initiative will award assistance to the country that submits the most competitive proposal in key law enforcement, citizen safety, and rule of law areas. We are also working closely with Colombian police to provide joint training and support to law enforcement in Central America and pursuing curriculum reform at the region's police academies drawing from best practices in Panama. In high-crime communities, we are working with police and local organizations to establish model precincts, which appear to have already reduced crime in some of Guatemala's most dangerous communities.

Continued support for these initiatives, and a continued focus on what works and what is sustainable, is the only way to meet the criminal threat facing our half of the globe. Crime and violence anywhere in this hemisphere threatens the United States as well as its neighbors, and we must work together to ensure the security and well-being of all Americans.

Thank you Chairman Menendez, Ranking Member Rubio, and other distinguished Senators for your time. I look forward to answering your questions.

Senator MENENDEZ. Thank you, Ambassador.  
Mr. Secretary.



**STATEMENT OF WILLIAM F. WECHSLER, DEPUTY ASSISTANT  
SECRETARY OF DEFENSE FOR COUNTERNARCOTICS AND  
GLOBAL THREATS, DEPARTMENT OF DEFENSE, WASH-  
INGTON, DC**

Mr. WECHSLER. Thank you very much, Mr. Chairman, Senator Rubio. I really do appreciate this opportunity to discuss the Department of Defense's efforts to confront narcotics trafficking and related criminal activity in the Americas. I am particularly pleased to testify along with Director Kerlikowske and Ambassador Brownfield, both of whom I've worked with for some time and I'm pleased to say both made a central focus of their efforts.

Given the evolving drug-fueled security crisis in Mexico, the increased drug trafficking threat to Central America, and the President's recent visit to the region, this hearing is particularly timely. As the title of this hearing clearly conveys, controlling drug-related crime and thereby enhancing the security of our citizens is indeed a shared responsibility, not only among every country in the Americas, but also among a variety of institutions within each country.

I'd like to begin by offering some observations on recent trends in narcotics-related crime. First, drug trafficking and other forms of organized crime have become truly global phenomenon. The globalization of the legitimate economy has benefited the illicit economy in many of the same ways. Today nearly every country in the world now suffers from some degree from illegal drug consumption, production, or drug-related corruption and violence. Where once the Department of Defense's counternarcotics efforts were focused in this hemisphere only, today we are supporting counternarcotics activities worldwide, most notably in Afghanistan.

Second, transnational criminal organizations, or TCOs, are becoming increasingly networked as they form relationships with each other and at times with insurgent or terrorist groups. These relationships range from tactical, episodic interactions at one end of the spectrum to full narcoterrorism at the other. This threat networking also undermines legitimate institutions in a way that create opportunities for other threats. There is indeed a nexus between all of these related threats and they shouldn't be approached in siloed individual actions, but as a whole.

Third, TCOs are increasingly diversifying into other forms of criminal activity in order to spread risk and maximize potential profit. In some regions, for example, drug trafficking TCOs also engage in kidnapping, armed robbery, extortion, financial crime, and other activities.

It's important to note that the Department of Defense's counternarcotics support activities are carried out always at the request of U.S. or foreign law enforcement officials. Department of Defense support includes training, equipment, information-sharing, communications, intelligence analysis, and other cooperation.

I truly give Congress the credit for having had the original vision, indeed this subcommittee in many respects, to recognize the important role that the Department of Defense can and should play to counter the threat of drug trafficking, and particularly in providing military support to law enforcement.

Mr. Chairman, you referred to, in your opening statement, a recipe for victory. Indeed, the Department of Defense is proud to be

a part of that recipe. DOD counternarcotics activities employ two principal force multipliers to make the best use of finite resources available. These are particularly important in the current fiscal environment.

First, we always emphasize networked partnership, both with other countries and among U.S. institutions. Through building capacity among our international partners, we enhance their ability to work with their U.S. counterparts and maximize the value of taxpayer dollars.

Second, we stress intelligence and information-driven operations. For example, Department of Defense increasingly provides detection, monitoring, and law enforcement endgame support based on queued intelligence. Such targeting is more cost effective than trying to patrol vast areas with limited air, marine, maritime, and other assets. We always must stress the need, as you noted, the balloon effect. While we're squeezing one end of the balloon, then we squeeze another to keep those hands on while we squeeze in another place.

It's important to recognize that when we discuss the transnational nature of this threat this includes criminal activities that take place outside as well as within the United States. For example, the influence of Mexican TCOs extends well beyond the Southwest border to cities across the country, such as Atlanta, Chicago, and Detroit.

Unfortunately, coordination of domestic and international activities can be especially challenging at times. Such coordination is, however, also increasingly important in an age when criminal globalization, threat networking, and diversification are making distance and borders less important.

In this regard, the Department of Defense can play an important role in facilitating coordination and information-sharing through mechanisms such as Joint Task Force North in El Paso and Joint Inter-Agency Task Force South in Key West, both of which are models of interagency and international cooperation.

Finally, Mr. Chairman, Senator Rubio, we must recognize that it is our own demand for drugs that is the engine for this illicit supply chain. Ultimately, this threat will only be eliminated when our demand is eliminated. We take pride in our efforts at the Department of Defense to reduce drug abuse in the armed forces and the defense workplace and providing outreach to DOD families and their communities.

Thank you again for the opportunity to testify. I welcome your questions and comments.

[The prepared statement of Mr. Wechsler follows:]

PREPARED STATEMENT OF WILLIAM F. WECHSLER

INTRODUCTION

Mr. Chairman, Senator Rubio, and other distinguished members of the subcommittee, I appreciate this opportunity to testify about counternarcotics-related issues in the Americas.

The title of this hearing, "A Shared Responsibility—Counternarcotics and Citizen Security in the Americas," frames the issue perfectly. Controlling drug-related and other criminal activities, and thereby enhancing citizen security, requires responsibilities to be shared among every country in the Americas as well as among a vari-

ety of institutions in each country. My remarks are organized to address the five topics the subcommittee listed for this hearing:

- Regional trends in the spread of narcotics-related activity;
- The effectiveness and adequacy of current programs and funding;
- Addressing citizen security within and beyond existing law enforcement efforts;
- The issues of demand reduction and gun control as aspects of shared responsibility; and
- The need for greater coordination between our domestic and international efforts.

#### TRENDS

I will address three major, interrelated trends in illegal drug activities: globalization, networked threats, and criminal diversification. Globalization refers to the reality that almost every country in the world now suffers to some degree from illegal drug consumption, production, or drug-related corruption and violence. Certain parts of the Americas suffer particularly acute challenges, which in some circumstances are severe enough to undermine effective governance. Even in less-afflicted areas, law enforcement and judicial institutions may need support from national defense and other instruments of government to build whole-of-government campaigns to cope with powerful transnational criminal organizations (TCOs) and/or gangs with international links. United States Department of Defense (DOD) counternarcotics (CN) programs, which were originally oriented primarily toward the Andes, the Caribbean and, within our own country, are likewise now globalizing. The DOD CN program globalization is most pronounced with regard to Afghanistan, where opium and cannabis profits help fuel insurgency, but DOD CN efforts also now reach areas as diverse as Western Africa and Eastern Asia.

The second major trend is toward threat networking. This refers to a tendency for drug trafficking and other TCOs to network with each other and at times to enable, support, or facilitate insurgency or terrorism, as well as to corrupt legitimate government, finance, and trade. The depth and intensity of such networked relationships vary widely, from tactical, episodic transactions up through strategic alliances, but their defining characteristic is flexibility. While DOD and other parts of the U.S. national security community tend to focus on violent threats, the counternarcotics community has long understood the power of money, which is often the main thread binding threat networks together. In fact, the corrupting influence of hundreds of millions of illicit dollars may so badly erode governance in some places that it creates an enabling environment for other threats, whether or not a more direct nexus exists. In such circumstances, TCOs' money can be more powerful than violence. At the low end of the spectrum, an extremist group may use drug-related or other crime to finance arms purchases. At the high end of the spectrum, profit-oriented crime can become so intertwined with political/ideological terrorism or insurgency that the distinctions blur. This narcoterrorism phenomenon continues to be most pronounced in Colombia, although that country has made enormous strides in recent years toward defeating such threats and expanding the rule of law. Colombia, in fact, is now helping other countries with some of the lessons it has learned.

Globalization and threat association are often linked to criminal diversification. Some TCOs may specialize in trafficking drugs, weapons, false identity documents or other contraband, but the overall trend is toward diversifying criminal activities to spread risk and maximize profit potential. In some parts of the Americas, for example, some TCOs that primarily concentrate on drug trafficking also engage in kidnapping, armed robbery, extortion, petroleum diversion, and/or financial crime. In some countries, this criminal diversification is driven in part by governmental success in disrupting the illegal drug industry. Just as DOD CN efforts are globalizing, they are also extending into closely associated areas to enhance their effectiveness against drug trafficking and associated TCOs. For example, DOD is currently increasing its capabilities to support other U.S. Government and foreign authorities with Counter Threat Finance (CTF) efforts.

#### EFFECTIVENESS AND ADEQUACY OF PROGRAMS AND FUNDING

In discussing the effectiveness and adequacy of programs and funding, it is important to note that DOD CN and associated activities are carried out at the request of U.S. or foreign law enforcement officials, or other officials with CN responsibilities. Such DOD support includes training, equipment, engineering, information-sharing, communications, intelligence analysis, radar and other sensor information technology, transportation and other cooperation with U.S. and foreign authorities. DOD also supports others' efforts as it fulfills its statutory responsibility as the lead U.S. Federal agency for detection and monitoring of aerial and maritime transit of

illegal drugs toward the United States, working with U.S. law enforcement and intelligence partners, as well as with foreign military, law enforcement, and other security forces. The point throughout is that DOD supports, and does not drive, CN and related efforts.

In fiscal year 2010, the “Drug Interdiction and Counterdrug Activities, Defense” appropriation included slightly more than \$1½ billion dollars, including \$346.6 million appropriated for overseas contingency operations (OCO) in Afghanistan and for support elsewhere in Central Asia. When OCO appropriations are subtracted from the total, this funding tracks closely with the levels provided during most of the last decade. So, although TCOs are nimbly globalizing, diversifying, associating with other threat actors, and reaping rapidly-growing profits, DOD CN efforts are likewise globalizing, expanding and networking with other U.S. Government and international partners, but without a proportional increase in resources.

DOD CN and related activities employ two principal “force multipliers” to mitigate the effects of these fiscal constraints. First, we stress partnership and networking, both with other countries and among U.S. institutions. Second, we stress ever-more sophisticated intelligence and information-driven operations. To illustrate partnership and networking, consider an example in which DOD works with the Department of State to provide radios, boats, training, and docks to a Central American country’s Navy. DOD would do so not only to help that country address its drug trafficking challenges, but also to enhance that country’s capacity to work with U.S. and other regional efforts. Those U.S. efforts increasingly combine military activities with law enforcement, intelligence, diplomatic, and even economic, governance development, and public-private partnership initiatives led by the State Department and other U.S. Government departments and agencies. The point is that in the long run—and these things take time—building flexibly networked international and interagency partnerships is more cost-effective than trying to rely on our own capabilities.

Information-sharing represents a particularly important subset of building networked partnerships. Although there are many complexities to sharing and exploiting information among U.S. agencies and foreign partners, we view these programs as crucial to “working smarter.” To illustrate the point, DOD is moving toward conducting CN detection, monitoring, surveillance, reconnaissance, law enforcement “endgame” support, and associated missions based on “cued” intelligence or other information from many sources, including foreign liaison. Such targeting is more cost-effective than trying to patrol vast areas with limited air, maritime, or other assets. The CN Tactical Analysis Team (TAT) program provides an example. The U.S. Southern Command places TAT analysts at U.S. diplomatic missions and international law enforcement operations centers in 21 countries to coordinate and synchronize intelligence analysis and reporting to support operations against TCOs. DOD also works with other U.S. agencies to exchange CN-related information and expertise with other countries as enabled with efforts such as the Cooperating Nations Information and Exchange System (CNIES) program. CNIES provides near real-time air and maritime radar and other sensor track data to 24 countries in the Americas, enhancing cooperation with the U.S. Joint Interagency Task Force–South.

#### CITIZEN SECURITY

President Obama’s visit to El Salvador on March 22–23 highlighted the theme of citizen security in one of the American countries that has suffered from loosely structured, but transnationally networked criminal gangs. The idea is actually simple. Most people in almost any country do not care very much about criminal organizations in the abstract, but care deeply about whether their children can go to school without fear of being kidnapped or being pressured to join gangs. Specifically, the President announced the launch of the Central American Citizen Security Partnership, under which the United States will increase efforts to help “address the social and economic forces that drive young people toward criminality.” He added: “We’ll help strengthen courts, civil society groups, and institutions that uphold the rule of law,” and that the United States will work closely with regional and international partners “to confront the narcotics traffickers and gangs that have caused so much violence in all our countries.” The President’s initiative thus embodies the principle of networked, whole-of-government partnership a key focus of this hearing. The implication for DOD is that we will work even harder to broaden and deepen our interagency and international partnership approach and take a holistic view of security. As always, DOD will provide supporting efforts and complementary programs to overall strategic approaches led for the U.S. Government by the White House and the State Department, avoiding any overemphasis on military approaches.

While we are on the topic of El Salvador, I would like to note with deep appreciation that El Salvador hosts a DOD CN forward operating location at its airport in Comalapa, which is critically important to regional CN detection and monitoring efforts.

#### ILLEGAL DRUG DEMAND REDUCTION AND WEAPONS SMUGGLING

The United States bears a special responsibility to improve its own illegal drug demand reduction efforts and to reduce weapons smuggling, as well as illegal financial flows, to other countries. Although illegal drug, weapons, financial, and other markets are global in scope, countries in our hemisphere are especially harmed by illegal supply and demand forces in the United States which blight so many of our own citizens' lives. Reducing illegal drug demand, gunrunning and money laundering are clearly among the three most prominent specific needs for increased coordination between domestic and international activities, which is one of the themes of this hearing.

The DOD role in illegal drug demand reduction concentrates principally on eliminating drug abuse in the U.S. Armed Forces and Defense civilian workforce as well as reaching out to DOD families and their communities to reduce drug abuse. To address rising prescription drug rates, DOD plans to implement recommendations from the Chairman of the Joint Chiefs of Staff for its Drug Demand Reduction Program to expand testing to include commonly abused prescription drugs, establish random unannounced drug testing in-theater, establish mobile collection teams, complete the prescription drug verification portal, and make drug prosecution statistics part of readiness reporting. The National Guard, acting under the authority of the State and territorial governors, also plays an especially important role through community outreach and helping at-risk youth resist drug-related temptation. This is in keeping with the President's "National Drug Control Strategy," which points out:

The demand for drugs can be further decreased by comprehensive, evidence-based prevention programs focused on the adolescent years, which science confirms is the peak period for substance use initiation and escalation into addiction. We have a shared responsibility to educate our young people about the risks of drug use, and we must do so not only at home, but also in schools, sports leagues, faith communities, places of work, and—other settings and activities that attract youth.

The DOD role in reducing weapons smuggling from the United States to other countries concentrates on analytical support to law enforcement authorities with regard to weapons captured by foreign authorities. DOD likewise provides analytical support to U.S. law enforcement agencies in counterthreat finance efforts.

#### COORDINATION BETWEEN DOMESTIC AND INTERNATIONAL EFFORTS

The primary implication for the U.S. Government, and particularly for DOD, of TCOs' globalization, networking and diversification is that we have to build our own global, flexible, multifaceted networks to defeat threatening networks. Governments traditionally organized their functions in categories such as military, law enforcement, trade and financial regulation, courts, diplomatic, and economic development functions. Governments also tend to separate domestic and international activities even within such functions. There are many valid reasons for specialization, but governments are increasingly finding that we have to use all these tools and others in well-planned, long-term, integrated campaigns to be effective. For DOD, these lessons were powerfully reinforced by our difficult experiences in Iraq and Afghanistan, where counterinsurgency and stabilization require integrating all aspects of state activity to deprive the adversary of support, as well as to defeat his combat capabilities. For the U.S. Government, this has required drawing on parts of the government and cooperating with nongovernmental actors which have not traditionally participated so directly in our country's conflicts. DOD has also become more sophisticated, working with other U.S., foreign, and multilateral agencies and organizations, in conducting counternetwork efforts in areas such as defeating organizations that traffic in weapons of mass destruction materials, improvised explosive device materials and other threats. In another context, the critical factor in Colombia's impressive security progress has been strengthening governance and extending the effective reach of the state to previously underserved areas, including building the security forces' unity of effort with judicial, health, education, and other state functions.

Cooperation within and among governments and other institutions has been the central theme of my remarks—and cooperation depends on coordination. In my opin-

ion, the U.S. Government has made important improvements in recent years in coordinating on issues such as countering transnational crime, as exemplified by the President's Citizen Security Partnership with Central America. The DOD CN program plays an important set of supporting roles in such efforts, such as through the U.S. Northern Command's component Joint Task Force-North, in El Paso, TX. JTF-North coordinates much of the military training, engineering, communications, analytical and other support that DOD provides to U.S. law enforcement partners within our country. For example, JTF-North is coordinating DOD intelligence analysis and training support to the DEA-led interagency El Paso Intelligence Center (EPIC), including for the DHS-led Border Intelligence Fusion Section (BIFS). In the United States, we often find that coordinating domestic policy and activities with international efforts is especially challenging with our decentralized, federal system. Such coordination is, however, also increasingly important in an age when criminal globalization, threat association, and diversification are making distance and borders less important. JTF-North and EPIC, however, exemplify how federal task forces can partner with U.S. State and local officials to achieve effects that ripple well past our own country's borders.

In dealing with sovereign foreign countries, the United States must be very careful to bear in mind our partners' sometimes very different legal, cultural, and political realities. The shared responsibility that is the theme of this hearing extends to a responsibility to understand and respect one another.

Thank you for the opportunity to testify. I welcome your questions and comments.

Senator MENENDEZ. Thank you all for your testimony.

We'll start with 7-minute rounds since I don't see as many members.

Ambassador Brownfield, I am used to your humor, but for those who may not understand, we did not change the hearing for you to be able to make the 1 o'clock. There is a 2 o'clock Libya hearing before the full committee and, as much as I would want to defer to your interest in the national pastime, I just wanted the record to be clear as to why we changed the hearing.

Ambassador BROWNFIELD. But I remain grateful.

Senator MENENDEZ. We are happy that you're grateful.

Let me start off, Director, with you. In recent weeks we learned that ATF officers were engaged in gun-walking, allowing thousands of weapons to be sold to Mexican cartels as part of a failed plan to gain intelligence and take down a major drug cartel. Were you aware of this strategy?

Mr. KERLIKOWSKE. No; I was not.

Senator MENENDEZ. To your knowledge, has the practice ceased?

Mr. KERLIKOWSKE. I know that the Attorney General has taken this very seriously and has ordered an investigation by the inspector general. I don't have any knowledge of the current ATF operations.

Senator MENENDEZ. Well, I am concerned about a major breach with our partner, Mexico, in this. A former ATF commander said "stemming the flow of guns to Mexico is a Herculean task, given the lack of law enforcement resources and political will." And he said "I don't see how it's realistically going to slow down if we don't make changes in resources, laws, and policies." He went on to say it's important because people are being slaughtered.

So I look to you and Ambassador Brownfield here and ask, What is our response here? The Mexican Government under President Calderon has taken this fight seriously. But how do we respond to the challenges?

We have the most militarized border we have had in quite some time, all on the question of immigration. You would think that that militarized border would be able to see and act on gun trafficking.

Mr. KERLIKOWSKE. I would mention a couple things, Senator, on this issue. One is that the Southwest border strategy, which was issued by myself, Secretary Napolitano, and the Attorney General in June 2009 and is now by law being updated and ready to be released, that strategy 2 years ago for the first time addressed gun trafficking and had a chapter devoted to it.

In response to that strategy, I think there have been unprecedented levels of focus and resources placed by the U.S. Government on gun trafficking and attempting to stem the flow of guns going south. Technology improvements, the training of Government of Mexico customs officials to search vehicles that in fact enter Mexico, gun trafficking cases and investigations, and an increase in ATF agents that have expertise in this area are all efforts.

Additionally, the eTrace system, which was put into form for our Government of Mexico officials to use, will allow them as it becomes more robust to trace every gun that is seized in Mexico from its first point of retail sale.

Senator MENENDEZ. Well, I appreciate being able to trace guns that are sold in Mexico. The question is how we stop the flow before they get to Mexico. And it seems I hear a lot about how many people we are intercepting at the border in terms of immigration issues—and these are people who are basically looking simply to be able to feed their families but with all of the Border Patrol agents, Customs agents, DEA agents, ATF agents, etc., I can't understand how this flow of weapons continues largely unabated.

Mr. KERLIKOWSKE. Well, I think progress has been made. But I would also tell you, just from a long experience in law enforcement, that catching people with guns, particularly a small number of guns, one or two or three in the trunk of a vehicle, given the millions of people that transit these borders, makes it difficult.

I'd love to see improvements in technology and I think that the—

Senator MENENDEZ. Do we really think it's just two or three?

