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Testimony

Challenges for U.S. Policy Toward Colombia: Is Plan Colombia Working--The Regional Dimensions?

WRITTEN STATEMENT OF

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The Regional Dimensions of U.S. Policy in Colombia

Mr. Chairman, distinguished Senators: I thank you for the opportunity to address this esteemed committee on the regional dimensions of Plan Colombia.

As a U.S citizen I offer my remarks with a great deal of humility with respect to the complexity of Colombia and the region, but also with concern that the bipartisan policy of Plan Colombia and the Andean Regional Initiative may not be structured to bring peace and prosperity to the region, as much as we may succeed on the drug front. That said, I commend the chairman and the Committee as well as the Bush administration for the seriousness with which these issues are approached.

Let me summarize at the outset of this very brief statement the three critical ideas I wish to convey today: First, the disproportionate emphasis in our policy on drug eradication and interdiction at the supply end of the narcotics industry needs correction, re-balancing. Second, we can not do the guns without the butter: meaning, in Colombia especially, the United States needs to emphasize planning for post-war reconstruction. Security assistance is necessary, by all means, but should be offered simultaneously with--not instead of--major initiatives to address the structural inequalities that make Colombia and the Andean region so vulnerable. And third: the critical role of local elites. With elite commitment to nation building and a social contract, the United States and the international community will indeed have a major opportunity to help bring peace and prosperity to the region. Without buy-in from elites, we can only help at the margins.

Mr. Chairman and distinguished Senators, I believe our policy toward Colombia and the region is at a tipping point. I would like to focus my comments on some of the structural and historic issues that are central to understanding and addressing the challenges and priorities for a country and region in peril.

First, history: In 1958, President Eisenhower and CIA Director Allen Dulles sent a team to assess

conditions in Colombia after a decade-long conflict known as La Violencia had brought more than 200,000 deaths. Forty-five years ago the Eisenhower administration's study concluded that due to its predilection for violence, the absence of state authority in rule areas, vastly inequitable land distribution, and widespread lawlessness and poverty, the country risked, and I quote, "genocide or chaos." Although it doubted that the local elite would agree to major reforms, the US team recommended a comprehensive nation-building package to Secretary of State Christian Herter and the new Colombian president at the time, Alberto Lleras: Washington would help Bogotá strengthen its judiciary, implement significant land reform, and eliminate the rural guerilla insurgency, which at the time numbered between 1,200 and 2,000 members.

Only the security-related recommendations were adopted. Today, we face similar structural problems but of a far greater magnitude, making Colombia and other countries in the region vulnerable to drugs, thugs, and all manner of social and humanitarian crises--thus placing the American commitment to democracy, security and the rule of law at risk.

Current Policy

Today, U.S. policy toward Colombia clusters around two priorities: the war on drugs and assisting President Uribe's counter-insurgency efforts. Since 1985 the U.S. has spent billions of dollars on the drug war in the Andes, without substantially reducing consumption in this country. According to U.S. State Department statistics, while Colombia recorded a decrease in the amount of coca under cultivation for 2002, the aggregate land under coca cultivation in the Andes is equal to year 2000 levels, at approximately 200,000 hectares, and coca cultivation is returning to Bolivia and Peru.

When first envisioned, Plan Colombia was to provide counter-narcotics assistance to the military and police, plus assistance for non-military ends such as economic and alternative development, judicial reform, and social programs for the internally displaced, as part of a comprehensive nation-building effort. Instead, with Plan Colombia and Andean Regional Initiative funds since 2000, the United States has spent close to \$3 billion in Colombia, with approximately 75 percent for military and police assistance and 25 percent social and economic support, (or 70-30, depending up on how the number is counted), a disproportionate ratio in my view.

Our current policy is indeed effective in strengthening the Colombian armed forces and achieving its bilateral counter drug goals, (and in Colombia this may deprive the illegal armed groups of revenue), but the success or failure of such an initiative in Colombia, for example, is inevitably going to affect conditions in Ecuador and Venezuela, just as Bolivia and Peru's eradication successes in the 1990s moved cultivation to Colombia.

Further complicating the prospects for successful bilateral initiatives is the fact that drug and other illegal industries thrive in territories characterized by state weakness, poverty, and disenfranchisement--all problems common to the Andean nations. Indeed, our policy is successful at eradicating coca country by country, but not on a regional basis. To reduce the net production of coca and opium in the region, I suggest looking for answers not within, but outside of the counter narcotics tool box.

The Regional and International Dimension

The regional nature of the security crisis is particularly striking, as porous borders and weak neighboring governments, whether by sins of omission or commission, permit Colombia's illegal armed groups to rest, refuel, and reap profit in environments akin to the "wild west." While the Uribe government is addressing security on a regional basis, and the U.S. Southern Command is also facilitating a regional security dialogue, Venezuela's apparent absence from such a process, voluntary or not, represents a major blind spot. Likewise, though Brazil has offered to provide intelligence from its SIVAM satellite system, greater leadership on regional security initiatives from the Lula government would be most welcome on the ground.

Indeed, while passivity on security cooperation is a problem within the Andean region, U.S. policy has

not adjusted to address the regional nature of Colombia's security crisis. And although the funds in Plan Colombia may have aided the Colombian state at a moment of acute vulnerability, and our assistance has appropriately expanded to include counter-terror training, the policy needs broadening to encompass demand reduction in the U.S., Europe and Latin America, comprehensive rural development in the Andes and expanded democratic market access initiatives for the region's poor.

