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**UNITED STATES ANTI-NARCOTICS
ACTIVITIES IN THE ANDEAN REGION**

THIRTY-EIGHTH REPORT

BY THE

**COMMITTEE ON
GOVERNMENT OPERATIONS**

together with

SEPARATE VIEWS

129142

U.S. Department of Justice
National Institute of Justice

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, DC, November 30, 1990.

HON. THOMAS S. FOLEY,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's thirty-eighth report to the 101st Congress. The committee's report is based on a study made by its Legislation and National Security Subcommittee.

JOHN CONYERS, Jr., *Chairman.*

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PREFACE

On October 18, 1989, the Subcommittees on Legislation and National Security (LNS) and Government Information, Justice, and Agriculture (GIJA) held joint hearings on the President's Andean Initiative, a strategy to escalate and expand U.S. narcotics control efforts in the Andean region.

In January 1990, the subcommittees sent a joint delegation of members and staff to the Andean cocaine-producing countries of Peru, Bolivia and Colombia. The delegation conducted an oversight review of the impact of counter-narcotics efforts in the region, in order to assess the prospects of the new Andean plan. The oversight study raised serious questions regarding the effectiveness, viability, costs and consequences of U.S. narcotics control strategies.

The subcommittee returned to undertake a comprehensive and comparative examination of U.S. counter-narcotics efforts in the region. In the course of the investigation, the subcommittee found extensive evidence challenging the effectiveness of past and present strategies in the Andes, documented in internal reviews of federal agencies charged with implementing narcotics control strategies; reports of investigations conducted by other committees; General Accounting Office studies; Inspector General reports; and other U.S. Government sources.

Yet despite evidence of the failures and flaws of U.S. counter-narcotics strategies in the region, the Andean Initiative represents an unprecedented escalation of current strategies. Moreover, the initiative adds a dangerous new element to the regional effort, incorporating the Andean military forces and expanding the role of the U.S. Department of Defense.

The Committee notes the absence of analysis and essential conclusions drawn from existing government data and reports, and observes that a careful study of the results of previous efforts is necessary if the Congress is to make informed decisions about the future direction of counter-narcotics policy.

The Committee concludes from this investigation that a new debate is needed on the purposes and objectives of the drug war abroad. This report represents a first step in that direction.

The Committee wishes to acknowledge the work of research fellows Eva Bertram and Peter Andreas, who provided invaluable assistance in the preparation of this report.

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2d Session

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REPORT
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UNITED STATES ANTI-NARCOTICS ACTIVITIES IN THE ANDEAN REGION

NOVEMBER 30, 1990.—Ordered to be printed

Mr. CONYERS, from the Committee on Government Operations,
submitted the following

THIRTY-EIGHTH REPORT

together with

SEPARATE VIEWS

BASED ON A STUDY BY THE LEGISLATION AND NATIONAL SECURITY
SUBCOMMITTEE

On October 19, 1990, the Committee on Government Operations approved and adopted a report entitled "United States Anti-Narcotics Activities in the Andean Region." The chairman was directed to transmit a copy to the Speaker of the House.

I. INTRODUCTION

A. CONTEXT

On September 5, 1990, the President marked the one-year anniversary of the National Drug Control Strategy by declaring a partial victory in the war on drugs. Despite competing international and domestic priorities, he vowed that the drug war would remain the Nation's top priority, and pointed to "clear signs of progress."¹

The need for continued attention is indisputable. The signs of progress, however, are not all that clear. Indicators for cocaine and other illicit drug use are at best mixed. Cocaine prices in some major cities have risen, according to figures released by the Drug Enforcement Administration in June 1990. But the price increases

¹ Philip Shenon, "War on Drugs remains Top Priority, Bush Says," *New York Times*, September 6, 1990.

are uneven nationwide, and incremental within the overall plunge in cocaine prices over the past decade: wholesale and retail prices have barely reached 1985 levels. Cocaine production, meanwhile, continues to accelerate, from an estimated potential 361 tons in 1988 to 695 tons in 1989.²