Mr. KERLIKOWSKE. It's what's called the ants, that instead of taking a trunkful of guns, which in fact may be detected by a K-9, you have unlimited labor that can cross that border only carrying one or two or three guns at a time. So I think those days of seeing a trunkful of essentially assault weapons purchased in the United States are few and far between. It's the much smaller numbers, and of course I think that makes the job more difficult for Customs on both sides of the border.

Senator MENENDEZ. Well, the question then might be how we would stop or stem the sale. We have an incredible number of licenses along that border. So you have to be looking at how that sale is taking place as well.

Ambassador Brownfield, the President was in the region last week. He reaffirmed his commitment to assisting the region in addressing the security crisis that is perpetuated by the narcotics trade and by drug trafficking organizations. Yet the budget request for fiscal year 2012 for State INL appears to be significantly reduced, at \$575.6 million versus \$701.4 million.

Why the reduction when the challenge is greater? And is funding for Merida, CARSI, and CBSI being shifted to other accounts?

Ambassador BROWNFIELD. Senator, if you were to ask me if I would be pleased to have more resources to dedicate to this challenge, of course the answer is “Yes.” I, like every other head of a bureau, organization, or agency, would like to have more resources. I operate under the same budget, fiscal, and political realities as everyone else.

I am comfortable that we can in fact seriously pursue our strategy in the four subregions that I tried to describe in my statement, the Andean Ridge, Mexico, Central America, and the Caribbean, with the resources that we have. It will be more difficult. It will require us integrating all parts of the U.S. Government into a single coherent approach. It will require us leveraging our partners, both traditional partners like Canada and Europe and nontraditional partners like Colombia and Chile and maybe Mexico. It will require us working more closely than we have in the past with the host governments themselves on their programs.

I have said publicly, and I meant it, I believe we can put \$200 million of INCL money into a Central America security partnership initiative this year, and I think that can in fact have serious impact. But I go back to the way I closed my statement: I cannot give you a solution by the end of this calendar year. We have to think long term. We have to think incrementally. And we have to be prepared to adjust as the traffickers adjust their own approach.

Senator MENENDEZ. Well, I appreciate your answer. Let me just say, we all are dealing with fiscal realities, but then again part of making budget decisions is looking at where your challenges and opportunities are and addressing them.

These drugs end up on the streets of our cities. They ultimately addict our families. And while I am a big proponent and consider the director’s work on demand reduction to be an essential part of this, I just don’t get how, when we are seeing a rising challenge, when we are looking at every major drug trafficking route in Latin America and the Caribbean coming to the United States, when I look at the average homicide rates by global region and look at Latin America and the Caribbean being the largest in the world through that time period, I just don’t get it. I just don’t get it.

I understand that in many areas we’re going to have to do more with less, but this is a challenge where investing less has real consequences for us here at home. When we are seeing more flights and routes into the United States, greater challenges in Central America, and an inability to interdict guns going into Mexico we’re going to do more with less? This is just one of those equations that just doesn’t work. I wasn’t a math expert, but I’ve got to be honest with you; this one doesn’t add for to me.

Senator Rubio.

Senator RUBIO. Thank you.

Gentlemen, thank you for joining us today.

I want to begin with the Ambassador, Ambassador Brownfield. I wanted to ask about Venezuela. I know that—well, first of all, how would you characterize their cooperation with us in regards to the counternarcotics efforts?

Ambassador BROWNFIELD. Senator, I would say, as I have been saying since the three very long years that I spent in Venezuela as the United States Ambassador there, from 2004 to 2007, I would



say that we have been very clear, very public, and very explicit that we are willing to cooperate with that government in a pragmatic manner to address common counternarcotics threats. And the response has been as close to zero as you can get in my diplomatic experience.

Senator RUBIO. I know we're focused today on the Central America routes through Mexico and into the Southwest, and that's clearly the most emergent issue. But what impact has the lack of cooperation from Venezuela had on the Caribbean route, the ability of drugs to enter, for example, through my home State of South Florida? Maybe that's a question for some other panelists, who may want to weigh in on it.

Ambassador BROWNFIELD. I'll start, Senator, and then obviously invite anyone else to add as they wish. My own view and the figures and statistics that I have read suggest an explosive growth in the movement, the transit, principally of cocaine and coca-related products through Venezuela on their way to market, a growth of somewhere between 500 and 1,000 percent over the last 7 or 8 years.

Logic and geography suggest that much of that that is pushing out through Venezuela heads through the eastern Caribbean and then across the Atlantic to West Africa and to markets in Europe. Some of it does not, obviously, and that part is of continued importance to the United States of America.

The bottom line, however, is that in order for all of this product to process through Venezuela the traffickers require networks. Networks are formed of individuals who have in essence been corrupted to permit the flow of the illicit product, and at the end of the day that hollows out and corrupts institutions along the entire line.

Now, you could argue that that is not necessarily the United States of America's problem and it is true. But the extent to which the product obviously leaves Venezuela and moves north to North America, it becomes our problem because we become its victims.

Senator RUBIO. Now I'm asking you to speculate, but do we—or maybe you know the answer. Why is Venezuela so unwilling to help us or work with us on this, on this effort?

Ambassador BROWNFIELD. I will refrain from speculation, Senator, not because I don't have opinions, because in fact I do and they're pretty strongly formed opinions, but because it is not my place to offer assessments and policies on areas that are not strictly in my lane. I believe I can say that what the Government of Venezuela has said, largely through the mouthpiece of its own President, is: one, he believes that cooperation with the United States is inherently wrong because our objectives are inconsistent with his revolutionary objectives for the future; two, he has suggested publicly and frequently that the institutions of the United States Government with which he would be asked to cooperate—United States law enforcement, the Department of State, and even the Department of Defense—are not reliable partners for him; and three, he has suggested publicly and with great frequency that he is having greater success in this effort without cooperation with the United States of America than with it.

That is what he has said and I will spare you having to ask the next question. I actually do not agree with any of those three conclusions.

Senator RUBIO. Briefly I want to talk about insurgent terrorist groups, particularly the FARC. What is their relationship and status in Venezuela and how does that all play into all of this narcotics issues?

Ambassador BROWNFIELD. Senator, you're going to get me in trouble because once again you put a question to me that technically is not right up my lane. However, I will answer it.

Senator RUBIO. And I—

Ambassador BROWNFIELD. I will answer it, Senator.

Senator RUBIO. OK, good. I didn't know whose lane it was.

Ambassador BROWNFIELD. You need not worry. Reticence has never been something that anyone has accused me of.

I do not answer this question purely as the Assistant Secretary of State for INL. I do have a right to some views based upon the fact that I was also United States Ambassador to Venezuela from 2004 to 2007 and to Colombia from 2007 to 2010. It is my belief that the FARC is today one of the largest narcotics trafficking organizations in the entire world, that they process much of their funding through this industry and through this business.

It is my opinion that the same networks that move illicit product, narcotics, from Colombia through Venezuela and out to market are precisely the same networks by which the FARC is able to acquire supplies, weapons, munitions, and so forth. It is my opinion, which I believe has been expressed by a number of senior U.S. Government officials over the last 2 or 3 years, that a substantial amount of the senior FARC leadership, three members of its seven-member Secretariat, do in fact have near-permanent presence on the Venezuelan side of the border.

How this all ties together in terms of the narcotics question I submit to you is—it's a matter of common sense. But I do believe it is part of the larger question of how to address the flow of cocaine and illicit drugs from the Andean Ridge to markets either in North America or in Europe.

Senator RUBIO. So to summarize your testimony in your capacity as a former Ambassador to Colombia and Venezuela and just what we've gathered here today, would it be accurate to say that the Government of Venezuela does not cooperate with us on counter-narcotics efforts, in fact potentially undermines us on it; that for some reason, which I'm sure we'll know the answer to shortly, they in fact allow these organizations to operate within their country almost with impunity; and to top it all off, they provide safe harbor to the leaders of insurgent terrorist groups who, in addition to terrorizing the neighborhood, the region, also are heavily involved with narcotics trafficking. Is that an accurate assessment of Venezuela's role in all of this?

Ambassador BROWNFIELD. Senator, I've learned never to challenge the observations of a Member of the U.S. Senate.

Senator RUBIO. I've only been here 12 weeks. I'm not that smart yet.

Thank you.

Senator MENENDEZ. Thank you, Senator Rubio.

I have just another round of questions here. Ambassador, in your estimation, what region of the world poses the greatest threat to U.S. interests from narcotics trafficking?

Ambassador BROWNFIELD. I believe this is probably the answer you suspect I'm going to give you, and it would be from Latin America and the Western Hemisphere.

Senator MENENDEZ. I asked you that because I want to reiterate that the funding seems to be incongruent with the threat. And to the extent that we all have to live with the economic challenges that confront the Nation, we should at least line up the funding with the threat at the end of the day.

I hope we can work with our friends in the administration to at least organize and focus our funding if we have to deal with a significant reduction of funds in light of a rising challenge.

Ambassador, in addition to traditional security assistance, President Obama has recognized that in order to stem the flow of narcotics we need to address the factors that perpetuate the narcotics trade, namely poverty and lack of economic opportunity. Now, these are traditionally areas funded by USAID. But, having served in the region and witnessed the process of trial and error that eventually yielded a beneficial program in Colombia, what value do you place on complementing traditional narcotic assistance with development assistance, and do you think we are doing enough in the region to address the underlying causes of the narcotics trade?

Ambassador BROWNFIELD. Senator, let me offer you kind of Brownfield's theory on this matter, and it's something that has developed and I think I have been learning over the last 20 years and certainly over the last say 10 years when I've been serving as an ambassador, because I do believe this is an evolving process and we have been learning lessons on this front since at least the 1970s.

First, I believe it is impossible to do an effective long-term counternarcotics policy and program without integrating development, economic, social, educational, and health care development into the program.

Second, I believe it has to be more complicated than simple alternative development or, in its simplest possible terms, crop substitution, what we were trying to do perhaps in the 1970s, where we would deliver a barrel of corn seed to the campesino and say: Here it is; go forth, grow corn rather than coca, and the world will be a better place. That did not work, for rather obvious economic reasons as well as security reasons.

I believe the economic development eventually has to give that campesino, that community, a stake in its legitimate future. It must incorporate roads and drinking water and sewage and electricity and schools and clinics, so that the campesino not only sees that he has an alternative crop he can grow than coca or opium poppy, but he actually sees a future for him and his family, because I do accept the argument—I don't accept many of the arguments that I hear from those who are solicitous of coca growers—but I do accept the argument that these are not inherent criminals, these are not people who actually want to commit crime. These are people who live, if you will, at the margins of economic survival, who are looking out for the best interests of their families and are

in fact therefore quite vulnerable to the attractions that are offered to them by the narcotics industry.

Finally, as I address this issue kind of in the larger macrosense, if you will, my own view is we take a series of challenges. Let's use Central America as an example. I'm a very simple man from the Texas Panhandle and I have to think in very simple terms as to how we address this problem. I see a pyramid. At the top of the pyramid are two active threats that are affecting and attacking Central America and, through Central America, the United States of America. They are drug trafficking and illegal gangs. The two are connected, obviously, but not all drug traffickers are in gangs and not all gangs do drug trafficking.

Those two active threats, next level down, are feeding on vulnerabilities in the region. The vulnerabilities are corruption, weak institutions, porous borders, disaffected youth who don't have education or economic possibilities, poor corrections systems, et cetera. That's level two.

Level three then is what we, the U.S. Government and our international partners, can bring to bear to address those vulnerabilities and those weaknesses. That is where I see the essential importance of all the communities of the U.S. Government—the foreign affairs community, the developmental community, the defense or security community, and the law enforcement community—coming together, having a coherent approach by which this pie will be divided up so all of it is addressed in some way, shape, or form.

Senator MENENDEZ. All right.

Ambassador BROWNFIELD. Development is part of it.

Senator MENENDEZ. Let me ask you then, why, of the \$1.6 billion in law enforcement support promised under the Merida initiative, of which \$258 million were assigned to Central America, only \$20 million of it had been spent by April of last year, according to the GAO? What is happening there?

Ambassador BROWNFIELD. A very valid question, and what is happening—

Senator MENENDEZ. I have asked all valid questions.

Ambassador BROWNFIELD. An equally valid question, as with all of your other valid questions.

What I believe is happening is the following. Congress appropriated very generous sums of money. They appropriated them to institutions, embassies, and INL sections in countries that had actually in the preceding 10 to 15 years drawn down to very, very small sections. They were not staffed and resourced to move this product quickly.

They have in fact improved enormously. We have reached the point now where more than \$400 million of goods and services have been delivered to Mexico, and I have promised the Secretary of State, who in turn has publicly promised the Mexican Government, that we will deliver another \$500 million worth this calendar year.

I believe that in turn is a function of the commitment of the various parts of the United States Government who do contracts, acquisition, and procurement to support us more aggressively in this effort and, finally, the importance of the host governments, Mexico and the seven Central Americans, but particularly Guatemala, Honduras, and El Salvador, to come to quick decisions on the

equipment, the contracts, the services, and the goods that they want from us.

My prediction, my hope, my prayer, is that we will have a better story to tell you as this year unfolds.

Senator MENENDEZ. So the answer is their capacity?

Ambassador BROWNFIELD. Capacity on three fronts, Senator. Yes, capacity on my front, which is to say my own people in the field, who have now been staffed up to the point where they have a higher capacity to process, capacity of the governments to receive and absorb this equipment, and finally capacity back here in headquarters of those parts of our departments and agencies who do acquisitions and contracts to move them more quickly.

Senator MENENDEZ. Finally, Director, you and I had an opportunity to talk and I think you've done a tremendous job going around the country on the issue of demand. I hope that we can focus on the hemisphere in a comprehensive way. As you know, I consider Merida, CARSI, and CBSI to be piecemeal approaches. In my mind, I hope integration will be part of your mission moving forward.

Mr. KERLIKOWSKE. I couldn't agree more, and I believe that the national drug control strategy serves as a good model of not only true consultation, but of wrapping together a whole host of domestic programs and recognizing the international partnerships. And I believe or I promise to you that that's what you'll see in a Western Hemisphere strategy.

Senator MENENDEZ. Thank you.

Senator Rubio.

Senator RUBIO. Three quick questions for each of the panelists. Director Kerlikowske, how do we measure success with regards to our efforts on the southwest border? What are the metrics that we use?

Mr. KERLIKOWSKE. There are a host of metrics. I think that, one, we want to see a reduction in violence certainly in Mexico. Many of the metrics in fact are in Mexico, and assisting them in building along the four pillars that you're familiar with is particularly important. The amount of drugs seized, which can be a metric of both good and bad proportions, because, as we have seen increases in seizures, we can clearly attribute that to not only better cooperation with our government of Mexico counterparts, but we could also see that or attribute that to the increase in border authorities.

The number of guns seized, the amount of training that occurs for Government of Mexico officials, not just customs but organizations such as CSET and others.

Then last, making sure that we recognize—and I think this is one part that is not always recognized very well by people here in the United States—is Mexico is not just to be thought of as a transit or a production nation. As the Ambassador has so clearly said, it should be thought of as a consumer nation also. And helping them reduce their own demand is critical to building up their own institutions.

Senator RUBIO. Secretary Wechsler, let's talk a little bit about Honduras. We have a strong history of cooperation with them. We saw some events happen governmentally for them in the summer of 2009. Where is that cooperation now? Is it back to the 2009

levels? What's the status of our cooperation with Honduras and our work there?

Mr. WECHSLER. We do have very good cooperation with Honduras. The status is improving, and there is also some way to go. It's a challenged country, as are many of its neighbors in Central America, by a growing problem that the Assistant Secretary so rightfully described, and we are happy to have the opportunity to cooperate with Honduras in a very positive and mutually constructive way.

Senator RUBIO. Finally, Ambassador, I hate to keep dragging you back to Venezuela and Colombia on these issues. But take it as a compliment. Your testimony on it comes with great credibility. I'm sure you're aware of this case of Walid Makled. Last Friday the Supreme Court in Colombia authorized the President to extradite him. We would like to bring him here and try him and so do the Venezuelans.

Could you talk briefly about what your views are on that and how important it is to our counternarcotics effort to bring him here, to have him extradited to the United States?

Ambassador BROWNFIELD. Senator, I will be careful because, obviously, there is an ongoing U.S. possible prosecution here and I do not want to cross any redlines that would cause me—that would cause concerns from the appropriate U.S. attorney's office and the U.S. law enforcement that are attempting to move the case.

As you know, we have formally requested Mr. Makled's extradition to the United States to stand trial on serious narcotics-related charges. And as you presumably know, while the Supreme Court of Colombia has approved or authorized his extradition in response to both extradition requests, the Venezuelan request and the United States request, the Government of Colombia up to the level of its President, Juan Manuel Santos, has in fact stated publicly his intention to extradite the gentleman to Venezuela.

My own view is the most important thing from our perspective is to ensure that any information that Mr. Makled might have that would be of value to U.S. law enforcement and future prosecutions is made available, that it is made available in a way that could in fact be of value to both U.S. law enforcement and for potential U.S. prosecution.

It is my personal view that that is our essential objective right now, and how the final extradition process plays out I would guess is going to be a triangular matter between the Government of Colombia, the Government of Venezuela, and us.

If you will permit me to conclude with one final comment, it is my personal view that hearing emphatically from some Members of the U.S. Congress that this extradition request to the United States is in fact a matter of great importance is actually helpful, not hurtful.

Senator RUBIO. And to that end, I'll make a comment on it now. You don't have to comment on it. It's always welcome. But Mr. Makled has—as you've stated, it's important for our counternarcotics efforts to have information that he may have made available to us. If that information were to potentially implicate some other nation state, perhaps one that he might even be extradited

to, he probably is less willing to speak with regards to that information.

I think it's critically important that he be extradited to the United States and therefore that our law enforcement agencies can take that and pursue it as need be. It's my intention, and I will speak to some other Senators as well in the hopes, if we can get a bipartisan group that will weigh in on this matter, stating that it's in the strong national interest of our Nation for Mr. Makled to be extradited to this country.

Thank you for your testimony today.

Senator MENENDEZ. Thank you, Senator Rubio.

Thank you all very much for your testimony and your insights. We look forward to continuing working with you in the days ahead.

Let me introduce our second panel as we ask them to come up. In the interest of time, I'll start introducing them. Dr. Venda Felbab-Brown is a foreign policy and 21st century defense initiative fellow at the Brookings Institute. She focuses on the national security implications of illicit economies and strategies for managing them, and she is the author of "Shooting Up: Counterinsurgency and the War on Drugs." She has done research in Mexico and Colombia on many of the questions that interest us on the subcommittee such as the nexus between drug trafficking, crime, and the threat to citizen security, and we welcome her.

Dr. Cynthia Arnson is the director of the Latin American Program at the Woodrow Wilson International Center for Scholars. She is a coauthor of "Rethinking the Economics of War: The Intersection of Need, Creed, and Greed," and a seasoned Latin American hand who knows the challenges of countries in the Andean region—Central America, and Mexico. She has served as an academic, an advocate for human rights and a foreign policy aide in the House of Representatives during the Carter and Reagan administrations. We welcome her.

Stephen Johnson is the new director of the Americas Program at the Center for Strategic and International Studies. He has more than 20 years of experience in Western Hemisphere affairs, spanning policymaking, policy advocacy, public affairs, in the Department of Defense, the Washington policy community, the State Department, and the U.S. Air Force. In 2007 to 2009 he served as Deputy Assistant Secretary of Defense for the Western Hemisphere Affairs.

Eric Olson is the senior advisor to the Security Initiative at the Mexico Institute of the Woodrow Wilson International Center for Scholars here in Washington. He oversees the institute's work on United States-Mexico security cooperation and research on organized crime and drug trafficking between the United States, Mexico, and Central America. He is the coeditor of "Shared Responsibility: U.S.-Mexico Policy Options for Confronting Organized Crime," and he is literally recently back from Mexico, having successfully made all his connecting flights. We appreciate you being here as well.

Let's proceed in the order of introductions. Dr. Brown.

**STATEMENT OF DR. VANDA FELBAB-BROWN, PH.D., FELLOW,  
FOREIGN POLICY, BROOKINGS INSTITUTION, WASHINGTON,  
DC**

Dr. FELBAB-BROWN. Senator Menendez, thank you for giving me this opportunity to address the committee on the important issue.

You had mentioned during the previous session that crime-related insecurity is a major problem in Latin America. Indeed, to an unprecedented degree citizens there complain about living in fear, fear from organized crime, but often critically neglected, also fear from street crime. Organized crime, such as drug trafficking and other illicit economies which are prevalent in the region, pose multiple threats to state and society. They threaten security and public safety. In some cases they can reach the very level of threatening national security of a country. Colombia is experiencing it. Perhaps one can argue also Mexico is experiencing it.

They also threaten traditional law enforcement institutions, hollowing them out and corrupting them to a degree that they can no longer function.

They have complex economic reasons, some of which are negative. Paradoxically, however, the relationship between human insecurity, citizen insecurity, organized crime, and law enforcement is a very complex one. In many parts of Latin America, governments struggle with the provision of a multifaceted state presence and public goods, socioeconomic goods, and critical legal employment. Thus, many segments, large segments, of society in Latin America find themselves trapped in dependence on illegal or, at minimum, informal economies.