Likewise, as the demand for Andean-produced drugs grows on the other side of the Atlantic and south to Brazil, at the same time that a humanitarian crisis of immense proportion derives from and feeds the conflict, it is clear that we need a new diplomatic strategy that involves Europe, Brazil, and multilateral institutions such as the U.N. and the OAS to address the increasingly global drug problem and the escalating humanitarian crisis. U.S. leadership can be critical to these ends.

Our commitment to Colombia of nearly \$3 billion indicates a significant interest in peace, democracy and the rule of law in Colombia. However, without a holistic approach that addresses demand for drugs in consuming countries and catalyzes local leadership in Colombia and the Andes to tackle the structural causes of crises in the Andes--especially striking inequality and rural poverty--we might easily chase coca and opium around the region indefinitely.

Structural Obstacles in the Andes

Addressing structural impediments and not just their symptoms in the Andes would have an appreciable impact on improving the economic and security environment as well as the quality of democracy in the region. Furthermore, because the success of our current trade and drug policies in the region is inhibited by underdeveloped democratic institutions, limited state presence in rural areas, and economic disenfranchisement, it is in our national interest to hone in on these underlying issues as part of our overall strategy.

Some examples. First, tax revenue and collection as a percentage of Gross Domestic Product (GDP) in Colombia and throughout the Andean region is woefully low, and in my view indicates a lack of civic commitment by the region's elites. For example, in Colombia, while President Uribe is seeking reforms to address the issue, and the private sector is slowly coming around, tax revenue as a percentage of GDP has increased from 10 percent in the year 2000 to 13 percent, according to the World Bank. A more stark number: Only 740,000 Colombians pay income taxes out of an economically active population of 20 million (with a total population of 43 million). Evasion is widespread and because land taxes are administered by municipal authorities under the Colombian constitution, they are practically ignored by landowners--as local governments are often either too weak to exert coercive power over local elite interests, or are subject to subornation by illegal armed groups. In Peru and Ecuador the story is not much better, with tax collection at 12 percent and 14 percent of GDP, respectively. The Organization for Economic Cooperation and Development, by contrast, reports that in the United States the rate is 29.6 percent of GDP.

Growth, poverty and income inequality indicators for the region are equally daunting. In the last twenty years, per capita economic growth has been close to zero, meaning that the average Andean adult has seen no improvement over his or her lifetime. On average, poverty rates are between 50 - 60 percent, with levels in the rural sector most extreme, averaging between 60 - 80 percent.

Income inequality is also profoundly skewed and worsening. A recent World Bank study found that over the past thirty years, income inequalities have widened in all of Latin America, with the Andean nations no exception on an individual or group basis. On the whole, the rich in the Andes have consolidated and expanded their wealth, while the poor have seen no improvement.

In Colombia, the wealthiest ten percent of the population earns 46.5 percent of national income, while the poorest ten percent earns 0.8 percent. In Bolivia, the top ten percent earns 42.3 while the poorest ten percent earns 0.3 percent. In Ecuador, the wealthiest ten percent earns 44.2 percent of national income, while the poorest ten percent earns 0.7 percent of national income. The numbers for Peru break down as 36.9 percent vs. 0.8 percent, and for Venezuela, with its oil wealth, still 35.6 percent vs.

1.3 percent for the poorest ten percent. By contrast, the averages for industrialized countries are 29.1 percent and 2.5 percent, respectively.

These sobering statistics point to the critical importance of local leadership. Without broad-based local leadership, greater civic responsibility, and increased domestic economic investment by local elites in the Andes, macroeconomic reforms, free trade and U.S. support will not help pull the region back from crisis, as Bolivia's collapse this month suggests. Although this commitment to the common good does not fall to only one group, it is extremely important that we use our leverage to encourage private sector "buy-in" on the need for increased local investment in state services, particularly in the realms of security and social programs.

We have asked the region's leader to do the hard work of embracing our drug interdiction priorities and many have done so with varying degrees of success and domestic political impact. I would suggest perhaps that were the U.S. to make clear its commitments to the strategic priorities I lay out above, we would strengthen both governments and democratic forces of civil society who reject the scourge of drugs but are frustrated by what they perceive to be the myopia of current U.S. policy.

Post-Script: Bolivia and Colombia

Mr. Chairman, in the past two weeks we witnessed two major events in the Andean region: in Bolivia, the Gonzalo Sanchez de Lozada government collapsed amidst civil strife and in Colombia, President Uribe suffered a political defeat when his referendum failed to pass and a left-leaning trade unionist of the Polo Democratico party, Luis "Lucho" Garzon, won the mayoral seat in Bogotá, the second most important elected office in the country. These developments reinforce a theme I would like to underscore in my testimony: by viewing the Andean region primarily through the lens of drugs and terror, we are missing local domestic politics that may bear directly on our ability to implement policies in the region. Those policies are in need of some correction today, whether by reallocating resources, or much more importantly, exercising leadership by broadening the priorities we identify publicly and in private contacts with the region's leadership, in or out of government.

Let me be clear: I believe the United States should continue drug eradication efforts and should continue assisting counter-terror efforts. But if these critical activities continue to occupy the centerpiece of U.S. policy, Bolivia's crisis may be the harbinger of a broader regional disintegration, as the Eisenhower administration's prognosis for Colombia forty-five years ago suggested.