Casual use of cocaine and other drugs is down from 1985 levels, according to a 1988 survey by the National Institute on Drug Abuse. But rates of hardcore abuse and addiction are up: the estimated "frequent" use of cocaine virtually doubled from 5.3 percent to 10.5 percent in the same three-year period.³ The number of emergency-room visits due to cocaine abuse declined 4 percent in the first three months of 1990, suggesting a levelling-off of the explosive, nearly 500 percent increase in cocaine-related hospital emergencies between 1985 and 1989.⁴ But the number of deaths due to cocaine use increased 10 percent last year.⁵

Claims of victory may be premature. The nature and severity of the problem may vary across communities and over time, but the drug problem today touches all segments of American life. As the President observed on September 5, "The crisis is far from over."

The federal government has responded to the national drug crisis by investing an unprecedented level of federal funds in anti-narcotics efforts, creating an entirely new federal agency and charging existing agencies with new or vastly expanded roles in the "war on drugs."

On October 21, 1988, Congress passed the Anti-Drug Abuse Act of 1988 (Public Law 100-690). One major provision established the Office of National Drug Control Policy (ONDCP), headed by the so-called drug czar. The creation of this office followed years of debate over the need for better coordination of national efforts to fight the drug problem. Jurisdictional disputes had divided the various federal agencies involved in anti-narcotics efforts in previous years. Each agency developed its own plans and budgets, and no single government official was responsible for coordinating their efforts. The National Drug Policy Board, headed by the Attorney General, was responsible for preparing a drug strategy, but lacked the legal authority to require agencies to redirect their plans or coordinate their efforts.

The Office of National Drug Control Policy was therefore created to coordinate anti-drug efforts, and authorized to draw up budgets for the counter-narcotics activities of the agencies involved. The Anti-Drug Abuse Act requires the Director of the ONDCP to develop a nationwide strategy and budget for anti-narcotics efforts. The first national drug control strategy and funding estimates were submitted by Director William Bennett and presented in a nationally-televised speech by President Bush on September 5, 1989. An annual revision of the strategy is also required; the first revised strategy was submitted to Congress on January 25, 1990.

² National Narcotics Intelligence Consumers Committee, "The NNICC Report, 1989: The Supply of Illicit Drugs to the United States," p. 13.

³ Office of National Drug Control Policy, "Leading Drug Indicators," September 1990, p. 10.

⁴ Michael Isikoff, "New Figures Indicate Ebb in Cocaine Abuse," Washington Post, September 1, 1990, p. A4.

⁵ *Ibid.*

B. BACKGROUND AND SCOPE OF COMMITTEE INVESTIGATION

The House Committee on Government Operations is the authorizing committee for the Office of National Drug Control Policy, and is responsible for general oversight of the federal agencies involved in anti-narcotics efforts. The Committee is engaged in an extensive review of the strategy and its implementation. Both the troubling dimensions of the nation's drug crisis and the magnitude and expense of the federal response have made oversight of the drug war a top priority for the Committee. Of central concern to the Committee are the effectiveness and viability of the multi-billion dollar drug strategy, and the operational efficiency and coordination of federal anti-narcotics programs at home and abroad.

The Committee's review of the international dimensions of the drug strategy has focused on the Andean Initiative, the centerpiece of the President's 1989-90 foreign anti-narcotics program. The Andean strategy is a broad program of military, law enforcement and economic assistance to the cocaine-producing countries of Colombia, Peru and Bolivia, designed to reduce the supply of cocaine to the United States. With a total budget of over \$231 million for fiscal year 1990, the strategy seeks to disrupt cocaine production and trafficking operations through crop eradication, interdiction and enforcement measures in the Andean source countries.