Paradoxically, thus, criminal organizations and belligerents that sponsor such illicit economies obtain not only large financial resources, but often also political support. This is because they provide what the state has failed to provide—jobs, socioeconomic benefits, and often, paradoxically, even order and safety on the street and dispute resolution mechanisms.

It is important under these difficult conditions not to overemphasize or not to solely emphasize law enforcement response as the appropriate response to deal with the challenge. In such areas of state weakness and underprovision of public goods, increased law enforcement actions will often be insufficient, even though it might be a critical ingredient of the response.

Rather, an effective state response to dealing with such organized crime and illicit economies will be equally multifaceted. It will incorporate socioeconomic programs to address the dependence, to remove the dependence of the population on criminal organizations. It will incorporate expanding access to rule of law and justice, so that populations do not go to organized crime groups for resolutions of their disputes.

It will also, critically, incorporate moving from a law enforcement solely focused on organized crime to one of community policing that can build bonds with the population.

It requires also a proper sequencing between measures to suppress illicit economies and once again developing social options for the population. Often, repressive measures only do not actually bankrupt belligerent groups, nor do they bankrupt criminal groups, but they can be deeply counterproductive by increasing the bonds



between them and the population and weakening the bonds between the population and the state.

Another policy response might well be reconceptualizing how we think about interdiction and the role of interdiction. Should it be merely or dominantly to focus on stopping the flows of illicit commodities or should it rather be one of focusing on reducing the coercive and corruption power of criminal groups? Such reconceptualization might require very different targeting packages than we frequently see.

We need to realize that even with the regional policy, in the absence of a reduction in demand, drug trafficking will relocate somewhere, and there are limits to what even regional policies can do. It is of course very desirable to try to mitigate the negative responses by focusing on areas that are experiencing problems. Central America is a very good example. But we have to be very careful, we in the United States, in how we provide assistance, lest we run the risk of simply training more effective drug traffickers by training special forces that will go rogue in environments of extreme corruption and very weak law enforcement.

Finally, I would like to suggest that the Obama administration has in fact moved to such a multifaceted response in Mexico. We can talk about funding and, as the previous panel acknowledged, it's always desirable to have more funding. But Beyond Merida is a much greater structure for a program than the previous Merida program was. The outgoing Ambassador, Carlos Pascual, deserves much credit for helping the Mexican Government to move away solely from high-value targets to a more multifaceted approach.

Much work remains and Mexico remains a critical challenge.

Much work also remains in Colombia, despite its achievements. One of the important possibilities for progress is for the Santos administration to move away from focus on Zero Coca, from conditioning all economic assistance to coca farmers upon them having eradicate all of coca. This policy is ineffective and frequently is also counterproductive.

Thank you.

[The prepared statement of Dr. Felbab-Brown follows:]

PREPARED STATEMENT OF VANDA FELBAB-BROWN

Mr. Chairman and members of the subcommittee, I am honored to have this opportunity to address the subcommittee on the important issue of the impact of the drug trade and counternarcotics policies in the Western Hemisphere on citizens' security and U.S. national security goals. The threats posed by the production and trafficking of illicit narcotics and by organized crime, and their impacts on U.S. and local security issues around the world, are the domain of my work, and the subject of my book, "Shooting Up: Counterinsurgency and the War on Drugs" (Brookings, 2009). I have conducted fieldwork on these issues in Latin America and elsewhere in the world numerous times, including this year for 8 weeks in both rural and urban parts of Colombia, Peru, and Mexico.

In my testimony, I first provide an overview of crime trends in the Western Hemisphere. I then sketch some of the dynamics of the crime-insecurity nexus and its complex impacts on state security and citizens' security. In the third section, I discuss elements of a multifaceted response for addressing the threats generated by the drug trade while at the same time enhancing citizens' security. In the fourth section, I sketch key U.S. and local counternarcotics efforts in Mexico and Colombia.

I. OVERVIEW OF ORGANIZED CRIME AND STREET CRIME AND  
HUMAN SECURITY IN LATIN AMERICA

Citizens' insecurity has greatly intensified over the past two decades in many parts of the Western Hemisphere. To an unprecedented degree, ordinary people in the region complain about living in fear of crime. With the exception of Colombia, criminal activity throughout the region has exploded. Overall, the rates of violent crime are six times higher in Latin America than in the rest of the world.<sup>1</sup> Since the 1980s, homicide rates in Latin America as a whole have doubled and are among the highest in the world. The available data show El Salvador with a murder rate of 57.3 per 100,000 in 2007; Colombia with 42.8 per 100,000 in 2006, Venezuela with 36.4 per 100,000 in 2007, and Brazil with 20.5 in 2008.<sup>2</sup> The U.S. homicide rate for 2009, the most recent data available, was 5 per 100,000.<sup>3</sup> The United Nations considers a murder rate of more than 10 per 100,000 an epidemic rate of homicides.

Mexico far exceeds the epidemic threshold, reporting over 6,000 deaths in 2008, over 6,500 in 2009, and over 11,200 in 2010 (more than a 75 percent increase over 2009), and with drug-related violence surpassing conflict-caused deaths in both Afghanistan and Iraq.<sup>4</sup> Although it has received less media attention, Guatemala's homicide rate is four times that of Mexico's. Kidnapping is also frequent in the region. Well above 50 percent of the approximately 7,500 worldwide kidnappings in 2007 took place in Latin America.<sup>5</sup>

Organized crime is one of the principal sources of threats to human security but so is flourishing street crime, which frequently receives far less attention from governments in Latin America and the Caribbean. Indeed, law enforcement in Latin America is clearly struggling to cope with both organized and street crime, and two decades of efforts to improve and reform law-enforcement institutions have little to show in improvements in public safety and accountability of law enforcement. Many Latin Americans are deeply distrustful of and dissatisfied with their local law-enforcement institutions.<sup>6</sup> Indeed, the provision of security in Latin America has been increasingly privatized, with large segments of the population relying on private security companies or even criminal organization for protection and basic order on the streets. Thus in Guatemala and Honduras private security personnel outnumber police by 5 to 10 times.<sup>7</sup>

Although the negative effects of high levels of pervasive street and organized crime on citizens' security, sometimes often referred to as human security, are clear, the relationships between human security, crime, illicit economies, and law enforcement are highly complex. Human security includes not only physical safety from violence and crime, but also economic safety from critical poverty, social marginalization, and fundamental underprovision of elemental social and public goods such as infrastructure, education, health care, and rule of law. Chronically, Latin American governments have been struggling to provide these public goods in large parts of their countries, in both the rural and urban areas.

Multifaceted institutional weaknesses are at the core of why the complex relationships between illegality, crime, and human security are so inadequately dealt with. By sponsoring illicit economies in areas of state weakness where legal economic opportunities and public goods are seriously lacking, criminal groups frequently enhance some elements of human security even while compromising others. At the same time, simplistic law enforcement measures can and frequently do further de-

<sup>1</sup>See, for example, Jorge Sapoznikow et al., "Convivencia y Seguridad: Un Reto a la Gobernabilidad" ("Coexistence and Security: A Challenge to Governability," Inter-American Development Bank, Washington, DC: 2000, and Centro Nacional de Datos, Fondelibertad, Ministerio de Defensa Nacional, Republica de Colombia, "Cifras Extorcion" (Extortion Rates), June 20, 2007; available from [www.antisecuestro.gov.co/documentos/7\\_16\\_2007\\_4\\_58\\_07\\_PM\\_CifrasHistorias.pdf](http://www.antisecuestro.gov.co/documentos/7_16_2007_4_58_07_PM_CifrasHistorias.pdf), accessed May 17, 2008.

<sup>2</sup>"Murder Rate Among Youths Soars in Brazil," The Washington Post, February 24, 2011. Since data collection, reporting mechanisms, and strength of law enforcement varies greatly among Latin American countries and many murders go unreported and undetected, there are limits to the accuracy of the data. Moreover, data are not always available for the same year for all countries.

<sup>3</sup>Ibid.

<sup>4</sup>"Ejecutormetro 2010" (Metrics of Execution 2010), La Reforma, accessed April 15, 2010, and December 27, 2010.

<sup>5</sup>"La industria del secuestro esquilma a America Latina," El Pais, February 17, 2008.

<sup>6</sup>See, for example, John Bailey and Lucia Dammert, "Public Security and Police Reform in the Americas," in Public Security and Police Reform in the Americas, Pittsburgh: University of Pittsburgh Press, 2006, pp.1-22.

<sup>7</sup>Michael Shifter, "Central America's Security Predicament," Current History, February 1, 2011.

grade citizens' security. These pernicious dynamics become especially severe in the context of violent conflict.

## II. DYNAMICS OF THE CRIME-INSECURITY NEXUS AND THE COMPLEX THREATS THE DRUG TRADE POSES TO STATES

A variety of actors have penetrated various illicit economies, including the drug trade, usually considered the most lucrative of illicit economies and estimated to generate revenues on the order of hundreds of billions of dollars a year.

Participants in illicit economies include the populations that produce the illicit commodities and services; criminal groups such as drug trafficking organizations (DTOs) and mafias; belligerent actors such as terrorist, insurgent, paramilitary, and militia groups; and corrupt government and law enforcement officials.

The penetration of the illicit economies by terrorist or insurgent groups provides an especially potent threat to states and regional stability since belligerent groups typically seek to eliminate the existing state's presence in particular locales or countries. The FARC in Colombia and the resurgent Sendero Luminoso (Shining Path) in Peru continue to profit from the drug trade and mobilize cocaleros alienated from the state as a result of crop eradication policies.

Criminal organizations usually have more limited aims. However, groups such as the Comando Vermelho in Brazil or the Zetas in Mexico also seek to dominate the political life of a community, controlling the community's ability to organize and interact with the state, determining the extent and functions of local government, and sometimes even exercising quasi-control over the local territory. Thus they too can represent an intense and acute threat to governments, at least in particular locales.

Youth gangs known as maras have spread rapidly through Central America, now often having individual memberships in the tens of thousands. Emerging out of limited social opportunities for extensive youth populations and their deep sense of alienation from the state, the maras have complex and varied linkages to organized crime. Sometimes they participate in drug trafficking, at other times they perpetrate street crime. But they often represent a major source of insecurity for the citizens of the countries they operate in, even as they provide a sense of identification, belonging, and empowerment to their disaffected members.

Many Latin American criminal groups now increasingly operate across country borders. They traffic in drugs from the source country all the way to the final street distribution areas, as currently the Mexican DTOs do from the border of Colombia to the streets of United States. Similarly, Colombian DTOs operate in Bolivia; as do Brazilian traffickers in Peru. A newer, and particularly dangerous, development is the effort by Mexican DTOs, such as the Zetas and the Sinaloa DTO, do themselves control territory in transshipment countries of Central America.

Moreover, beyond Colombia, several countries in Latin America have experienced the emergence of dangerous militia groups who pose significant threats to both communities and the state, even while presenting themselves as protectors of the citizenry against crime. In addition to Colombia, such militia groups have appeared, for example, in Brazil and Mexico.

Extensive criminality and illicit economies generate multiple threats to states and societies. They corrupt the political system, by providing an avenue for criminal organizations to enter the political space, corrupting and undermining the democratic and legitimate process. These actors, enjoying financial resources and political capital generated by sponsoring the illicit economy, frequently experience great success in politics. They are able to secure official positions of power as well as wield influence from behind the scenes. The problem perpetuates itself as successful politicians bankrolled with illicit money make it more difficult for other actors to resist participating in the illicit economy, leading to endemic corruption at both the local and national levels. Guatemala, El Salvador, and Haiti are cases in point.

Large illicit economies dominated by powerful traffickers also have pernicious effects on a country's law enforcement and judicial systems. As the illicit economy grows, the investigative capacity of the law enforcement and judicial systems diminishes. Impunity for criminal activity increases, undermining the credibility of law enforcement, the judicial system, and the authority of the government. Powerful traffickers frequently adopt violent means to deter and avoid prosecution, killing or bribing prosecutors, judges, and witnesses. Colombia in the late 1980s and Mexico today are stark examples of how the existence of extensive criminal networks and high levels of violence can corrupt and paralyze law enforcement and indeed the entire judicial system. The profound collapse of Guatemala's judicial system resulting from its penetration by criminal entities compelled the country to invite a special

U.N. judicial body, the International Commission Against Impunity in Guatemala (CIGIG) to help its judiciary combat organized crime and state corruption.

In addition to outright corruption by organized crime and impunity of powerful elites, judicial systems across Latin America are deficient in other ways: Justice is rarely equally available to all, is often painfully slow, and rarely produces significant convictions.

Moreover, illicit economies have large and complex economic effects. Drug cultivation and processing, for example, generate employment for the poor rural populations and can even facilitate upward mobility. They also can have powerful macroeconomic spillover effects through boosting overall economic activity. But a burgeoning drug economy typically contributes to inflation that can harm legitimate, export-oriented, import-substituting industries as well as tourism. It encourages real estate speculation and undermines currency stability. It also displaces legitimate production. Since the drug economy is more profitable than legal production, requires less security and infrastructure, and imposes smaller sunk and transaction costs, the local population is frequently uninterested in, or unable to, participate in other (legal) kinds of economic activity. The illicit economy can thus lead to a form of so-called Dutch disease where a boom in an isolated sector of the economy causes or is accompanied by stagnation in other core sectors since it gives rise to appreciation of land and labor costs. In Mexico, for example, the drug violence has already undermined not only Mexican citizens' human security and overall law and order, but also economic activity, including tourism.

Most importantly, burgeoning and unconstrained drug production and other illicit economies and strong organized crime have profound negative consequences not only for local stability, security, and public safety, but at times also for national security. Illicit economies provide an opportunity for belligerent groups to increase their power along multiple dimensions—by gaining control of physical resources, and also by obtaining support from local populations. Such belligerents hence pose a serious security threat to local and national governments and, depending on the objectives of the group, to regional and global security. With large financial profits, the belligerent groups improve their fighting capabilities by increasing their physical resources, hiring greater numbers of better paid combatants, providing them with better weapons, and simplifying their logistical and procurement chains.

Crucially and frequently neglected in the design of policy responses, however, is the fact that large populations in Latin America in areas with minimal state presence, great poverty, and social and political marginalization are dependent on illicit economies, including the drug trade, for economic survival and the satisfaction of other socioeconomic needs. For many, participation in informal economies, if not outright illegal ones, is the only way to satisfy their basic livelihood needs and obtain any chance of social advancement, even as they continue to exist in a trap of insecurity, criminality, and marginalization. The more the state is absent or deficient in the provision of public goods—starting with public safety and suppression of street crime and including the provision of dispute resolution mechanisms and access to justice, enforcement of contracts, and also socioeconomic public goods, such as infrastructure, access to health care, and education—the more the neglected communities can become dependent on, and even supportive of, criminal entities and belligerent actors who sponsor the drug trade and other illegal economies.

Such belligerents derive significant political capital—legitimacy with and support from local populations—from their sponsorship of the drug and other illicit economies, in addition to obtaining large financial profits. They do so by protecting the local population's reliable (and frequently sole source of) livelihood from government efforts to repress the illicit economy. They also derive political capital by protecting the farmers from brutal and unreliable traffickers (bargaining with traffickers for better prices on behalf of the farmers), by using revenues from the illicit economies to provide otherwise absent social services such as clinics and infrastructure, as well as other public goods, and by being able to claim nationalist credit if a foreign power threatens the local illicit economy. In short, sponsorship of illicit economies allows nonstate armed groups to function as security providers and economic and political regulators. They are thus able to transform themselves from mere violent actors to actors that take on proto-state functions.

Although the political capital such belligerents obtain is frequently thin, it is nonetheless sufficient to motivate the local population to withhold intelligence on the belligerent group from the government if the government attempts to suppress the illicit economy. Accurate and actionable human intelligence is vital for success in counterterrorist and counterinsurgency efforts as well as law enforcement efforts against crime groups.

Four factors determine the size of the political capital which belligerent groups obtain from their sponsorship of illicit economy: the state of the overall economy;

the character of the illicit economy; the presence (or absence) of thuggish traffickers; and the government response to the illicit economy.

- The state of the overall economy—poor or rich—determines the availability of alternative sources of income and the number of people in a region who depend on the illicit economy for their basic livelihood.
- The character of the illicit economy—labor-intensive or not—determines the extent to which the illicit economy provides employment for the local population. The cultivation of illicit crops, such as in Colombia or Peru, is very labor-intensive and provides employment to hundreds of thousands to millions in a particular country. Production of methamphetamines such as that controlled by La Familia Michoacana (one of Mexico's drug trafficking organizations), on the other hand, is not labor-intensive and provides livelihoods to many fewer people.
- The government responses to the illicit economy (which can range from suppression to *laissez-faire* to rural development) determine the extent to which the population depends on the belligerents to preserve and regulate the illicit economy.

In a nutshell, supporting the illicit economy will generate the most political capital for belligerents when the state of the overall economy is poor, the illicit economy is labor-intensive, thuggish traffickers are active in the illicit economy, and the government has adopted a harsh strategy, such as eradication, especially in the absence of legal livelihoods and opportunities. This does not mean that sponsorship of non-labor-intensive illicit economies brings the antigovernment belligerents or armed groups no political capital. If a non-labor-intensive illicit economy, such as drug smuggling in Sinaloa, Mexico, generates strong positive spillover effects for the overall economy in that locale (by boosting demands for durables, nondurables, and services that would otherwise be absent, and hence indirectly providing livelihoods to and improved economic well-being of poor populations) it too can be a source of important political capital. Thus in the Mexican state of Sinaloa the drug trade has at times been estimated to account for 20 percent of the state's Gross Domestic Product (GDP); and for some of Mexico's southern states, the proportion might be higher.<sup>8</sup> Consequently, the political capital of the sponsors of the drug trade there, such as the Sinaloa cartel, is hardly negligible. Moreover, Mexico's drug trafficking organizations (DTOs) also derive important political capital from their sponsorship and control of an increasing range of informal economies in the country. Similarly, in Brazil the ability of drug gangs to provide better social services and public goods than the state has them to dominate some of country's poor urban areas. In such circumstances, the criminal groups and belligerents will also provide socioeconomic services, such as health clinics and trash disposal.

In addition, both criminal entities and belligerent groups will often provide security in the communities they dominate. Although the sources of insecurity and crime in the first place, once in power they have an interest in regulating the level of violence, and suppressing street crime, such as robberies, thefts, kidnapping, and homicides. Street or common crime in Latin America is extremely intensive, one of the highest rates in the world. Functioning as providers of public order and rules brings criminal entities important support from the community, in addition to facilitating their illegal business since it too benefits from the reduced transaction costs and increased predictability.

Indeed, in many parts of Latin America, public safety has become increasingly privatized: with upper and middle classes relying on a combination of official law enforcement and legal and illegal private security entities, while marginalized segments rely on organized criminal groups to establish order on the streets. Organized criminal groups and belligerent actors, such as the *Primer Comando da Capital* in Sao Paulo's shantytowns, also provide dispute resolution mechanisms and even set up unofficial courts and enforce contracts. The extent to which they provide these public goods varies, of course, but it often takes place regardless of whether the nonstate criminal entities are politically motivated. Yet the more they do provide such public goods, the more they become *de facto* proto-state governing entities.

Moreover, unlike ideologies of politically motivated belligerents, which promise rewards in the future, sponsorship of illicit economies allows belligerent groups to deliver in real time concrete material improvements to lives of marginalized populations and thus gain support. Especially when ideology wanes, and the brutality of the belligerents and criminal groups alienates the wider population, their ability

<sup>8</sup> Guillermo Ibara in Manuel Roig-Franzia, "Mexico's Drug Trafficking Organizations Take Barbarous Turn: Targeting Bystanders," *Washington Post*, July 30, 2008.

to deliver material benefits to the population can preserve the belligerents' and criminal groups' political capital.

The ability of illegal groups to provide real-time, immediate economic improvements to the lives of the population also explains why even criminal groups without ideology can garner strong political capital. This will be especially the case if the criminal groups couple their distribution of material benefits to poor populations with the provision of otherwise absent order and minimal security. By being able to outcompete with the state in provision of governance, organized criminal groups can pose significant threats to states in areas or domains where the government's writ is weak and its presence limited. Consequently, discussions of whether a group is a criminal group or a political one or whether belligerents are motivated by profit, ideology, or grievances are frequently overstated in their significance for devising policy responses.

### III. POLICY RESPONSES AND CONSIDERATIONS

In areas of state weakness and underprovision of public goods, increased action by law enforcement agencies to suppress crime rarely is a sufficient response. Approaches such as *mano dura* policies, saturation of areas with law enforcement officers, especially if they are corrupt and inadequately trained, or the application of highly repressive measures are rarely effective in suppressing organized crime and often attack only the symptoms of the social crisis, rather than its underlying conditions.

Policies that focus on degrading the belligerents' physical resources by attempting to destroy the illicit economy are frequently ineffective with respect to the objective of drying up the belligerents' resources. In the case of labor-intensive illicit economies where there are no legal economic alternatives in place, such policies are especially counterproductive with respect to securing intelligence and weaning the population away from the terrorists and insurgents. Eradication of illicit crops has dubious effects on the financial profits of belligerents. Even when carried out effectively, it might not inflict serious, if any, financial losses upon the belligerents since partial suppression of part of the illicit economy might actually increase the international market price for the illicit commodity. Given continuing demand for the commodity, the final revenues might be even greater.

Moreover, the extent of the financial losses of the belligerents also depends on the ability of the belligerents, traffickers, and farmers to store drugs, replant after eradication, increase the number of plants per acre, shift production to areas that are not subject to eradication, or use high-yield, high-resistance crops. Belligerents also have the opportunity to switch to other kinds of illicit economies such as synthetic drugs. Yet although the desired impact of eradication—to substantially curtail belligerents' financial resources—is far from certain and is likely to take place only under the most favorable circumstances, eradication will definitely increase the political capital of the belligerents since the local population all the more will strongly support the belligerents and will no longer provide the government with intelligence.

Policies to interdict drug shipments or measures to counter money laundering, while not alienating the local populations from the government, are extraordinarily difficult to carry out effectively. Most belligerent groups maintain diversified revenue portfolios. Attempts to turn off their income are highly demanding of intelligence and are resource-intensive. Colombia provides one example when drug interdiction efforts in particular locales registered important tactical success against the FARC and reduced its income. The overall improvement in Colombia's military and counterinsurgency policy, however, was the critical reason for the vast improvements in security in the country and the success against the FARC.

Counterinsurgency or anti-organized-crime policies that focus on directly defeating the belligerents and protecting the population tend to be more effective than policies that seek to do so indirectly by suppressing illicit economies as a way to defeat belligerents. Efforts to limit the belligerents' resources are better served by a focus on mechanisms that do not harm the wider population directly, even though such discriminate efforts are difficult to undertake effectively because of their resource intensiveness.

Overall therefore, counternarcotics policies have to be weighed very carefully, with a clear eye as to their impact on counterinsurgency and counterterrorism. Seemingly quick fixes, such as blanket eradication in the absence of alternative livelihoods, will only strengthen the insurgency and compromise state-building, and ultimately the counternarcotics efforts themselves.

Effectiveness in suppressing illicit economies is critically predicated on security. Without constant and intensive state presence and security, neither the suppression of illicit economies nor alternative livelihoods programs have been effective.

It is also important to note that some alternative illicit economies, and new smuggling methods to which belligerents are pushed as result of suppression efforts against the original illicit economy, can have far more dangerous repercussions for state security and public safety than did the original illicit economy. Such alternative sources of financing could involve, for example, obtaining radioactive materials for resale on the black market. Reports that the leftist Colombian guerrilla group, the FARC, acquired uranium for resale in order to offset the temporary fall in its revenues as a result of eradication during early phases of Plan Colombia before coca cultivation there rebounded, provide an example of how unintended policy effects in this field can be even more pernicious than the problem they are attempting to address. The traffickers' switch to semisubmersibles for transportation of drugs is another worrisome example of unintended consequences of a policy, this time intensified air and maritime interdiction. The more widespread such transportation technologies are among nonstate belligerent actors, the greater the likelihood that global terrorist groups will attempt to exploit them for attacks against the U.S. homeland or assets.

Similarly, in the absence of a reduction of global demand for narcotics, suppression of a narcotics economy in one locale will only displace production to a different locale where threats to local, regional, and global security interests may be even greater. Considerations of such second- and third-degree effects need to be built into policy. An appropriate response would be a multifaceted state-building effort that seeks to strengthen the bonds between the state and marginalized communities dependent on or vulnerable to participation in the drug trade for reasons of economic survival and physical insecurity. The goal of supply-side measures in counter-narcotics efforts would be not simply to narrowly suppress the symptoms of illegality and state-weakness, such as illicit crops or smuggling, but more broadly and fundamentally to reduce the threat that the drug trade poses to human security, the state, and overall public safety.

Effective state response to intense organized crime and illicit economies usually requires that the state address all the complex reasons why populations turn to illegality, including law enforcement deficiencies and physical insecurity, economic poverty, and social marginalization. Such efforts entail ensuring that peoples and communities will obey laws. One component is increasing the likelihood that illegal behavior and corruption will be punished. An equally important component is creating a social, economic, and political environment in which the laws are consistent with the needs of the people and therefore can be seen as legitimate and can be internalized.

In the case of efforts to combat illicit crop cultivation and the drug trade, one aspect of such a multifaceted approach that seeks to strengthen the bonds between the state and society and weaken the bonds between marginalized populations and criminal and armed actors would be the proper sequencing of eradication and the development of economic alternatives. Policies that emphasize eradication of illicit crops, including forced eradication, above rural development, such as alternative livelihoods efforts, have rarely been effective. Such sequencing and emphasis has also been at odds with the lessons learned from the most successful rural development effort in the context of illicit crop cultivation: Thailand. Indeed, Thailand offers the only example where rural development succeeded in eliminating illicit crop cultivation on a countrywide level (even while drug trafficking and drug production of methamphetamines continue).

Effective rural development does require not only proper sequencing of security and alternative livelihoods development, but also a well-funded, long-lasting, and comprehensive approach that does not center merely on searching for a replacement crop. Alternative development efforts need to address all the structural drivers of why communities participate in illegal economies—such as poor access to legal markets, deficiencies in infrastructure and irrigation systems, no access to legal micro-credit, and the lack of value-added chains.

But the economic approaches to reducing illegality and crime should not be limited only to rural areas: there is great need for such programs even in urban areas afflicted by extensive and pervasive illegality where communities are vulnerable to capture by organized crime, such as in Mexico or Brazil. Often the single most difficult problem is the creation of jobs in the legal economy, at times requiring overall GDP growth. But GDP growth is often not sufficient to generate jobs and lift people out of poverty as long the structural political-economic arrangements stimulate capital-intensive growth, but not job creation—a common feature in Latin America, and one that only increases inequality.

It is important, however, that such social interventions are designed as comprehensive rural development or comprehensive urban planning efforts, not simply limited social handouts or economic buyoffs. The latter approaches have failed—whether they were conducted in Medellín as a part of the demobilization process of the former paramilitaries (many of whom have returned as *bandas criminales*) or in Rio de Janeiro’s favelas. The handout and buyoff shortcuts paradoxically can even strengthen criminal and belligerent entities. Such buyoff approaches can set up difficult-to-break perverse social equilibria where criminal entities continue to control marginalized segments of society while striking a let-live bargain with the state, under which criminal actors even control territories and limit state access.

Effectiveness of law enforcement efforts to combat organized crime is enhanced if interdiction policies are designed to diminish the coercive and corruption power of criminal organizations, rather than merely and predominantly to stop illicit flows. The former objective may mandate different targeting strategies and intelligence analysis. Predominant focus on the latter objective often weeds out the least capacious criminal groups, giving rise to a vertical integration of the industry and “leaner and meaner” criminal groups.

An effective multifaceted response by the state also entails other components:

- Addressing street crime to restore communities’ associational capacity and give a boost to legal economies;
- Providing access to dispute resolution and justice mechanisms—Colombia’s *casas de justicia* are one example;
- Undertaking law enforcement, corrections, and justice sectors reform to enhance their performance, expand their accessibility, and increase their accountability;
- Encouraging protection of human rights, reconciliation, and nonviolent approaches;
- Improving access to effective education as well as health care—a form of investment in human capital;
- Insulating informal economies from takeover by the state and limiting the capacity of criminal groups to become polycrime franchises; and
- Creating public spaces free of violence and repression so that civil society can recreate its associational capacity and social capital.

Boosting the capacity of communities to resist coercion and cooptation by criminal enterprises, however, does not mean that the state can rely on communities themselves to tackle crime, especially violent organized crime. In fact, there is a great deal of danger in the state attempting to mobilize civil society to take on crime prematurely while the state is still incapable of assuring the protection of the people. Without the state’s ability to back up communities and secure them from violence by organized crime or belligerents, the population will not provide intelligence to the state. Actionable and accurate human intelligence is often critical for success not only of counterinsurgency, but also for anti-organized-crime efforts. Equally significant, unless the needed backup is provided, the community can all the more sour on the state. It will then be very hard for the state to mobilize civil society the second time around and restore trust in state capacity and commitment.

Whether as a result of organized criminal groups’ warfare or as a side effect of crime suppression policies, intense violence quickly eviscerates associational and organizational capacity and the social action potential of communities. Even if the drug traffickers or *maras* are killing each other, intense violence on the streets hollows out the communities. Success hinges on the state’s ability to bring violence down: without a reduction in violence, socioeconomic interventions do not have a chance to take off and even institutional reforms become difficult to sustain as political support weakens.

Reducing demand is a critical component of counternarcotics control policy. The need for demand reduction measures is no longer limited to Western countries, such as the United States or Western Europe. In fact, in many countries in Latin America, such as Brazil, Argentina, and Mexico (as well as Afghanistan, Pakistan, Russia, and China), demand for illicit narcotics has greatly increased over the past 20 years. In some of these countries, including in Latin America, the per capita consumption of illicit narcotics rivals and even surpasses that of the United States or West European countries.

However, prevention and treatment programs are often lacking in many of the countries with increasing consumption and tend to assigned low policy priority. At the same time, demand reduction programs often suffer from poor design and implementation not grounded in the best available scientific knowledge.

Regional coordination and the sharing of best practices can mitigate the dangers of displacing illicit economies and organized crime to new locales. Nonetheless, in the absence of a significant reduction in demand, drug supply and transshipment



will inevitably relocate somewhere. Thus, there is a limit to what regional efforts can accomplish to mitigate this so-called balloon effect. As long as there is weaker law enforcement and state-presence in one area than in others, the drug trade will relocate there.

Moreover, areas with very weak state and law enforcement capacity and high levels of corruption often have constrained capacity to constructively absorb external assistance. Worse yet, such assistance risks being perverted: in the context of weak state capacity and high corruption, there is a substantial chance that counter-narcotics efforts to train antiorganized crime units will only end up training more effective and technologically savvy drug traffickers. The best assistance in such cases may be to prioritize strengthening the capacity to fight street crime, reduce corruption, and increasing the effectiveness of the justice system. Once such assistance has been positively incorporated, it may be fruitful to focus on further antiorganized crime efforts, including through advanced-technology transfers and training specialized counternarcotics and antiorganized crime units. Such careful considerations of absorption capacity and possible unintended consequences are, for example, urgently needed regarding the level and design of policy interventions in Central America. Even though the countries there may be severely impacted by the drug trade, simply rushing in with standard counternarcotics assistance packages in the form of equipment transfer and specialized units training could potentially aggravate the situation. Putting a premium on overall law enforcement and justice sector reforms may well be more desirable forms of outside assistance.

#### IV. THE OBAMA ADMINISTRATION'S POLICY TOWARD THE DRUG TRADE AND ORGANIZED CRIME IN THE WESTERN HEMISPHERE

The Obama administration has unequivocally acknowledged joint responsibility for efforts to suppress the drug trade and the threats it poses to states and local communities. Even though U.S. funding for demand reduction measures has been increased only modestly, the Obama administration has clearly committed itself to reducing the demand in the United States. A robust and well-funded commitment to demand reduction not only reduces consumption, but also greatly facilitates the effectiveness of supply-side measures. As long as there is a strong demand for illicit narcotics, supply-side measures cannot be expected to stop supply and eliminate consumption.

##### *Mexico*

The Obama administration has also embraced a multifaceted approach to dealing with organized crime and illicit economies. Indeed, a focus on reinforcing the relationship between marginalized communities in Mexico's cities, such as Ciudad Juarez, and the state is now the fourth pillar of the new orientation of the Merida Initiative, "Beyond Merida." Beyond Merida recognizes that there are no quick technological fixes to the threat that DTOs pose to the Mexican state and society. It also recognizes that high-value-targeting of drug capos, even while backed up by the Mexican military will not end the power of the Mexican DTOs; paradoxically, it is one important driver of violence in Mexico, with all its deleterious effects on rule of law and society.

Instead, Beyond Merida focuses on four pillars: a comprehensive effort to weaken the DTOs that goes beyond high-value decapitation; institutional development and capacity-building, including in the civilian law enforcement, intelligence, and justice sectors; building a 21st century border to secure communities while encouraging economic trade and growth; and building community resilience against participation in the drug trade or drug consumption. Beyond Merida thus seeks to expand interdiction efforts from a narrow high-value targeting of DTO bosses to a more comprehensive interdiction effort that targets the entire drug organization and giving newly trained police forces the primary street security function once again while gradually putting the military in a background support function. By focusing on the building of a secure but smart United States-Mexico border that also facilitates trade, the strategy not only helps U.S. border States for which trade with Mexico often represents an economic lifeline, but also helps generate economic opportunities in Mexico that reduce the citizens' need to participate in illegality for obtaining basic livelihood. Pillar three then critically meshes with fourth pillar—focused on weaning the population away from the drug traffickers—which again seeks to build resilient communities in Mexico to prevent their takeover by Mexican crime organizations.

Beyond Merida is designed to also significantly enhance the capacity of the Government of Mexico. The outgoing U.S. Ambassador to Mexico, Carlos Pascual, deserves much credit for helping to devise such a comprehensive and multifaceted U.S. policy toward Mexico and for helping Mexico's Government recognize the need to expand its law enforcement strategy, institutionalize its rule of law reforms, and com-

plement its law enforcement strategy with socioeconomic programs that can break the bonds of Mexico's poor and marginalized communities with the criminal groups. Social programs sponsored by the U.S. fourth pillar, such as Todos Somos Juarez, aim to restore hope for underprivileged Mexicans—20 percent of Mexicans live below the extreme poverty line and at least 40 percent of the Mexican economy is informal—that a better future and possibility of social progress lies ahead if they remain in the legal economy. Such bonds between the community and the state are what at the end of the day will allow the state to prevail and crime to be weakened. But they are very hard to effectuate—especially given the structural deficiencies of Mexico's economy as well as political obstacles. Indeed, Mexico's implementation of Todos Somos Juarez has encountered some serious problems.

Notwithstanding the level of U.S. assistance so far, including having generated over several thousand newly trained Mexican Federal police officers, Mexico's law enforcement remains deeply eviscerated, deficient in combating street and organized crime and corrupt. Corruption persists even among the newly trained police. Expanding the investigative capacity of Mexico's police is an imperative yet frequently difficult component of police reform, especially during times of intense criminal violence when law enforcement tends to become overwhelmed, apathetic, and all the more susceptible to corruption. The needed comprehensive police reform will require sustained commitment over a generation at least.

U.S. assistance to Mexico in its reform of the judicial system and implementation of the accusatorial system, including training prosecutors, can be particularly fruitful. Urgent attention also needs to be given to reform of Mexico's prisons, currently breeding grounds and schools for current and potential members of drug trafficking organizations.

Such a multifaceted approach toward narcotics and crime and emphasizing social policies as one tool to mitigate crime, is increasingly resonating in Latin America beyond Mexico. Socioeconomic programs designed to mitigate violence and crime—for example, the Virada Social in Sao Paulo or the socioeconomic component of the Pacification (UPP) policy in Rio de Janeiro's favelas—have been embraced by state governments in Brazil.

### *Colombia*

Yet they continue to be slow to expand in Colombia, even as President Juan Manuel Santos has initiated a range of socioeconomic programs, such as land restitution to victims of forced displacement. The National Consolidation Plan of the Government of Colombia, currently under reevaluation, recognizes the importance of addressing the socioeconomic needs of the populations previously controlled by illegal armed actors. But state presence in many areas remains highly limited and many socioeconomic programs often consist of limited one-time handouts, rather than robust socioeconomic development. The Government of Colombia also lacks the resources to robustly expand its socioeconomic development efforts and its security and law enforcement presence to all of its territory and even its strategic zones.

Although the size and power of illegal armed groups, such as the leftist guerillas, the Fuerzas Armadas Revolucionarias de Colombia (FARC) have been substantially reduced, and the guerrillas have been pushed away from strategic corridors, they still maintain a presence of perhaps several thousand, critically undermine security in parts of Colombia, and participate in the drug trade and extortion. Despite the formal demobilization of the paramilitary groups, new paramilitary groups, referred to by the Government of Colombia as bandas criminales, have emerged and by some accounts number 10,000. They too participate in the drug trade and undermine public safety in ways analogous to the former paramilitaries. Such paramilitary groups have also penetrated the political structures in Colombia at both the local and national levels, distorting democratic processes, accountability, and socioeconomic development, often to the detriment of the most needy. New conflicts over land have increased once again and displacement of populations from land persists at very high levels. Homicides and kidnapping murders are up in Bogota and Medellin, once hailed as a model success. The government's provision of security in many areas remains sporadic and spotty.

Yet the government of President Santos needs to be given major credit for recognizing the need to focus rigorously on combating the bandas criminales, all the more so as municipal elections are scheduled in Colombia this year. The government also deserves credit for focusing on combating street crime and urban violence and for unveiling a well-designed plan for combating urban crime, Plan Nacional de Vigilancia Comunitaria por Cuadrantes, emphasizing crime prevention, community policing, and local intelligence.

Critically, with all its emphasis on social policies, the Santos administration has yet to move away from the ineffective and counterproductive zero-coca policy of in-

herited from Colombia's previous administration. The zero-coca policy conditions all economic aid on a total eradication of all coca plants in a particular locality. Even a small-scale violation by one family disqualifies an area, such as a municipality, from receiving any economic assistance from the Government of Colombia or from cooperating international partners. Such a policy thus disqualifies the most marginalized and coca-dependent communities from receiving assistance to sustainably abandon illicit crop cultivation, subjects them to food insecurity and often also physical insecurity, pushes them into the hands of illegal armed groups, and adopts the wrong sequencing approach for supply-side counternarcotics policies. In cooperating with the Santos administration in Colombia, the United States Government should encourage the new Colombian leadership to drop this counterproductive policy.

Over the past 9 years, reflecting the results of U.S. assistance under Plan Colombia and the Andean Counterdrug Initiative, Colombia has experienced very significant progress. Nonetheless, the success remains incomplete. It is important not to be blinded by the success and uncritically present policies adopted in Colombia as a blanket model to be emulated in other parts of the world, including in Mexico. While its accomplishments, including in police reform and the impressive strengthening of the judicial system, need to be recognized and indeed may serve as a model, the limitations of progress equally need to be stressed, for it is important to continue working with Colombia in areas of deficient progress and to avoid repeating mistakes elsewhere around the world.

Furthermore, in counternarcotics and anticrime policies, as in other aspects of public policy, it is important to recognize that a one-shoe-fits-all approach limits the effectiveness of policy designs. Local institutional and cultural settings will be critical determinants of policy effectiveness; and addressing local drivers of the drug trade and criminal violence and corruption will be necessary for increasing the effectiveness of policies.

#### *Central America*

In its efforts against organized crime and narcotics in the Western Hemisphere, the Obama administration has also recognized the danger of countering the balloon effect and the possibility that intensified law enforcement efforts in Mexico risk increasing drug shipment flows and associated threats to the states and societies in Central America and the Caribbean. To mitigate the spillover effects, the Obama administration has adopted two initiatives: the Central American Regional Security Initiative (CARSI) and the Caribbean Basin Security Initiative (CBSI). During his recent visit to El Salvador, President Barack Obama significantly increased U.S. assistance to CARSI, pledging \$200 million. However, I would like to emphasize that even such regional efforts are unlikely to prevent the emergence of a crime displacement effort altogether and countries in Central America are constrained in their capacity to absorb various types of assistance. Careful consideration of the design of counternarcotics and antiorganized crime efforts, vetting of the recipients of U.S. assistance, and overall careful and constant monitoring of such assistance programs and their side effect is needed in Central America.

#### CONCLUSION

Efforts to strengthen the state in Latin America will facilitate what local governments can accomplish against organized crime. An indispensable component of state-strengthening capacity in Latin America includes reforming the law-and-order apparatus and the justice sector so that the state can provide public safety and the rule of law for all of its citizens. But states in Latin America would be more effective in combating transnational organized crime if they also focused more than they now do on combating street crime. The latter, often receiving little priority in U.S. development-assistance policies and in policies of many Latin American countries, would provide new opportunities for cooperation with the United States, where innovative local community-policing programs have been experiencing considerable success in recent years. The needed comprehensive law-enforcement and justice-sector reforms would involve expanding police presence and limiting police corruption, brutality, and abuse, in addition to greater emphasis placed on community policing.

The governments in Latin America are also likely to become more effective in combating crime if they intensify their focus on the socioeconomic issues that underlie key aspects of criminality and informal and illegal economies in Latin America. Expanding economic and social opportunities for underprivileged marginalized populations can facilitate community cooperation against organized crime. If the manifestation of the state becomes benevolent by providing legal economic opportunities for social development and legitimate and reliable security and justice, many root causes of transnational crime would be addressed and belligerent and crime organi-

zations delegitimized. Latin American citizens would become both far less interested in participating in illicit economies and far more willing to participate with the state in tackling transnational crime.

Thank you for giving me this opportunity to address the subcommittee on this important issue.

Senator MENENDEZ. Thank you.  
Dr. Arnson.

**STATEMENT OF DR. CYNTHIA J. ARNISON, PH.D., DIRECTOR,  
LATIN AMERICAN PROGRAM, WOODROW WILSON INTER-  
NATIONAL CENTER FOR SCHOLARS, WASHINGTON, DC**

Dr. ARNISON. Senator Menendez, thank you very much for the invitation to testify. I will touch on many of the themes that were raised by the administration witnesses and hopefully underscore some of the problems that I see that have been reflected in your questions.