The Committee's investigation of the Andean strategy began with several hearings conducted jointly by the Legislation and National Security subcommittee and the subcommittee on Government Information, Justice and Agriculture. On September 14, 1989, the subcommittees heard testimony from William Bennett, Director of the Office of National Drug Control Policy. On October 17, 1989, administration and expert witnesses testified on the role of the Department of Defense in drug interdiction efforts on U.S. borders.

On October 18, several administration representatives and national experts in the Andean region testified on the Andean Initiative. The Committee heard testimony from John Walters, Principal Deputy of the Office of National Drug Control Policy (ONDCP); Richard Brown, Deputy Assistant Secretary for Inter-American Security, Department of Defense (DOD); Parker Borg, Deputy Assistant Secretary, Bureau of International Narcotics Matters, Department of State (INM); and Terrence Burke, Deputy Assistant Administrator for Operations, Drug Enforcement Administration (DEA). Testimony was also presented by two Andean experts: Ambassador Robert White, President of the International Center for Development Policy; and Dr. Donald Mabry, Senior Fellow, Center for International Security and Strategic Studies and Professor of History, Mississippi State University.

The Committee conducted an oversight visit to the Andean region between January 15 and 22, 1990. Several Committee members and staff visited Peru, Bolivia and Colombia to assess the effectiveness, viability and impact of U.S. counter-narcotics operations in the region.

The delegation received a briefing from the U.S. embassy country team in each country. In Peru and Bolivia, members interviewed U.S. Special Forces and DEA personnel, and met with offi-

cial from the Agency for International Development (AID). In addition to meeting with the presidents of the three Andean nations, delegation members spoke with the Minister of Interior in Peru, the Ministers of Finance and Planning in Bolivia, and the Ministers of Defense, Economic Development, and Finance in Colombia. The delegation also met with legislators, members of the judiciary and law enforcement officials in Colombia. Within the private sector, the delegation met with business leaders, farmers, and members of the coca growers union in Bolivia and the directorate of the coffee growers association in Colombia. Finally, members interviewed journalists, human rights leaders, academics, and economic analysts specializing in economic development, foreign trade, and debt.

In the months following the delegation visit, the subcommittee continued its examination of the Andean strategy through extensive staff investigations. The current review builds on the investigation by the Subcommittee on Government Information, Justice and Agriculture of "Operation Snowcap," a predecessor and continuing component of the Andean Initiative. The Committee's evaluation, moreover, is framed within a broader context of past and present U.S. counter-narcotics strategies in the region, in order to provide a necessary comparative and comprehensive analysis of the prospects and limits to success of the Andean strategy.

C. COMMITTEE OBSERVATIONS

The Committee has concluded this phase of its investigation into the Andean Initiative with serious concerns about the direction and implementation of anti-narcotics strategies in the Andes. The investigation clarifies the need to assess not only the specific programs of the Andean Initiative, but larger questions of strategy and policy.

The intent and logic of U.S. counter-narcotics policy in the region is to reduce or eliminate the supply of cocaine to the United States, thereby reducing availability and raising prices here at home. Although supply-side policies are intended to complement demand-side measures, the actual allocation of federal anti-narcotics dollars reveals that supply reduction and enforcement efforts are the linchpin of our national drug strategy, commanding seventy percent of the \$9.6 billion anti-drug budget for fiscal year 1990. A percentage of supply-reduction resources is invested in source-country programs such as the Andean Initiative.

The Committee's investigation, however, raises serious questions regarding the feasibility of a strategy designed to cut the supply of drugs in the source countries. Because the supply-side approach largely guides our national drug control strategy, the Committee believes it is necessary to evaluate the viability of this approach. If, as the Committee's evidence suggests, there is reason to believe that this strategy is unworkable, then the policy must be reassessed or a convincing case made to Congress and the American public for a continued investment in the current strategy.