The dimensions of the citizen security crisis in Central America cannot be understated. For those of us who have followed Latin America for a long time, I think it's indeed tragic to note that the levels of violence associated with crime and organized crime are now much higher than the levels of violence associated with the internal armed conflicts of the 1980s.

The situation is obviously most acute in the countries of the so-called Northern Tier—Honduras, El Salvador, and Guatemala. Because levels of crime and violence are associated with large numbers of young people, they indeed strike hard at a country's future. The OAS Inter-American Commission for Human Rights has indicated that Central America and Latin America have the highest levels of youth violence in the world. That is something that is more than double that of Africa and 36 times that of developing countries. In El Salvador alone, 68 percent of homicide victims are between the ages of 15 and 34. Nine out of ten victims are male.

The deterioration in public security in Central America is longstanding and has multiple causes, just as do the explanations for the rise of youth gangs. The explanations range from severely stressed family structures due to high rates of emigration, low levels of education, low levels of access particularly to secondary education, high levels of youth unemployment, rapid and chaotic urbanization, and an abundance of illegal light as well as heavy caliber weapons.

I think you were right in pointing out that the social indicators shed important light on the dimensions of the problem. The countries of the Northern Triangle have development indicators compiled by the United Nations Development Program and the World Bank, among others, that are among the lowest in Latin America. In Central America the scores, according to the World Bank Opportunity Index, are as much as 20 points below the average for Latin America and the Caribbean.

Official responses to crime in many cases have not remedied the problem; have only exacerbated it. Hard-line policies, known as *mano dura*, iron fist or strong hand, have increased the size of the prison population, resulting in longer sentences, without improving and indeed I think exacerbating the surging rates of crime and violence.

The growing activity of organized crime takes advantage, as others have noted, of the region's weak and fragile institutions, as well as its geographic proximity to North American drug markets.

I think Central America—we have talked about the balloon effect earlier in the hearing. Central America in my view is a classic representation of the unrelenting dynamic of the drug trade over the last several decades. Improvements in one country or subregion translate into deterioration elsewhere. Typically, we've used the term "balloon effect" to talk about the displacement of coca cultivation from one area to another, but I think the full dimensions of the balloon effect are much more pernicious. All aspects of organized crime, from the cultivation of drugs to production to all forms of illegal trafficking constantly change shape as traffickers adapt to increased enforcement and to meet persistent levels of demand and the corresponding levels of profit.

I'd like to switch quickly to some suggestions for policy. In my view and tragically, U.S. policy over several decades has failed to anticipate the changing dynamics of the drug trade, a tendency that became more pronounced with the launching of Plan Colombia in the year 2000. The United States Government was slow to respond to the ways that increased counterdrug efforts in Colombia would affect neighbors in the Andean region, slow to adjust to the ways that improvements in the Andes would affect Mexico and the countries of Central America.

Central America, as you know, was initially an afterthought to Plan Merida, although now with the deteriorating situation in Central America the Obama administration has increased its support for CARSI and for the Caribbean through CBSI.

Organized crime groups, unfortunately, have demonstrated a much higher learning curve regarding the subregional dynamics of illegal economies, and I think there's no substitute at this point for a comprehensive approach that addresses simultaneously the Andean region, Mexico, Central America, and the Caribbean, indeed, as the first panel, many members of the first panel indicated.

The multiply U.S. agencies that are engaged in this effort—State, DOD, AID, DEA, FBI, ATF, Homeland Security, and others—as the U.S. assistance expands, the need for coordination among the different agencies of the U.S. Government is more critical than ever.

No one has mentioned yet United States immigration policy and, given the high percentage of criminals among deportees from the United States to El Salvador, Guatemala, and Honduras, I think we must take special care to minimize the impact of our own law enforcement policies on the countries already struggling with high levels of crime and violence.

There's also I think a need for coordination with other international donors—the IDB, the World Bank, the agencies of the U.N. system—as well as with, obviously, the Central American governments and regional security organizations, such as SECA.

The Obama administration has made major strides in redirecting significant portions of the counterdrug budget in the United States to reduce domestic demand. It is positive, I believe, that drug use has been redefined as a public health problem in addition to being a law enforcement problem.

I think, however, that the Obama administration has failed to couple the discourse of shared responsibility with concrete measures, for example to reduce the flow of weapons, as you have noted earlier in your questions, from north to south, or to foster a much broader debate in the United States and the U.S. Congress on alternative antidrug strategies as called for by many Members of the U.S. Congress.

I think it's no exaggeration that crime and violence abetted by organized crime constitute central threats to democratic governance in Central America and the survival of democratic institutions. The task finally at the end of the day is to not only increase law enforcement and judicial capacity, but also to address the poverty, exclusion, and lack of opportunity that provide a vast breeding ground for crime and violence throughout the region.

Thank you very much.

[The prepared statement of Dr. Arnson follows:]

PREPARED STATEMENT OF DR. CYNTHIA J. ARNISON

Mr. Chairman and members of the Subcommittee, I am grateful for this opportunity to discuss the crisis of citizen security and organized crime in Central America, and offer some modest suggestions for addressing it.

The dimensions of the citizen security crisis in Central America cannot be understated. It is tragic to note that 15 to 20 years after the end of brutal armed conflicts in the region, levels of criminal violence in Central America are higher than during the wars. The United Nations Development Program (UNDP) noted in 2009 that the seven countries of Central America—Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama—registered the highest levels of nonpolitical violence in the world. The situation is most acute in the countries of the so-called “Northern Triangle”—El Salvador, Guatemala, and Honduras—but countries such as Costa Rica and Nicaragua are also witnessing rising rates of insecurity associated with the increased presence of organized crime.<sup>1</sup>

Statistics compiled by governments as well as international institutions vary somewhat, but all paint a similarly grim picture. According to the UNDP, the overall homicide rate in Central America is more than three times the global average; it exceeds the Latin American average by 7 percentage points, and is increasing.<sup>2</sup> According to the United Nations Office on Drugs and Crime in 2010, murder rates in the countries of the Northern Triangle are five to six times higher than in Mexico, a country whose orgy of narco-trafficking violence has captured U.S. and international attention.<sup>3</sup> National averages themselves may understate and mask important subnational variations. Just as within Mexico, border cities such as Tijuana and Ciudad Juarez suffer homicide rates that far exceed the national average, the murder rates in specific regions in Central America—Guatemala’s Peten or the Department of Atlantida in Honduras, for example—similarly exceed the national averages and are closely correlated with drug trafficking corridors. In El Salvador, the number of murders in and around the capital is more than four times as high as the national average.<sup>4</sup>

Because levels of crime and violence are strongly correlated with large numbers of young people, they strike hard against a country’s future. In mid-2010 the OAS Inter-American Commission for Human Rights reported that Latin America has the highest levels of youth violence in the world.<sup>5</sup> U.N. figures indicate that the rate of youth homicide in Latin America is more than double that of Africa, and 36 times

<sup>1</sup>United Nations Development Program, “Informe Sobre Desarrollo Humano Para America Central 20092010” (New York: UNDP, October 2009).

<sup>2</sup>Ibid. The increase in violence between 2000 and 2008 was most severe in Guatemala, where homicides increased 20 percent.

<sup>3</sup>United Nations Office on Drugs and Crime, “Crime and Instability: Case Studies of Transnational Threats” (Vienna: UNODC, February 2010), 22. In 2008, the murder rates were 60.9 per 100,000 in Honduras; 51.8 in El Salvador; 49.0 in Guatemala; 11.6 in Mexico; 5.2 in the United States.

<sup>4</sup>Marcela Smutt, UNDP, “La (in)seguridad ciudadana en El Salvador,” presentation at the Woodrow Wilson International Center for Scholars, June 24, 2010.

<sup>5</sup>Organization of American States, Inter-American Commission on Human Rights, “Report on Citizen Security and Human Rights,” May 10, 2010.

the rate of developed countries.<sup>6</sup> In El Salvador alone, 68 percent of homicide victims are between the ages of 15 and 34, and 9 out of 10 victims are male.<sup>7</sup> To appreciate the full magnitude of the problem, one should recall that citizen insecurity is not solely reflected in the number of homicides. Indeed, the United Nations estimated in 2010 that for every fatality, there were 20–40 victims of nonfatal youth violence.<sup>8</sup>

The deterioration in public security in Central America is longstanding and has multiple causes, just as do explanations for the rise of youth gangs, whose members number in the tens of thousands in El Salvador, Guatemala, and Honduras.<sup>9</sup> Oft-cited explanations for the growth of gangs include severely stressed family structures due to high rates of emigration, low levels of education, high levels of youth unemployment, rapid and chaotic urbanization, and an abundance of illegal light as well as heavy-caliber weapons (reflecting inadequate programs of post-war disarmament and reintegration as well as illegal weapons flows from the United States).

A number of social and economic indicators help to shed light on the dimension of the problem. By 2008, the number of primary-school-age children who were enrolled in school reached 94 percent in El Salvador, 95 percent in Guatemala, and 97 percent in Honduras. But progress in expanding access to basic education, was not matched in enrollment rates in secondary school, which were only 55 percent in El Salvador and 40 percent in Guatemala (figures for Honduras are not available).<sup>10</sup> The countries of the Northern Triangle have human development indicators (compiled by the United Nations Development Program) that are among the lowest in Latin America. The three countries similarly rank low on the World Bank's Human Opportunity Index, with scores as much as 20 points below the average for Latin American and the Caribbean.<sup>11</sup>

The costs of violence are huge. The UNDP estimates that violence in a country such as El Salvador costs the country roughly 11.5 percent of yearly GDP, double the spending on education and health combined. The figure is roughly equivalent to 8 months of remittances from Salvadorans abroad. The amount that individuals and private companies pay for private security and surveillance exceeded the Salvadoran Government's public spending for the security sector in 2008–09. The costs of crime to business are higher in El Salvador than in any other Latin American country and among the highest in the world, according to a survey of World Bank data compiled by Latin Business Chronicle.<sup>12</sup>

Official responses to the rise in violent crime have not remedied the problem, and indeed, some analysts blame government policies for worsening the crisis of citizen security.<sup>13</sup> Hard-line policies known as *mano dura* ("strong hand" or "iron fist") have increased the size of the prison population and resulted in longer sentences throughout the Northern Tier, without resolving, and indeed, exacerbating the surging rates of crime and violence. In El Salvador alone, for example, the prison population increased by 184 percent between 2000 and 2009 as a result of the previous administration's *mano dura* policy. Severe overcrowding—the main men's prison outside the capital was at 424 percent capacity in 2009—has converted prisons into veritable incubators for future criminal activity.

<sup>6</sup>United Nations Office on Drugs and Crime, "The Globalization of Crime: A Transnational Organized Threat Assessment" (Vienna: UNODC, 2010), 32.

<sup>7</sup>Marcela Smutt, *op. cit.*

<sup>8</sup>United Nations Office on Drugs and Crime, "The Globalization of Crime," 32.

<sup>9</sup>The U.S. Southern Command in 2007 estimated Central American gang membership at 70,000. That same year, UNODC estimated gang membership to be 10,500 in El Salvador; 36,000 in Honduras, and 14,000 in Guatemala. Cited in Clare Ribando Seelke, "Gangs in Central America," Congressional Research Service, January 3, 2011, 5.

<sup>10</sup>Figures are from the World Bank, World Development Indicators, and United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics, cited in Aaron Terrazas, Demetrios G. Papademetriou, and Marc R. Rosenblum, "Demographic and Human Capital Trends in Mexico and Central America, Draft, Migration Policy Institute," February 2011, 10–13.

<sup>11</sup>Jose R. Molinas, Ricardo Paes de Barros, et. al., "Do Our Children Have a Chance?" The 2010 Human Opportunity Report for Latin America and the Caribbean (Washington, DC: The World Bank, 2010), 55.

<sup>12</sup>Losses due to theft, robbery, vandalism, or arson represent 2.6 percent of company sales, the highest rate in Latin America and the 10th highest in the world. See "Crime Cost: El Salvador Worst," Latin American Business Chronicle, August 10, 2010.

<sup>13</sup>See, for example, Jose Miguel Cruz, Rafael Fernandez de Castro, and Gema Santamaria Balmaceda, "Political Transition, Social Violence, and Gangs," in Cynthia J. Arnson, ed., "In the Wake of War: Democratization and Internal Armed Conflict in Latin America" (Washington, DC, and Palo Alto, CA: Woodrow Wilson Center Press and Stanford University Press, forthcoming, 2011).

## DRUG TRAFFICKING HAS EXACERBATED ALREADY HIGH LEVELS OF VIOLENCE

The growing activity of organized crime groups in Central America, particularly drug traffickers, takes advantage of the region's weak and fragile institutions as well as its geographical proximity to North American drug markets. Dysfunctional judicial systems throughout the subregion foster high levels of impunity, while processes of police reform and professionalization in the wake of peace settlements in Guatemala and El Salvador have been incomplete. The region's porous land borders and extensive coastlines are not adequately controlled, making them vulnerable to exploitation by criminal groups.

Criminal networks—including some originating during the era of internal armed conflict—have operated in Central America for decades (moving drugs, contraband, arms, and human beings), there is no doubt that pressures on drug cartels in Mexico have led to the expansion of organized crime in the contiguous territories of Central America.<sup>14</sup> The region is geographically close to North America, which constitutes the largest global market for cocaine, among other drugs.<sup>15</sup> Cocaine from Colombia, Peru, and Bolivia—the world's largest producers—is trafficked to the United States and Canada through Central America and Mexico, by sea as well as land. The United Nations Office on Drugs and Crime estimated that 180–200 tons of cocaine were trafficked through Mexico and Central America in 2009, worth about \$38 billion in U.S. markets.<sup>16</sup> The share of cocaine flowing through Guatemala and Honduras, in particular, has increased. The U.S. State Department estimated in 2010 that some 42 percent of the cocaine entering the United States passes through Central America.<sup>17</sup>

Central America is a classic representation of the unrelenting dynamic of the drug trade over the past several decades, in which improvements in one country or sub-region translate into deterioration elsewhere. The “balloon effect” usually describes the phenomenon by which reductions in coca cultivation in one country lead to increases in another. But the balloon effect is much more pernicious; all aspects of organized crime—from cultivation of drugs to production to all forms of illegal trafficking—constantly change shape as traffickers adapt to increased enforcement to meet persistent levels of demand and corresponding levels of profit.

Not all sources agree on the extent to which existing youth gangs are involved in—or potentially taken over by—organized crime. The U.N. Office on Drugs and Crime has tended to downplay the relationship, but a stream of reporting from the region points to the growing involvement of maras in organized crime.<sup>18</sup>

THE EFFECT OF INSECURITY ON GOVERNANCE AND  
ON CITIZEN SUPPORT FOR DEMOCRACY

The huge amounts of money and cash involved drug trafficking, coupled with Central America's weak institutionalization, make public officials at all levels of government susceptible to corruption by drug money. In Guatemala in 2009, the chief and deputy chief of the National Police, together with the heads of operations and investigations, were purged for their involvement in drug trafficking. In 2008, something similar occurred in El Salvador, when the police chief was forced to resign after two top assistants were accused of involvement in drug trafficking. Other times, however, public servants have paid with their lives for standing up to crime syndicates, as when Honduras' chief counternarcotics official, Gen. Aristides Gonzalez, was murdered in 2009.<sup>19</sup> The intended effect of threats against and killings of members of the police, judicial officials, and local authorities is to sow terror among the popu-

<sup>14</sup> See Steven Dudley, “Drug Trafficking Organizations in Central America: Transportistas, Mexican Cartels and Maras,” in Eric L. Olson, David A. Shirk, and Andrew Selee, eds., “Shared Responsibility: U.S.-Mexico Policy Options for Confronting Organized Crime,” Woodrow Wilson Center Mexico Institute and University of San Diego Trans-border Institute, 2010; and three Latin American Program Working Papers on Organized Crime in Central America: James Bosworth, “Honduras: Organized Crime Gaining Amid Political Crisis,” December 2010; Douglas Farah, “Organized Crime in El Salvador: The Homegrown and Transnational Dimensions,” February 2011; and Julie Lopez, “Guatemala's Crossroads: Democratization of Violence and Second Chances,” December 2010.

<sup>15</sup> North America alone accounts for some 43 percent of the global market value of cocaine. See United Nations Office on Drugs and Crime, “Crime and Instability,” 5.

<sup>16</sup> *Ibid.*, 19, 21.

<sup>17</sup> Clare Ribando Seckle, *op. cit.*, 3.

<sup>18</sup> See Hannah Stone, “Street Gang No More, MS-13 Moves Into Organized Crime,” *InsightCrime*, March 9, 2011; Katherine Corcoran, “Mexican Drug Cartels Move Into Central America,” Associated Press, March 14, 2011; and Tracy Wilkinson, “El Salvador Becomes Drug Traffickers' little pathway,” *Los Angeles Times*, March 22, 2011.

<sup>19</sup> See UNODC, “Crime and Instability: Case Studies of Transnational Threats,” 23.



lation and weaken the resolve and ability of the state to assert its authority against criminal organizations.

Various regional public opinion polls register the degree to which citizens throughout Latin America are concerned about crime and violence and the ways that high levels of crime and violence as well as corruption detract from support for democracy and the rule of law. According to the Chilean firm Latinobarometro in 2010, citizen security is now the principal concern among citizens of the region, overtaking concern with unemployment for only the second time since the mid-1990s.<sup>20</sup> While satisfaction with democracy increased in El Salvador following the election of President Mauricio Funes, the three countries of the Northern Triangle are among the bottom 5 of 26 countries of the region in terms of support for the idea of democracy, and El Salvador and Honduras were in the bottom 6 out in terms of support for the rule of law.<sup>21</sup> The AmericasBarometer of the Latin American Public Opinion Project (LAPOP) demonstrates the degree to which crime victimization and the perception of insecurity detract from support for democratic systems as well as respect for the rule of law.<sup>22</sup>

#### THE NEED FOR A COMPREHENSIVE APPROACH

In general, U.S. policy over several decades has failed to anticipate the changing dynamics of the drug trade, a tendency that became more pronounced with the launching of Plan Colombia in 2000. The U.S. Government was slow to respond to the ways that increased counterdrug efforts in Colombia would affect its neighbors in the Andean region, and then slow to adjust to the ways that increased enforcement throughout the Andes would affect Mexico and other countries closest to the world's largest drug market in North America. Central America was initially an afterthought as the United States and Mexico launched Plan Merida; although faced with the deteriorating situation in Central America, the Obama administration has increased its support for the countries of Central America through CARSI, and for the Caribbean through the CBSI.

Organized crime groups have exhibited a much steeper learning curve regarding the subregional dynamics of illegal economies, and there is no substitute now for a comprehensive approach that, at a minimum, addresses simultaneously the Andean region, Mexico, Central America, and the Caribbean; that is, all the geographical areas including and in between the source countries of illegal drugs and the major consumption markets in the United States and Canada.

Multiple U.S. agencies—the State Department, Agency for International Development, DEA, FBI, ATFE, Homeland Security, and others—are involved in the efforts to improve citizen security and combat organized crime in Central America and elsewhere. As U.S. assistance expands, the need for coordination among different government agencies is more critical than ever. Given the high percentage of criminals among deportees from the United States to El Salvador, Guatemala, and Honduras, the U.S. Government must take special care to minimize the impact of its own law enforcement policies on nations already struggling with high rates of crime and violence. Similarly, there is a need for coordination with other international donors, including the Inter-American Development Bank, the World Bank, and the agencies of the U.N. system, as well as with Central American governments and regional security institutions such as SICA. Coordinating strategy among national stakeholders and members of the international community is all the more essential as increased resources flow into the Central American region. The administration should be especially supportive of efforts of Central American nations to create additional bodies such as the United Nations Commission Against Impunity In Guatemala (CICIG), which has investigated major criminal cases and contributed to capacity building in Guatemala.

The Obama administration has made major strides in redirecting significant portions of the U.S. counterdrug budget to reduce domestic demand and in redefining drug use as a public health as well as law enforcement problem. It has also devised incentives for Central Americans to contribute resources to the fight against organized crime, by offering small challenge grants to those who meet the required cri-

<sup>20</sup> Corporacion Latinobarometro, "Informe 2010," Santiago, December 2010, [www.latinobarometro.org](http://www.latinobarometro.org).

<sup>21</sup> Support for democracy is measured in terms of agreement with the statement "democracy may have problems, but it is better than any other form of government." Support for the rule of law is measured in terms of agreement with the statement that "in order to catch criminals . . . the authorities should always abide by the law." See Latin American Public Opinion Project, "Political Culture of Democracy," 2010, <http://www.vanderbilt.edu/lapop/ab2010/2010-comparative-en-revised.pdf>.

<sup>22</sup> *Ibid.*, 81, 84–85.

teria.<sup>23</sup> In general, however, the Obama administration has failed to couple the discourse of shared responsibility with concrete measures to reduce the flow of illegal weapons from North to South, or to foster a broad national debate on U.S. demand reduction and antidrug strategies, as called for by many in Congress. More and more countries of the region who have suffered the violence associated with drug trafficking and organized crime have called on the United States to engage in the search for new paradigms.

It is no exaggeration to say that crime and violence abetted by organized crime constitute central threats to democratic governance in Central America and the survival of democratic institutions. The task is not only to increase law enforcement and judicial capacity, but also to address the poverty, exclusion, and lack of opportunity that provide a vast breeding ground for crime and violence throughout the region.

Senator MENENDEZ. Thank you.  
Mr. Johnson.

**STATEMENT OF STEPHEN JOHNSON, DIRECTOR, AMERICAS PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC**

Mr. JOHNSON. Chairman Menendez, Ranking Member Rubio. Thank you very much for inviting me to testify on this crucial subject today. As a foreign policy analyst and former Defense Department official, I see the Americas as a complex region, with governments of different sizes and capabilities, a lot of them overwhelmed by the challenges they face.

Drug trafficking and transnational crime is a global multibillion dollar enterprise that's hard to offset, even when countries like our own have resources and trained personnel. With tiny budgets and limited ability to collect taxes, most of our neighbors in the hemisphere are challenged by this task. Some even deny that they're impacted by the threat, so the problems seem to multiply.

The war on drugs is not a war that anyone can win, but a condition that requires control. The question is how badly will it impact most Americans' lives. Now, if we're serious about pursuing drug trafficking and attendant ills of other forms—and other forms of trafficking and violence, then strategy and cooperation are the keys to successful mediation. Currently it's not clear that the United States has what could be called a strategy, and it most assuredly does not have all its neighbors' cooperation.

But that hasn't stopped the United States from responding to drug trafficking and attendant ills in the past. Typically, we lurch from one crisis to the next. Plan Colombia, the Merida Initiative, and the Central American Regional Security Initiative all developed rather suddenly in response to situations that were deemed out of control. Reaction, as opposed to anticipation, has its costs in efficiency. In Colombia the United States was lucky it had a partner willing to make sacrifices and structural changes. Colombia now helps other countries.

In Mexico the crisis came at a vulnerable moment when the state was making its democratic transformation. In Central America, longstanding governance and resource problems, crime problems, dog any solution. The problems, we now realize—their problems, we now realize, affect Mexico.

<sup>23</sup>“Estados Unidos Promete Mas Fondos Para Combater Mafias,” Prensa Libre (Guatemala), March 29, 2011.

Only in the Caribbean have we thought ahead with the Caribbean Basin Security Initiative, anticipating a shift in trafficking patterns as we help our neighbors in Mexico and Central America.

In the President's annual determinations of which countries cooperate with us in counternarcotics efforts, the emphasis is on political will. Only Bolivia and Venezuela are marginal in this respect. Bolivia kicked out our Ambassador in 2008 and cooperates at a very low level. Venezuela has refused to accept our Ambassador-designee and only occasionally extradites drug kingpins. Most suspect air tracks originate from its southwestern flank. Yet it has embarked on a billion dollar weapons buildup that has nothing to do with defeating the hemisphere's most pressing threat—transnational crime.

But there is another determination to be made that impacts cooperation: capacity to act. Most neighbors would like to reduce the threat of drug trafficking and attendant crime, but face significant limitations, such as available resources—Central America and the Caribbean don't have much—public opinion; is counternarcotics anticrime assistance positively viewed? Are there sensitive aspects, like status of force agreements and heavy military footprints that might be involved? Law enforcement and justice systems. Are the police poorly trained, equipped? Are the courts adequately functioning? Environmental challenges. Are there isolated borders or large swaths of ungoverned territory?

The capacity to absorb is also important. Is equipment easy to use, maintain? Are needed skills easily learned? Sometimes we don't take this into account.

All this is to say that we need to develop and strengthen a planning culture with regards to counternarcotics and transnational crime. I'm pleased to hear that Director Kerlikowske said today that there would be a new strategy for the Western Hemisphere forthcoming this summer. But we have to realize what a strategy is. It's something that is comprehensive. It's a plan of action that considers resources, strengths and weaknesses, and assigns priorities. Multiple agencies are involved, but the Office of National Drug Control Policy and the State Department's Bureau of International Narcotics and Law Enforcement Affairs are probably two good places to start.

Second, our annual findings on drug producing or transitting countries should include a more robust capacity determination, including the factors that I've just mentioned. Perhaps that will enable better forecasting of where threats will become more acute in the future.

Finally, Congress must understand that these are not wars. I can see that that isn't a problem in this committee, in this subcommittee. But our work will not be finished any time soon. To the degree that our countries are connected, we must learn how to address these threats together.

Again, thank you, Chairman Menendez and ranking member. I appreciate the opportunity.

[The prepared statement of Mr. Johnson follows:]

## PREPARED STATEMENT OF STEPHEN JOHNSON

Chairman Menendez, Ranking Member Rubio, distinguished members of the committee, thank you for inviting me to testify on this crucial subject of the shared responsibility the countries of the Western Hemisphere faces in counternarcotics and securing citizen safety. I am honored to do so, mindful of the deep experience on this topic among the committee members and staff, as well as the expertise of my colleagues on this panel. For the record, I would like to state that the views I express are entirely my own and do not represent the Center for Strategic and International Studies, the U.S. Government, or any entities or individuals with whom I may consult.

As a foreign policy analyst and former Defense Department official, I've come to know the Americas as a complex region, with governments of different sizes and capabilities, a lot of them overwhelmed by the challenges they face. Drug trafficking and transnational crime is a global multibillion-dollar enterprise that is hard to offset, even when countries like the United States have resources and trained personnel. With tiny budgets and limited ability to collect taxes, most neighbors in the hemisphere are challenged by the task. Some deny they are impacted by the threat. So the problems multiply.

Popularly dubbed a "war on drugs," it is not a war anyone can win, but a condition that requires control. No one has ever been able to stamp out crime, and we are not about to disband our police anytime soon. Likewise, drug trafficking has been around a long time, and will remain so. The question is how badly it will impact most American's lives. Libertarians say legalization is the right approach. Narcotics production and distribution would not be a crime, violent criminals would not be involved in distribution, and it would thus not be a problem. Users would be responsible for their own health and safety. Yet, in today's society in which so many of us are coming to rely on government benefits and health care, such indulgences would cost taxpayers plenty. And as we all know, espousing that view at a local elementary school PTA meeting is a political dead letter.

If we are serious about pursuing drug trafficking and the attendant ills of other forms of trafficking and violence, then strategy and cooperation are the keys to successful mediation. Currently, it is not clear that the United States has what could be called a strategy. And it most assuredly does not have all its neighbors' cooperation. That has not stopped the United States from responding to drug trafficking and attendant ills in the past. But efforts are likely to be more effective if guided by a strategy and if more countries in the hemisphere are encouraged to cooperate in ways that make sense for them.

A strategy is a plan of action to achieve policy goals in a competitive global environment, using instruments at hand, taking advantage of opportunities and using available resources to maximum effect to defeat threats or adversaries. As the definition suggests, a strategy requires considerable analysis. Most plans touting themselves as strategies, including the President's own National Security Strategy, are not so much strategies, per se, as lists of objectives. The Office of National Drug Control Policy's National Drug Control Strategy belongs in that category, in that it presents a guide to actions but offers little consideration of the trafficking environment or how best to prioritize scarce resources.

This is not to blame responsible authorities in present or past administrations for trying to be all things to all people. But executive branch strategies are often political statements that reflect what bureaucracies would like to do or show that they are doing. Moreover, strategic thinking is made difficult by the lack of planning cultures outside of the U.S. Armed Forces. Add to that a national budgeting process that funnels agency requests through the White House to Congress, then back again for consultation before budgets are passed, it is no wonder that original requests are often sliced and diced, mixed and paired with other programs such that appropriations bear little resemblance to agency desires.

Given that strategies are conceptual exercises at best, the United States has tended to react episodically to perceived threats. During the late 1970s, illicit drug use in the United States rose dramatically. It was in that climate that the State Department created the International Narcotics Matters Bureau, the forerunner of the Bureau of International Narcotics and Law Enforcement Affairs. It was then that policymakers began thinking seriously about drug crop eradication on foreign soil and narcotics interdiction. The first "International Narcotics Control Strategy Report" came out in 1987. The White House stood up its Office of National Drug Control Policy (ONDCP) in 1988. Yet by then, hard drug use had leveled off and started to come down.

In 1993, the Clinton administration cut the ONDCP staff and reduced budgets for drug interdiction in the hemisphere. In 1994, Ernesto Samper was elected President

of Colombia, allegedly with the aid of campaign contributions from drug traffickers. Colombia was decertified as cooperating in counternarcotics, and barred from receiving U.S. security assistance. In 1999, after assistance had been restored, ONDCP Director Barry McCaffrey described Colombia as a near failing narcostate. Coca cultivation had tripled, Marxist guerrillas and right-wing paramilitaries controlled more than half of the countryside, murders, kidnappings, and massacres were all up, and some 3.5 million people had left the country. The U.S. response was a \$1.3 billion emergency aid package and collaboration on a 10-point agenda known as Plan Colombia.

Initially, Plan Colombia looked like it was going nowhere. Then, under the inspired leadership of President Alvaro Uribe, Colombians developed the political will to make it work. Most of all, the plan combined institutional reforms with the professionalization of security forces that started to roll back decades of rural lawlessness. President Uribe collected a \$780 million war tax to finance security sector reforms that increased the size and improved the training of the armed forces and police. From 2002 to 2007, homicides dropped 40 percent, kidnappings went down 83 percent, and terror attacks diminished by 76 percent. In the past 11 years, the United States has contributed \$7 billion to that effort.

According to the United Nations Office on Drugs and Crime, coca cultivation fell by half from 2001 to 2008,<sup>1</sup> but hardly put a dent in cocaine going to some 20 million U.S. users from Colombia and other countries. As Colombia's Attorney General told me in 2005, the drug lords and trafficking arms of the illegal armed groups learned a lesson from the coffee industry—they warehoused their product for later sale, hiding it in underground huacas or pits.

In a similar situation to Colombia, the United States had been helping Mexico with low to moderate levels of counternarcotics training and surplus equipment since the 1990s.<sup>2</sup> Coming into office in 2006, President Felipe Calderon decided to take on drug trafficking organizations that had operated with alleged tacit acknowledgement of the government during the seven decades Mexico was under one-party rule. Alarm bells rang when these organizations started fighting back. Meeting in the city of Merida at the end of a whirlwind tour of Latin America in March 2007, U.S. President George Bush listened as Calderon asked for help combating crime levels that had started to spike.

The outcome was the \$1.4 million multiyear assistance package for Mexico, Central America, the Dominican Republic, and Haiti called the Merida Initiative. As the project was unexpected on the U.S. side, requirements had to be drawn up and funding cobbled together from existing authorities and accounts. Coupled with congressional certifications and lead times for the development of some technical equipment to be transferred, some two-thirds of the funds appropriated had yet to be spent as of 2011—a less than nimble response that became an irritant in the bilateral relationship.

As Merida was conceived as a United States-Mexico counternarcotics effort, enhancing existing support to combat transnational crime in Central America and the Caribbean was an afterthought. Initially, the Bush administration asked for \$950 million for Mexico and \$150 million for Central America in its FY 2008 supplemental and FY 2009 requests. Congress then carved out \$5 million of the supplemental funding for the Dominican Republic and Haiti—two major drug transit countries. However, it became clear that Mexico's problems with drugs and crime were related to Central American shipping networks that account for nearly 90 percent of the cocaine destined for the United States.

In December 2009, Congress split off Central America counternarcotics and anticrime funding from Merida into what is known as the Central America Regional Security Initiative (CARSI). Once sleepy countries during the 1960s, the northern triangle states of Central America (El Salvador, Guatemala, and Honduras) now have the highest murder rates in the world according to United Nations Office on Drugs and Crime statistics, and are home to most of the region's gang members. Estimated at between 69,000 and 100,000 strong, they are described by Honduran

<sup>1</sup>The United Nations Office on Drugs and Crime (UNODC), "Colombia Coca Cultivation Survey," Government of Colombia, Bogota, June 2009. The Department of State's "Bureau of International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report 2009" disputes this. However in 2005, U.S. areas surveyed by U.S. aerial imagery were enlarged to measure a much greater area than before.

<sup>2</sup>At the time, equipment transfers reflected an "off-the-shelf" approach. The Department of Defense transferred 72 Vietnam-era UH-1H Huey helicopters to Mexico in 1997, that were returned when safety of flight issues grounded the fleet.

Security Minister Oscar Alvarez as the “reserve army for organized crime.”<sup>3</sup> Some \$260 million in CARSÍ funds have been committed to support law enforcement and justice sector reforms, as well as security force training, gang prevention, and social programs.

In the 1980s, the Caribbean had been the favored route for South American drugs to reach the United States. As U.S. interdiction efforts picked up there, traffickers moved west. So, in perhaps the only proactive move by U.S. policymakers against narcotics trafficking and crime, the State Department led an interagency effort to develop a Caribbean regional security effort as a complement to Merida, assuming that gathering interdiction capabilities in Mexico and Central America might shift trafficking back to the east. That was at the end of the Bush era. The Obama administration developed it into the \$124 million Caribbean Basin Security Initiative (CBSI) to strengthen maritime border control over a million square miles of ocean among 13 island nations and 3 European territories. Also included were projects to train police, improve information-sharing, and social programs for at risk youth.

As it is, the Caribbean could be a smuggler’s paradise, located between North and South America and consisting of mostly open water. Haiti and the Dominican Republic are the most heavily countries impacted. Traffickers like Haiti because of rudimentary law enforcement and plentiful volunteers who will set out in small boats to pick up floating packets in open waters. The Dominican Republic has its hands full with illegal Haitian migrants, a difficult coastline, and drug money that promotes corruption. Both governments cooperate with U.S. authorities, but have limited resources. The “good” news is that only about 10 percent of the flow now moves through the Caribbean. However, if Mexican and Central American interdiction capabilities improve under Merida, the routes will shift.

If CBSI represents an advance toward strategic thinking, it is only partial. Further evolution is needed in U.S. expectations of just how cooperative neighbors might be in stemming narcotics flows and implementing security reforms. Political will has always been an important measure. Some countries have it, as Colombia and Mexico have demonstrated. Others are less interested. Venezuela, for example, reportedly has maintained an unofficial friendship with Colombia’s FARC guerrillas who have sustained their struggle to overthrow the Colombian Government mostly through drug trafficking. In 2010, much of the suspect air activity departing South America to Central America and the Caribbean came from Venezuela’s southwest border with Colombia, as tracked by the U.S. Joint Interagency Task Force South. Currently, a Venezuelan businessman is being held in Colombia in connection with 5.5 tons of cocaine that turned up in Campeche, Mexico, in 2006.

For years, Congress required the President to annually certify the willingness of major drug producing or transiting countries to cooperate in order for them to receive foreign assistance. That process was made less rigid in 2002, as a result of what happened when Washington denied assistance to Colombia in the 1990s. However, other, more practical factors can affect levels of cooperation:

- Available resources—How much can a partner nation contribute on its own? For example, one Caribbean nation has a population of 72,000 and a gross domestic product of \$377 million. Its 2011 government budget will run close to US\$181 million. If it needs a helicopter for coastal patrol aircraft that costs \$15 million, it will eat up about 8 percent of the budget. That may be a tough choice for its leaders, but not so hard for transnational criminals who want a similarly priced jet and participate in a \$394 billion a year global enterprise.
- Public opinion—Is counternarcotics/anticrime assistance positively viewed, are any aspects negative? Following the election of President Rafael Correa in Ecuador, new sensitivities came into play with the U.S. forward operating location for drug monitoring flights at Manta. Despite millions of U.S. dollars spent upgrading the airfield, public opinion was divided as it was seen (rightly or wrongly) as mostly a U.S. operation in which Ecuador got little benefit. The U.S. lease on ramp space ran out in November 2009. This could have cast a cloud on Ecuadoran counternarcotics cooperation, except that, in other aspects, cooperation improved.
- Law enforcement and justice systems—Are the police properly trained, equipped, and deployed in sufficient numbers? Is the criminal justice system underresourced and backlogged? In the 1990s following civil conflicts in Central America, the international community and the United States advised Central American governments to separate their police forces from their armies and link them more closely to their justice systems. As levels of drug trafficking and vio-

<sup>3</sup>Danilo Valladares, “Central America: Youth Gangs—Reserve Army for Organized Crime,” Inter Press Service, September 21, 2010.

lent crime increased, soldiers had to be brought back in to reinforce the police, especially in rural patrols. In Haiti, finding recruits with adequate levels of education has been a challenge. In Colombia, criminal cases were backlogged several years in some cases, until the justice system itself adopted oral, adversarial trials and invested in adequate infrastructure. That process is still a work in progress.

- Environmental challenges—Are there isolated borders or large swaths of ungoverned territory? Many countries in South and Central America have large, undeveloped regions that lack infrastructure and representatives of state authority such as police. Colombia's illegal armed groups controlled such areas until security forces began to rout them and encourage demobilizations. Now, authorities are trying to find a way to occupy these areas to keep traffickers and criminals out. A similar scenario is repeating itself in Guatemala's mountains and northern marshlands. And,
- The capacity to absorb—Is equipment easy to use, maintain; are needed skills easily learned? From 1999 to 2006, U.S. Southern Command's \$67 million Operation Enduring Friendship program provided a package of 60-mile-per-hour fast boats and maintenance training to Caribbean and Central American states to improve maritime drug interdiction capabilities. However, in some countries, the required maintenance was beyond the skill levels of available mechanics.

As evidenced by the President's annual determinations, almost all countries in the hemisphere are cooperative on some level. But some are much less so than others. Cooperation is limited in Central America, the Caribbean, and some of South America because of microbudgets, environmental hurdles, and sometimes the capacity to absorb. Bolivia and Venezuela are marginally cooperative for current lack of political will.

In conclusion, U.S. policies toward drug trafficking and transnational crime in the Western Hemisphere could be more effective if policymakers thought more strategically: considering trends, strengths, and weaknesses in our abilities to build multilateral cooperation, and technological advantages that the United States might have. As we develop sensing and surveillance capabilities for defense missions in other parts of the world, we have yet to apply many of them to our transnational crime monitoring efforts. The development of a true planning culture in the U.S. agencies that combat transnational crime would encourage that kind of integration and perhaps help us to meet future challenges head on, as opposed to lurching from one crisis to the next.

The other key to success is to address cooperative deficits. One way is to plan on some partners needing more help than others in resolving their security situations, and then finding a way to get it to them before their security situations become acute and expensive. ONDCP and the Bureau of International Narcotics and Law Enforcement Affairs at the Department of State could do more analysis in that regard. Another is to leverage the accomplishments of some partners. This has already begun to happen. Colombia has been providing advice to Mexico and to El Salvador in police and justice sector reforms. Meanwhile the International Commission Against Impunity Agreement in Guatemala (CICIG) is being examined by other countries as a way to invite international involvement in strengthening local prosecutions against corrupt officials—needed where justice systems are extremely weak.

Finally, the good news is that with the forward-looking Caribbean Basin Security Initiative, U.S. policymakers are beginning to think proactively. It is a start. The flip side is that they can't stop there.

Again, Mr. Chairman, thank you for this opportunity to testify before this distinguished committee.

Senator MENENDEZ. Thank you, Mr. Johnson.  
Mr. Olson.

**STATEMENT OF ERIC OLSON, SENIOR ASSOCIATE, MEXICO INSTITUTE, LATIN AMERICAN PROGRAM, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS, WASHINGTON, DC**

Mr. OLSON. Thank you, Chairman Menendez and Ranking Member Rubio, for the invitation to appear before you today on this panel on behalf of the Woodrow Wilson's Mexico Institute.

I've been asked to talk about firearms trafficking specifically and most of what I want to say is found in a recent volume that we

edited on the subject. You so graciously mentioned our book, “Shared Responsibility: U.S. Policy Options for U.S. and Mexico to Confront Organized Crime.” The chapter was actually written by my good friend and colleague, Colby Goodman, who is here with me this morning, and I’m going to just summarize some of the main findings from that article or that chapter.

First, it’s clear to me that the erupting organized crime-related violence in Mexico is exacerbated by the relatively easy access organized crime has to military-style firearms like AK-47s, AR-15s, and even 50 BMG caliber rifles. Well-armed organized crime groups are often more likely to attack their rivals, law enforcement, and government officials when they have superior weapons and can act with total impunity. And journalists and innocent bystanders often pay the price.

Last year, Colby and I and four other researchers were in Ciudad Juarez, Mexico, the day after 15 young people were gunned down while they celebrated a victory of their sports team at home in their working class neighborhood. We went to express our condolences the next day and what we were told was that the hit men who carried out this crime were looking for a rival gang member, but apparently found it easier to spray the room with bullets and kill many innocent young people at a time. One of the weapons used was traced back to the United States.

So the question is what is being done to disrupt the flow of weapons to organized crime? Here we have some good news and bad news. On the good news side, Mexico’s security forces are doing a much better job of capturing and seizing weapons. Between December 2006 and May 2010, Mexico seized more than 85,000 total firearms, including 50,000 AK-47 and AR-15 rifles. They also seized an estimated 5 million rounds of ammunition.

With increased seizures comes increased opportunities to identify and trace these firearms. While this process isn’t perfect, traces suggest that the vast majority of weapons come from the United States. It also suggests that AK-47 type semiautomatic rifles and also AR-15 semiautomatic rifle clones are the most preferred firearms by organized crime in Mexico, and that Texas, Arizona, and California are the top source States for those firearms.

Now, there are caveats with each one of those statements, but it begins to paint a general picture of the phenomenon. But there are also problems. Mexico’s process for identifying, registering, and tracing firearms is improving, but it is still very slow at times, inaccurate, overly centralized. It can take as long as 1 year for some firearms to go through the process.

ATF could help with training and providing better access to the online database system known as eTrace and making that available to the Mexican law enforcement. But they do not have the staff and I’m afraid that in the wake of the scandal surrounding Operation Fast and Furious ATF is not likely to have greater presence and access to firearms in Mexico in the short term.

Mexican officials also complain that ATF is slow to provide them with intelligence and background information that would allow them to better track trafficking networks in Mexico.

U.S. border agencies and ports of exits are still ill prepared to disrupt trafficking, even when there is good intelligence about



potential traffickers. There are not enough agents and the infrastructure and technology for southbound inspection are woefully lacking. The United States has only 48 license plate readers in some 118 outbound lanes on the southwest border.

Personally, I do not believe one can stop the trafficking of weapons at the border, but outbound inspections could be used effectively if they're done in a targeted and strategic manner and there is adequate personnel and equipment.

Within the United States, ATF has had some success in combating trafficking when it has been strategic and focused. A special operation in the Houston area netted some good results, so focusing their efforts in high trafficking areas makes a lot of sense.

On the other hand, the Department of Justice inspector general's report on ATF's Project Gunrunner found several problems, including that ATF does not systematically share leads and intelligence with other United States agencies and the Government of Mexico, and they seem to be resistant to press for prosecutions for smuggling violations, which carry much stiffer penalties than misdemeanor firearms infractions.

Now, I see my time has run out and I just want to refer you to the written testimony that includes a number of policy suggestions, policy options. I'm happy to talk about those in more detail, but let me just finish by saying the United States Government has a historic opportunity to assist the Government of Mexico to reduce the violence and weaken transnational criminal organizations operating from Mexico. Helping curb access to large quantities of sophisticated firearms and ammunition and thus their ability to carry out atrocities against civilians and overpower Mexican authorities is one critical way the U.S. Government can address this serious threat to Mexico and increasingly to the United States.

Thank you very much.

[The prepared statement of Mr. Olson follows:]

PREPARED STATEMENT OF ERIC L. OLSON

Senator Menendez, Ranking Member Rubio, and Members of the subcommittee I am grateful for the opportunity to appear before you today on behalf of the Woodrow Wilson Center to discuss an issue of enormous importance in United States-Mexican relations, firearms trafficking.

As you know, in 2007 Presidents George W. Bush and Felipe Calderon Hinojosa announced a landmark security cooperation agreement called the Merida Initiative. The significance of this agreement was not only the money and equipment involved but the innovative framework of "shared responsibility" that formalized the commitment of both countries to work together to address the serious security problems posed by organized crime. For the first time both countries acknowledged that the roots of the crime and violence convulsing Mexico were to be found in both countries. Mexico acknowledged that it needed to more aggressively confront organized crime by increasing deployments of its security forces, and dramatically strengthening its institutions by rooting out corruption, professionalizing its police, transforming its justice system, and improving the capacity of its military and intelligence services. For its part, the United States acknowledged that consumption of illegal drugs in the United States, the profits generated, and the trafficking of firearms was feeding the violence in Mexico.

The Obama administration continued and deepened this cooperative framework and reemphasized the shared nature of the problem and the urgency of working cooperatively to address the problem.

Last year, the Wilson Center's Mexico Institute, which is part of the Latin America Program directed by Dr. Cynthia Arnson, undertook an extensive study of the security challenges posed by organized crime in United States-Mexico relations. We commissioned 13 papers to examine multiple aspects of the problem. The resulting

volume is entitled, “Shared Responsibility: U.S.-Mexico Policy Options for Confronting Organized Crime,” which I had the honor to coedit with Dr. Andrew Selee, Director of the Mexico Institute, and Dr. David Shirk, Director of the Trans-Border Institute at the University of San Diego.

Since I have been invited today to talk specifically about firearms trafficking to Mexico, I would like to take the remainder of my time to summarize some of the key findings in the chapter on the subject authored by Colby Goodman and Michel Marizco, and add some additional information that has come to light since our publication. While our study focused on a number of issues related to the nature and consequences of U.S. firearms trafficking to Mexico, I am going to focus on the issues most relevant to the Senate Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs. After an overview of the main findings of the report, I will provide more detail about the challenges the United States and Mexican Government are facing in working together to tackle this problem, especially related to firearms trace requests, intelligence-sharing, and border enforcement, and offer some policy options for addressing these challenges.

*Firearms Violence.* Traditionally, Mexican organized crime groups used firearms to establish and maintain dominance over trafficking routes, access points into the United States, and territory (known as “plazas” in Spanish), usually by wresting rival drug syndicates away and establishing the environment necessary to maintain a reliable trafficking enterprise. Much of this was performed through specific assassinations, focused attacks that allowed for the establishment of regional control. However, as the rivalries between criminal organizations increased, and the Mexican Government more directly challenged organized crime, the demand for firearms increased dramatically, especially for more sophisticated military-style firearms from the United States. In the last 3 years we have witnessed the use of these weapons in open combat with rival organizations, and often resulting in the increasing lethality of these attacks and the deaths of innocent by-standers. The resulting murder rate is now seven times what it was at the beginning of the decade, and Mexico’s democratic governance is at serious risk. The most recent data from the Government of Mexico shows a 60-percent increase in homicides between 2009 and 2010 with last year being the most violent since the beginning of the Calderon administration with approximately 15,300 people were killed in organized-crime related violence.

While most of the violence and killings are amongst and between organized crime groups they have also used firearms to target both local and federal officials, politicians, journalists, businesses, and the general public. In late 2006, for example, in the Sinaloan village of Zazalpa, 60 drug traffickers looking for a rival DTO gathered all the residents and destroyed the town, raking buildings with U.S.-purchased AR-15 firearms. According to Mexican President Calderon, crime groups are also “imposing fees like taxes in areas they dominate and trying to impose their own laws by force of arms.” In February 2010, U.S. and Mexican citizens waiting to cross into Mexico from Nogales, AZ, were trapped in a fire that erupted in the plaza on the Mexican side. In the spring of 2008, tourists returning through the Lukeville port of entry were also trapped in line waiting to cross when a gunfight ensued. In that same year, a woman from Nogales, AZ, was murdered at a fake checkpoint on a federal interstate in Sonora. Authorities said she was shot with AK-47 gunfire. A Mexican Government official familiar with the murder said three .50 BMG caliber rifle shells were found at the scene.

*Seizures and Tracing.* In light of the increasing use of firearms by organized crime groups in more dangerous and threatening ways, the U.S. and Mexican Governments have increased their efforts both independently and collectively to curb Mexican DTO’s access to firearms and ammunition in the last few years. The Mexican Government, for example, has significantly increased the number of firearms it has seized per year since the start of the Calderon administration. According to the latest figures from Mexico, the Mexican Government confiscated 32,332 firearms in 2009, an increase of more than 22,770 firearms over 2007 seizures. From December 2006 to May 2010, Mexico seized more than 85,000 total firearms, including 50,000 AK-47 and AR-15 rifles. An estimated 5 million rounds of ammunition has been confiscated from December 2006 to May 2010.

Recognizing that submitting firearm trace requests to the United States is key to combating U.S. firearms trafficking, the Mexican authorities have also increased the number of firearm trace requests to ATF in the last few years. In late October 2009, for example, the Mexican military submitted an extensive list of firearms seized over the past few years to ATF for tracing. While ATF was not able to use much of the data—because it either already had information on the firearm or there were duplicates in the list—among other challenges, the list provided ATF with new data on tens of thousands of firearms recovered in Mexico. As of May 2010, ATF said

they had inputted data on a total of 69,808 firearms recovered in Mexico from 2007 to 2009. Since then, the Washington Post has reported that number has increased to around 75,000.

To assist Mexican authorities with firearms tracing and related investigations, ATF and ICE have pledged to add personnel to U.S. consulates in Mexico and to provide Mexican officials with training and support on electronic firearms tracing or eTrace. In late December 2009, ATF started the initial rollout of a bilingual (Spanish and English) version of eTrace with limited deployment to Mexico and other Central American countries for testing. Through eTrace, Mexican officials can submit a firearm trace request to ATF electronically, which is more accurate than the older paper-based tracing system. If ATF is able to trace the firearm to the first purchaser, then officials from both governments can use this information to build leads on firearms trafficking investigations and prosecution. From FY 2007 to 2008, ATF personnel trained 375 Mexican law enforcement officials on eTrace. Once eTrace is expanded throughout Mexico, as planned, ATF expects to provide more training to Mexican authorities. ATF and ICE officials have also been tracing some firearms seized in Mexico themselves, particularly in cities close to the United States-Mexico border.

Cooperation in the United States has also increased. Personnel from the office of Mexico's Federal Attorney General (PGR in Spanish) now work with ATF directly in Phoenix, AZ, and they have sent a PGR specialist to work with U.S. authorities at the El Paso Intelligence Center (EPIC) in El Paso, TX.

For the future, the United States and Mexico will reportedly establish a working group to increase the number of firearms trafficking prosecutions on each side of the border and create a unit to help link firearms to drug cartels for prosecution. Mexico also plans to develop a list of individuals who have a history of obtaining firearms in Mexico to share with the U.S. Government.

*Firearms and Ammunition Origins.* According to information provided by U.S. and Mexican Government officials, U.S.-origin firearms account for the vast majority of firearms seized in Mexico over the last few years. As Mexico has submitted many more firearms to ATF for tracing, ATF now has a much better capability to determine the percentage of U.S.-origin firearms recovered in Mexico than it had just 2 years ago. However, ATF has been unwilling to release this information because of a debate within ATF about what constitutes a U.S. origin firearm. In many cases, for example, ATF has been unable to trace a firearm recovered in Mexico to the first purchaser in the United States and, thus, there are questions as to whether the firearm is of U.S. origin. In other cases, ATF has been able to determine that the firearm was manufactured in or imported into the United States, and as a result, ATF officials have said they can only determine there is a very strong possibility the firearm was sold in the U.S. domestic market and directly smuggled into Mexico.

Although the above information is important for understanding the total amount of U.S.-origin firearms seized in Mexico, it does not provide a clear sense of the number of firearms regularly and illegally crossing the United States-Mexico border. Data on U.S. prosecutions shines some light on this issue. According to ATF congressional testimony in March 2010, individuals illegally transferred an estimated 14,923 U.S. firearms to Mexico from FY 2005 to FY 2009. In FY 2009 alone, an estimated 4,976 U.S. firearms were trafficked to Mexico, up more than 2,000 firearms from FY 2007. A Violence Policy Center (VPC) study that reviewed just 21 indictments alleging illegal firearm trafficking filed in U.S. Federal courts from February 2006 to 2009 showed that defendants also participated in trafficking 70,709 rounds of ammunition to Mexico. It is likely these annual trafficking numbers only represent a small percentage of the total amount of trafficking per year because these numbers are only based on U.S. prosecutions and do not include thousands of U.S. firearms seized in Mexico per year that are not part of U.S. prosecutions.

Another way to approximate the demand for U.S. firearms in Mexico is by examining the price differential between U.S.-origin AK-47 semiautomatic rifles sold just across the United States-Mexican border (\$1,200 to \$1,600) and U.S.-origin AK-47s sold in southern Mexico (\$2,000 to \$4,000). Such a price difference suggests a strong demand for U.S. firearms in Mexico and the lack of quality assault-type rifles from Central America.

As ATF does not regularly attempt to trace rounds of ammunition, it is harder to assess the annual trafficking of ammunition to Mexico. Hundreds of thousands of rounds of ammunition intended for Mexico and seized each year in the United States suggests it is a significant problem. In addition, several U.S. law enforcement authorities in El Paso, TX, say traffickers regularly use large amounts of ammunition in their firearm attacks. The quantity of rounds of ammunition owned by some criminals has helped them win some firefights with Mexican authorities. For instance, in May 2008 seven Mexican Federal police officers were gunned down trying

to raid a home in Culiadn, Mexico. The traffickers inside the house responded to the Mexican Federal police officers raid with AK-47s and overpowered the Federal police after a period of time because the police ran out of ammunition.

New data from ATF on firearms recovered in Mexico from 2007 to 2009 also shows that Texas, California, and Arizona respectively are the top three U.S. States where U.S. firearms are purchased and later trafficked to Mexico. It, however, is important to note that this data does not show when the firearm was purchased in the United States. As the average time-to-crime was 15.7 years for U.S. firearms recovered in Mexico and traced to the first purchaser in 2009, it is possible there are significant differences in which U.S. States account for the most firearm purchases in the last 3 to 5 years. Despite California being a top source State, ATF in California has said the State is not among the top three U.S. source States if one limits the analysis by firearms purchased in the United States in the last 3 years. ATF in California also reports that most of their investigations in the last few years involve individuals transporting firearms through California to Mexico instead of purchasing the firearms in California. This shift in purchasing patterns for firearms trafficked to Mexico appears to be the result of stiffer laws on buying firearms in California.

*Trafficking Trends.* Based on firearms recovered in Mexico and where ATF was able to determine that the firearm was purchased in the United States, the top two firearms were AK-47 type semiautomatic rifles and then AR-15 semiautomatic rifle clones. The Romarms (Romanian manufactured) AK-47 rifle and the Bushmaster AR-15 rifle clone have been particularly popular. The NORINCO (Chinese manufactured) AK-47 was also popular for 2010. While these firearms were in a semiautomatic configuration when purchased in the United States, many of them were converted to fire as select fire machineguns by the time they were discovered in Mexico. ATF officials have also said organized crime continues to seek .50 BMG caliber rifles, which are especially lethal because they can strike accurately from more than a mile away and penetrate light armor, as well as FN Five-seven 5.7 mm pistols. There has also been some concern about .50 BMG caliber uppers conversions fitted into AR-15s because of the lack of Federal restrictions on purchasing these uppers in the United States.<sup>1</sup>

According to officials from Immigration and Customs Enforcement (ICE) and the Bureau for Alcohol, Tobacco, Firearms, and Explosives (ATF), individuals and groups seeking to traffic U.S. firearms to Mexico use several different schemes to purchase and transport U.S. firearms to Mexico. In a large number of cases, several straw purchasers and one or more intermediaries or brokers are used to traffic the firearms to Mexico. The straw purchasers are eligible to purchase firearms in the United States while the brokers are usually legally prohibited from purchasing firearms because they are convicted felons, not U.S. citizens or residents, or for other reasons. Sometimes taking orders from a person in Mexico, the U.S.-based broker may hire three or more straw purchasers to buy a few firearms each at various locations. In a more complex scheme intended to better hide a trafficker's identity and avoid prosecution, a managing broker hires additional brokers, and these brokers then hire the straw purchasers.

Perhaps not surprisingly, some brokers arranging firearms trafficking to Mexico are also involved in other illegal activities. According to ATF, ICE, and Drug Enforcement Administration (DEA) officials based along the U.S. and Mexican border, there are cases in which individuals involved in distributing illegal narcotics in the United States are also engaged in trafficking U.S. firearms to Mexico.

ATF officials also say firearms traffickers purchase firearms at U.S. gun stores and pawn shops as well as U.S. gun shows and other secondary sources, which require fewer checks on a person's identity and criminal history.

According to U.S. authorities, it appears there has been little change in the main routes used by traffickers to transport firearms purchased in the United States across the border into Mexico. In September 2009, for instance, the U.S. Department of Justice's inspector general included the most recent official map of trafficking routes in an interim review of ATF's Project Gunrunner. The three main trafficking corridors are: (1) the "Houston Corridor," running from Houston, San Antonio, and Laredo, TX, and crossing the border into Nuevo Laredo, Reynosa, and Matamoros; (2) the "El Paso Corridor," running from El Paso, TX, across the border at Ciudad Juarez; and (3) the "Tucson Corridor," running from Tucson, AZ, across the border at Nogales. ATF officials, however, are increasingly concerned that an additional corridor could be from Florida to Guatemala to Mexico. ATF officials say that once the firearms reach Mexico, they mostly follow major transportation routes through Mexico.

<sup>1</sup> <http://www.safetyharborfirearms.com/news/articles/arrifleman.pdf>.

By far, the most common method of transporting the firearms across the United States-Mexican border is by vehicle using U.S. highways. While U.S. authorities sometimes catch individuals with dozens of firearms, most are carrying smaller numbers of firearms in order to avoid detection. ATF officials have said a good time to catch firearm smugglers is right after a U.S. gun show in Arizona or Texas. A source within the Mexican Center for Research and National Security (CISEN) said most weapons now cross through remote Arizona ports of entry, such as Lukeville and Sasabe. These two ports see very little traffic compared to nearby Nogales or Tijuana and, more importantly, there is no checkpoint infrastructure beyond that of Mexican Customs at the port of entry.

Both U.S. and Mexican citizens are also engaged in smuggling firearms with commercial and noncommercial vehicles, and they use various techniques—some unsophisticated like concealing a weapon in a detergent box, and some quite sophisticated such as underground tunnels. Using cars, trucks, vans, or buses, traffickers employ techniques such as zip-tying the firearms to a hidden compartment of the vehicle, or they stuff the firearms under a truck bed liner or in a fuel tank. In other cases, the transporters have no fear of capture. For example, traffickers had about 30,000 rounds of ammunition sitting near the front seat of a civilian passenger bus when Mexican authorities caught them at an inspection point several miles inside Mexico from the Arizona border in March 2010.

*Some Major Challenges in U.S.-Mexican Government Efforts.* Several U.S. Government agencies are involved in fighting firearms trafficking to Mexico including a number in the Department of Homeland Security—Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP), and the Department of Justice's Drug Enforcement Administration (DEA). But the agency with the largest responsibility is DOJ's Bureau for Alcohol, Tobacco, Firearms and Explosives (ATF).

Despite increased efforts by the U.S. and Mexican Governments to combat firearms trafficking, both countries continue to face significant challenges in bringing the phenomenon under control. One major challenge is the incompleteness and timeliness of some of Mexico's firearm trace requests to ATF. Of the estimated 20,451 firearms recovered in Mexico in 2009 and for which ATF had information, it was only able to trace 4,999 firearms to the first U.S. purchaser. According to ATF, one major reason is that Mexican authorities often leave out the import stamp number for AK-47 variants and other essential identification information on U.S. manufactured firearms. Since many AK-47s sold in the United States are imported from other countries, ATF needs the import number to determine where the firearm was first sold in the United States. ATF officials face difficulties with AK-47 part kits imported to the United States as well as because there are no markings on the parts that indicate they have been imported into the United States. Firearms traffickers are also increasingly obliterating the serial numbers on the firearms.

ATF officials also recommend that Mexico submit more timely trace requests, among other challenges. It appears one major reason why it takes so long to submit the requests is that all Mexican firearm trace requests are submitted by the PGR in Mexico City, which has a limited number of staff working on eTrace, instead of having Federal or local officials throughout Mexico submit the requests to ATF directly.

When U.S. officials ask Mexican authorities to inspect and trace a firearm used in a crime in Mexico, the U.S. officials also sometimes run into problems. In some cities such as Tijuana, where U.S. law enforcement has a fairly strong relationship with Mexican law enforcement and the military, ATF receives regular access to the firearms. As a result, ATF has been able to trace a firearm within a few days after Mexican authorities seize it. In other Mexican states such as Sinaloa, where ATF has little presence and corruption is a larger problem, ATF is relatively restricted from accessing the firearms. ATF agents working with Mexican authorities say the key to getting access to firearms is a physical presence in the Mexican city and building personal relationships with the respective Mexican officials. These same ATF agents say it would also help if Mexico City provided clear support for ATF to physically inspect the firearms. In some cases, Mexican law enforcement has to seek approval for each firearm by a Mexican judge in order for ATF to inspect the firearm.

Thanks to some increased funding from the U.S. Congress in the last few years, ATF has hired additional staff to follow up on firearms trace requests and address U.S. firearms trafficking to Mexico in general. Starting in FY 2007, ATF had around 100 special agents and 25 industry operations investigators working for Project Gunrunner. According to ATF, as of mid-February 2010 they have about 190 special agents, 145 Industry Operations Investigators, and 25 support staff working on Project Gunrunner in States along the southwest border. While this staff increase

appears to have helped with firearms seizures and prosecutions, ATF officials stationed along the U.S. southwest border say they still do not have enough staff to investigate many leads. Additionally, ATF's plans to add staff to U.S. consulates in Hermosillo, Guadalajara, Matamoros, Merida, Nogales, and Nuevo Laredo, which are key to improving the accuracy and timeliness of Mexico's firearm trace requests, but ATF has not received specific congressional funding for such positions.

According to the U.S. Department of Justice Inspector General's report on Project Gunrunner released in November 2010, ATF could also do more to provide Mexican authorities with key information on U.S. firearms trafficking to Mexico. For example, "ATF has a substantial backlog in responding to requests for information from Mexican authorities, which has hindered coordination between ATF and Mexican law enforcement." This is in part because of lack of ATF officials in Mexico. "Although ATF has shared strategic intelligence products with Mexican and other U.S. agencies, it is not doing so consistently and systematically. For example, we [DOJIG] found that ATF is not systematically sharing strategic intelligence on cartel firearms trafficking—including trends and patterns in their operations, where they are operating, and the composition of their membership and associates—with Mexican law enforcement, the DEA, or ICE." ATF is also not regularly giving Mexican authorities the criminal histories of those who may be involved in firearms trafficking, which Mexico has repeatedly asked for.

The U.S. Department of Justice inspector general report also noted that ATF was reluctant to develop cases against defendants engaged in U.S. firearms trafficking to Mexico using smuggling charges despite the longer sentence prosecutors could obtain from such charges. The IG report, for example, "found that from FY 2004 through FY 2009, only seven defendants in Project Gunrunner cases were convicted of smuggling." The same report also "found that the average sentence for smuggling violations was 5 years (60 months), several times longer than the average sentences for the types of convictions frequently made from ATF investigations." It appears ATF's unwillingness to pursue cases in connection with smuggling charges is related to some difficulties in the interagency coordination between ICE and ATF.

Because it is difficult for Federal and local authorities to search vehicles for illegally possessed firearms in the United States, ATF officials have said they sometimes prefer to call ahead to CBP and ask them to inspect a vehicle ATF suspects is smuggling firearms across the United States-Mexican border. However, sometimes CBP is not able to identify the vehicle before it crosses the border because some U.S. ports of exit do not have license plate readers or they are using license plate readers that sometimes confuse "8s" with "Bs". According to a Government Accountability Office report on Money Laundering released this month, CBP only has license plate readers at 48 of 118 outbound lanes on the southwest border. CBP officials may also attempt to stop a vehicle heading south by just standing in front of the cars, which could be dangerous if a vehicle decided to speed through the border check point. Compared with vehicles going north or into the United States from Mexico, U.S. authorities also conduct relatively few checks on vehicles going south.

*Policy options:* The Woodrow Wilson Center is a nonpartisan research institution created by the U.S. Congress. We do not make recommendations nor do we promote specific solutions to policy questions. Our goal is to provide the best in scholarly research to inform issues of policy importance and relevance to the U.S. Government. In conducting our research we have developed a number of policy options that the U.S. Congress and administration may want to consider as it wrestles with these complex issues. These include:

Increase funding for ATF programs that have demonstrated a positive impact on prosecutions and seizures, including adding ATF staff along the southwest U.S. border and in Mexico where U.S. firearms are being seized. As demonstrated by ATF's GRIT operation in Houston, TX, in 2009, an influx of 100 ATF agents into an area of heavy U.S. firearms trafficking resulted in a large increase in U.S. prosecutions, as well as, firearms and ammunition seizures. Since the Mexican Government is seizing a large number of firearms in the Mexican states of Michoacan, Sinaloa, Tamaulipas, and Jalisco, increased funding for ATF to add agents to U.S. consulates in Guadalajara (for Jalisco and Michoacan), Hermosillo (for Sinaloa), and Nuevo Laredo and Reynosa (for Tamaulipas) might be considered. This increase in ATF funding and resulting staff could be used to help ATF better respond to Mexican requests for information on criminal histories of arms traffickers and on trends and patterns of DTO operations, among other types of information. It would also show that the United States continues to recognize this as a serious problem that needs to be addressed immediately.

The U.S. Government could continue to encourage the Mexican Government to improve some of its efforts related to tracing firearms. In order to speed up the time between when a firearm is seized in Mexico and when it is submitted for tracing

to ATF, the PGR could more quickly move ahead with plans to provide field staff in all Mexican states with the capacity to independently submit an electronic trace request to ATF. This action would be key for ATF to track down criminal suspects in the United States and thwart future firearm trafficking to Mexico. Once PGR's plan is approved, it would help if ATF provided PGR officials in Mexican states with Spanish-language eTrace, training on identifying firearms and filling out the eTrace forms, and eventually and potentially full access to ballistics information through NIBIN. The PGR should also create a formal policy that allows ATF to physically inspect firearms housed with Mexican authorities to speed up the tracing and assist with U.S. criminal prosecutions in the United States.

Both the U.S. and Mexican Governments could strengthen some of their efforts at the border that would help stem firearms smuggling and not curtail the flow of passenger and commercial vehicle traffic significantly. For instance, U.S. authorities at the border could improve their ability to detect and stop vehicles they are aware are attempting to smuggle firearms from the United States to Mexico, including increasing the number of quality license plate readers for southbound operations at the border. Building some infrastructure at U.S. southbound areas would also help prevent vehicles from escaping inspection by speeding across the border and protect CBP and ICE staff. Both the U.S. and Mexican Governments could also engage in random inspections of vehicles at times where the likelihood of firearms smuggling may occur. For example, it is more likely that one would find a few cars attempting to smuggle firearms into Mexico several hours after a U.S. gun show in U.S. cities along the United States-Mexico border. Pursuing such efforts could also improve the number of cases where defendants are charged with arms smuggling, which often provides stiffer penalties and may be more attractive for U.S. attorneys.

The U.S. Government could also consider changes in Federal law related to firearms purchasing and some Federal enforcement practices. Similar to when individuals buy multiple handguns, for example, a Federal or State law could be created so that U.S. authorities would be notified when individuals buy a certain amount of military-style firearms in a short period of time.

Since the U.S. Government already bans the importation of semiautomatic assault rifles into the United States and many assault rifles that reach Mexican organized crime groups come from U.S. imports, ATF could better enforce this law. The U.S. Government might also consider requiring some type of import markings are placed on AK-47 semiautomatic rifle part kits imported into the United States.

Finally, the U.S. Government has a historic opportunity to assist the Government of Mexico to reduce the violence and weaken transnational criminal organizations operating from Mexico. Helping curb access to large quantities of sophisticated firearms and ammunition and thus their ability to carry out atrocities against civilians and overpower Mexican authorities is one critical way the U.S. Government can address this serious threat to Mexico and increasingly to the United States.

Senator MENENDEZ. Well, thank you. Thank you all for your testimony. Your full statements will be included in the record.

Let me start with you, Mr. Olson. First of all, ATF reports that there are about 6,400 or 6,600 Federal firearm licensees operating on the Southwest border regions of Texas, New Mexico, Arizona, and California, and that the drug trafficking organizations are using surrogates, straw purchasers, to buy anywhere between 10 and 20 military-style firearms at a time, which are then smuggled into Mexico.

Do you have any idea of how many of these licensees ATF is able to inspect or examine annually to ensure their compliance with the recordkeeping requirements of the Gun Control Act?

Mr. OLSON. Well, by law they're required to inspect them once a year. I don't believe that they actually are doing that, again because of insufficient staff. They're totally overwhelmed.

But they're required to do one annual warrantless, in other words just to show up and do an inspection, a year, and I don't think they're doing an adequate job of that.

Senator MENENDEZ. This seems to be a circular situation. You said even when there is good intelligence, which is key in any of our efforts here, there is not the ability to use that intelligence to

intercept potential gunrunners into Mexico. Then we have all of these guns being used in Mexico to arm the different drug traffickers and cartels. Then we spend an enormous amount of United States money to try to help the Mexican Government meet the security challenge this poses to them and us.

I don't understand the lack of effort. While it may not be an absolute ability, I don't understand the lack of effort on the front end to undermine the gunrunning into Mexico, which would be in our own interests at the end of the day. How does that public policy make sense for the United States in terms of our own interests and security?

Mr. OLSON. I don't think it does make a lot of sense. I think what we have seen is that when they're focused and targeted in high trafficking areas—and there is roughly three main corridors and a growing fourth corridor—when they're focused in those areas and they put, deploy their limited resources in those areas, they can be successful.

But again, they're stretched enormously thin. Sometimes they're overly cautious in my opinion. They don't pursue bigger violations. Smuggling is not one that they push. They push more these gun infractions. And they don't take the steps they could take to be more effective.

I don't happen to believe that all the efforts should be right on the border. I think it could be more targeted on the border, but it has to be in Houston, in the areas where there is known corridors of trafficking, and they need to pursue, as you mentioned, both straw purchasers and the brokers who actually are behind those individual straw purchasers.

Senator MENENDEZ. Let me ask—and I'll open this to anyone on the panel—when does the citizen security threat become a national security threat? You know, the level of violence in these countries is already among the worst in the world. You can tell that in the graphic on the homicide chart. At what point do we consider this not only a threat to citizen security, but a threat to national security?

Dr. FELBAB-BROWN. I would make two observations, Senator. One is at the point where citizens lose faith in their state, in their government, in their institutions, where they look to other actors for the provision of public goods that we expect the state to provide. Second, when the institutions become so hollowed out that even when the state finds the motivation to undertake law enforcement actions, its capacity to implement that is very limited because of the lack of capacity and the extent of corruption.

Senator MENENDEZ. Doctor.

Dr. ARNISON. I couldn't agree more. There is I think a crisis of citizen security all over the region, high levels of crime and violence, particularly in urban areas, throughout Latin America. This has been an issue that's been focused on extensively by regional and intergovernment institutions.

I would agree with Vanda, it is a threat—when organized crime and crime and violence become threats to the survival of democratic institutions, it is indeed a matter of national security. The tendency has been to see using the armed forces as a way of responding to threats to national security. I think when that



happens—and I'm not opposed to that in certain cases; it has to be done with extreme levels of care, particularly given the history of the role of the military in internal societies in places like Central America.

Senator MENENDEZ. Mr. Johnson, do you want to add your view?

Mr. JOHNSON. Mr. Chairman, I'd just like to say that when it impacts the United States it's usually through increased immigration, migration of transnational crime into our country, lost GDP. I think that has to be considered, and the possibility of lost trade opportunities with countries that have to deal with these situations. And then the possibility that these threats will generate other threats or opportunities for other threats to emerge. So those are the specific—

Senator MENENDEZ. One of my concerns is that we always think, for example, of Central America as a transit point, and now increasingly it seems to be a production point. But it's not just wash in smugglers. The region has become a major cocaine consumer in the process because cartels are now paying people in drugs and local dealers turn those payments into crack that sells for a dollar a hit.

I look at the Dominican Republic as an example in the Caribbean. It was always a transit point, never a consuming population, and now it's an increasingly consuming population.

How do we deal with this problem when there are no real alternatives to recruitment in the slums of San Pedro Sulas, in Salvador, and Guatemala City?

Dr. ARNSON. I was just going to agree with you that I think one of the really pernicious effects of this is that drug traffickers are no longer paying in cash, but also paying in product, and turning local drug dealers into the providers of narcotics to poor neighborhoods.

How do you deal with this? You attack it as one more aspect of the development challenge that comes with attempting to restore institutionality and fight drug gangs and provide alternative opportunities. I don't think that there is a quick and easy solution. I don't think it's short term. I think it could last easily a generation. But the resources and the commitment need to be significant.

Senator MENENDEZ. Dr. Brown.

Dr. FELBAB-BROWN. What I would add is that it is imperative that the United States and other traditional consumers like Western Europe reduce demand. But it is equally imperative that we help countries in Latin America reduce their own demand. In Brazil and Argentina, per capita use is on par with the United States. In other countries it is expanding rapidly.

If you look broadly at the region, the United States is no longer necessarily the biggest consumer of drugs, or at least in particular kinds of drugs. Yet often in these countries efforts at prevention and treatment continue to be deeply underfunded and arguably neglected. Many of these countries still put the onus on the United States to reduce its own demand, neglecting their own internal problems.

I think we have gone through a big learning curve in the United States knowing what prevention and treatment works, how they can be improved, and part of our international assistance package

should be encouraging and helping those countries to develop adequate programs at home.

Senator MENENDEZ. Mr. Johnson, and then I'll turn to Senator Rubio.

Mr. JOHNSON. I would just add to that that, as bad as the burgeoning consumption problems are in some countries, in neighboring countries in Latin America, there is a silver lining to it, and that is that it becomes very obvious to leaders in those countries that they need to cooperate more and do more in this area. One obvious example would be Ecuador, which has developed a consumption problem and where they have made efforts to improve police and armed forces responses toward trafficking and transitting organizations in their country. Despite the loss of the lease on the Manta facility, Ecuador continues to cooperate with United States counternarcotics efforts and has actually improved some of their capabilities.

Senator MENENDEZ. Senator Rubio.

Senator RUBIO. Dr. Brown, you spoke or in your statement you wrote a little bit about socioeconomic programs, particularly in the context of Colombia and some of the programs that they should—can you elaborate a little bit on some of those programs that they should pursue in terms of continuing progress?

Dr. FELBAB-BROWN. The new administration of President Santos has very much embraced the idea that now it's time to focus on socioeconomic issues in Colombia, which have received limited attention during the administration of President Uribe. They have launched several exciting initiatives. One is to return land to those who have been forcibly displaced from land.

How much of a capacity the government has to implement the policy, it remains to be the question mark. One of Colombia's longstanding problems is that the part of the government that functions is the Government in Bogota, and in the municipalities, especially further from big towns, local government capacity is extremely limited. To the extent that there is any local government capacity, it has frequently been penetrated by paramilitary organizations, which these days are called *bandas criminales*.

So with all the good intentions and the appropriate focus on land restitution, it yet remains to be seen how much they will actually be able to accomplish.

But I think there is one easy opportunity that implementation would not be difficult, where the decision lies in Bogota, and it is to move away from the so-called Zero Coca policy, which mandates that before a community, however a community is defined, a municipality, is eligible for any assistance, it needs to eradicate all of its coca a priori. The problem with that policy, of course, is that immediately food security for the *cocaleros* is extremely threatened. Food intake—or income, rather, collapses, often by 80 to 90 percent. That might mean that a family that could afford to eat meat once a week can now afford to eat meat once a month, sometimes even less than that. That has repercussions on health and human capacity.

Also, part of the problem, of course, is that creating legal opportunities is extremely challenging and it takes a lot of different steps, from infrastructure to access to microcredit to access to land

to developing value-added chains and sustainable and accessible markets. The latter two parts are frequently the most difficult component of alternative development.

With all these challenges, to demand that all of coca is eradicated immediately means that the family often faces 2 or 3 years with very suppressed income, is not able to cope with the suppression of income, and resorts to coca.

So one easy way to achieve a move forward would be for Bogota to abandon Zero Coca.

Senator RUBIO. The gist of it seems to be, however, that the next step to continue progress in Colombia is to do everything we can to assist in economic growth, opportunity, the ability of the growers to find an alternative crop, not only an alternative crop but an economically viable one. In essence to help them grow their economy and to be empowered economically is the gist of the direction.

Dr. FELBAB-BROWN. Yes, I think it's a very critical component. However, Colombia still continues to face very serious security challenges. Although there has been great improvement in security, there are parts of Colombia that are worse than they were a few years ago. I spend a few weeks in Narina, which is a department in southern Colombia, a very difficult security situation. I also went north to the border with Venezuela, another difficult situation.

So focusing on the socioeconomic part and enabling the growth of a legal economy that is accessible to marginalized groups is critically important. But so is continuing focus on quality law enforcement, on police that are not abusive to the population, that in fact have the capacity for community policing.

Colombia will continue to address continuing deficiencies in security, including the rise of bandas criminales, many of whom are reconstituted paramilitaries.

Senator RUBIO. I think the key phrase that you used was the growth in the legal economy, and I'm not going to ask you to opine on it or drag you into it, but we're having a debate around here with regards to free trade with Colombia and what that could mean for the growth. Clearly, I believe it would help foster this desire to have socioeconomic progress.

Dr. Arnson, you spoke a little bit about something I'm very curious about, the balloon effect, and something I want to look at. It also ties into Mr. Johnson's testimony, written testimony as well, the notion that the balloon effect is real. As we succeed in one place, we face challenges somewhere else.

How do we—I think it will be the same question for both of you, Mr. Johnson and Dr. Arnson. How do we face that? What do we do moving forward to anticipate, if we're successful in our current initiatives, what that balloon effect will look like in other parts of the region 10 years down the road, 5 years down the road?

Dr. ARNISON. Sure. Well, I think as Steve mentioned, there is part of a learning curve in fortifying what's going on in the Caribbean right now, so that successes in Central America and in Mexico don't worsen the situation. There had been a great deal of progress in breaking up the trafficking routes through the Caribbean and the threat, obviously, is that those would return when there is pressure elsewhere.

I think the only way to look at it is in terms of a comprehensive approach. I agree this is not a war, and there have to be I think more discussion in the United States about how—the United States and elsewhere, as Vanda has pointed out—how to reduce demand, how to invest in our own poor communities, in which drug violence and drug consumption are major, major problems, and how to mobilize the resources in countries that are now experiencing problems of organized crime and violence related to drug trafficking, how to mobilize the resources of society to invest in the kinds of state-level programs that are going to assist in creating opportunities.

I think the challenge is not only in Latin America to grow the economies, but also to have a strong and effective state policy capable of carrying out antipoverty and social policies that would address many of the root causes. That also involves making sure that there are effective tax administrations and ways that people who are able to contribute to these efforts in Latin America do in fact contribute.

Mr. JOHNSON. I would just add to that that over a long period of time we've known about drug trafficking and transnational crime groups operating in places like Central America. We've tracked them, but it never has seemed to be a policy priority, and perhaps they've operated at lower levels that sort of went under the radar.

In the 1980s when I was a military attaché in Honduras, it was a problem. Clandestine airfields and landings at night to various places were things that got talked about. But it was not the priority at the time.

The problem for us in developing our institutions is perhaps looking at them in strategic ways. This is beginning to happen and, as I said, the Caribbean Basin security initiative kind of anticipates a problem that could develop because of the movement of trafficking into the Caribbean.

But what is really at issue here is, are we able to sit down and analyze whether these things are real threats to us, whether these things could converge with other things that are happening? For instance the democratic transformation in Mexico opened up a possibility that the police would be much weaker than they were absent partisan control, than they were in the past. Eric could probably talk about that much better than I could.

These are things that you begin to anticipate when you analyze things a little bit better and don't necessarily try to present a strategy as a list of objectives that looks good to the American public. That's why I think it's important for organizations like INL and ONDCP to begin to develop this capacity.

One thing that I learned at the Pentagon is planning is something that can be very useful, not just one plan that you stick to rigidly despite all evidence that it's not working, but several different plans that you can pull out in a contingency and begin to adapt, because it makes you think about the different kinds of possibilities, and then you begin to see holes in your own capabilities and resources and spending where those might be. That's what would help us develop that better forecasting ability so that we could see these things happening.

Again, I think it's heartening that the administration is beginning to take a look at this with the CBSI.

Senator MENENDEZ. Thank you very much.

One last question from me: If you had the ability to effectuate two policy suggestions or initiatives that you think are critical for the administration and for Congress to proceed on, what would they be?

Dr. Brown.

Dr. FELBAB-BROWN. Expand and institutionalize socioeconomic approaches to dealing with threats of illicit economies, such as the narcotics trade; and focus on helping local governments reform their police forces, focusing on community prevention and improving access to rule of law and making justice systems more effective.

Senator MENENDEZ. Dr. Arnson.

Dr. ARNISON. I would agree with that, also suggest that there be efforts to establish a political consensus around reinstating the assault weapons ban that was allowed to expire several years ago and has not been reinstated either by the administration or by Congress. That would be one.

And a second would be to engage in a very serious way with a number of former Presidents in Latin America who have directly experienced the cost on their own societies of organized crime and drug trafficking, and engage in a very sustained conversation about what might be alternatives to conceiving of counterdrug policy and changes in U.S. law that would get us out of the dominant paradigm of demand reduction, law enforcement.

Senator MENENDEZ. Mr. Johnson.

Mr. JOHNSON. Develop a strategic planning capability in INL and ONDCP to produce realistic budget assessments for what we need to meet these current threats and threats in the future, and also approve the U.S.-Colombia Free Trade Agreement and the U.S.-Panama Free Trade Agreement. Not to do so I think is unconscionable, given the sacrifices that Colombia has made to produce real progress in this area.

Senator MENENDEZ. Mr. Olson.

Mr. OLSON. Well, I would say two things which have already been hinted at. This effort that you've been a part of to rethink counternarcotics policy and evaluate it and try to think broader than that, I would say that we need to focus not just on drug trafficking, but organized crime generally, and look at the multi-level ways in which we need to approach that. I think it's a good initiative.

Specifically on firearms trafficking, I think ATF has become a very weakened organization. Some of it's of its own doing. Some of it's they don't have the resources. Some of it's political pressures they feel from outside. So I think somehow we need to either strengthen ATF and give them the cover they need to do their jobs or figure out a way for them to work more in an interagency way, because this issue of firearms trafficking is really a critical one, as you've pointed out. In the long run, it costs us enormously, too, by letting it persist the way it is now.

Senator MENENDEZ. Well, thank you all. This has been very helpful to the committee's work and we look forward to continuing to pick your brain in the days ahead.

The record will remain open for 5 days for any member who wishes to ask any questions. We urge you to respond to it as soon as possible.

With that, with our thanks, this hearing is adjourned.  
[Whereupon, at 11:53 a.m., the hearing was adjourned.]