The Committee also underscores the need for a thorough evaluation of the implementation of the strategy in the Andes. While definitive conclusions on the implementation of specific programs

may be premature, as the Andean Initiative was launched less than a year ago and many programs are not yet operational, the assumptions and methods underlying the plan are neither new nor untested in the region. What is new is the level of commitment to the counter-narcotics campaign in the Andes—measured in dollars and reflected in new roles for federal agencies, most notably the U.S. military. Before an even deeper commitment is made, therefore, the Committee urges closer scrutiny of the actual results of source-country programs in reducing the cocaine supply in the United States, measured against the projected risks and outcomes of escalating current strategies in the region.

The Committee concluded this phase of its review concerned that U.S. counter-narcotics strategies in the Andes reflect a military and law enforcement solution to what is primarily a social and economic problem. More specifically, the Committee's preliminary investigation suggests that: (1) the policy has been ineffective to date in meeting counter-narcotics objectives; (2) there are serious reasons to doubt that the strategy can work within the political and economic constraints of the host countries; and (3) the consequences of continuing and escalating the policy may be counter-productive not only to anti-narcotics efforts, but to long-term U.S. security interests in the region.

Of particular concern to the Committee are the risks and costs of militarizing the counter-narcotics strategy, with an unprecedented U.S. investment in host country military forces and the expanded involvement of the Department of Defense in narcotics control operations in the region.

The Committee found a range of operational problems in the implementation of the Andean policy, in management and control, interagency coordination, efficiency and the use of resources. These operational issues must be addressed immediately by the appropriate federal agencies. In several cases, operational and management problems present immediate and continuing threats to the safety and lives of U.S. personnel.

The Committee cautions, however, that addressing problems at an operational level—while it may enhance efficiency and effectiveness on the ground—will not resolve fundamental flaws in the strategy. The Committee's review suggests that problems such as poor interagency coordination or confusion over operational guidelines and rules of conduct may not simply reflect isolated cases of mismanagement or inexperienced staff. In some cases, they may be the logical results of a policy that has mobilized the wrong institutions to meet unclear and unrealistic objectives.

The Committee is therefore convinced that a searching reassessment of the effectiveness, viability, and potential consequences of the Andean strategy is needed. This report represents a first step toward that objective.

II. FINDINGS

(1) The Committee found a range of implementation and operational problems in source-country narcotics control programs. Problems plaguing U.S. counter-narcotics operations include:

- (a) a lack of accountability and management;

- (b) poor inter-agency coordination;
- (c) inappropriate agency functions, particularly the use of law enforcement agencies and personnel to conduct operations in a para-military environment;
- (d) problems associated with a dangerous operational environment, including the lack of clear operational guidelines and rules of conduct for U.S. agencies and personnel; and
- (e) waste and mismanagement in equipment procurement and maintenance.

In addition, counter-narcotics efforts are severely constrained by problems in host country agencies and operations. The Committee notes that the United States exercises much less influence and control over host country institutions and actions than over U.S. operations. The extent of these local internal problems therefore raises the important question of whether even substantial improvements in U.S. operations can enhance effectiveness in counter-narcotics efforts absent dramatic and unlikely changes in the nature and conduct of host government institutions.

(2) The Andean Initiative reflects a largely military and law enforcement response to deep-rooted and diverse economic problems.

The Committee found that coca production and processing, in particular, are fueled by the economic crises facing Peru and Bolivia. Without genuine economic alternatives that can compete with and eventually replace the coca economy, Peruvian and Bolivian coca-producing peasants lack the minimal incentives necessary to abandon coca production. The importance of economic assistance to complement enforcement and interdiction efforts in source countries is acknowledged by the Office of National Drug Control Policy and the various federal agencies charged with implementing source country programs. Yet the first year of the Andean plan provides for no significant drug-related economic assistance to the three Andean nations, and future assistance is conditioned on "progress" in meeting counter-narcotics objectives through enforcement measures. This approach to economic aid reflects an unworkable and unreasonable strategy for narcotics control in the region.

(3) Source-country supply reduction programs of eradication, interdiction and enforcement have been ineffective in reducing the cultivation of coca or the available supply of coca products for processing or export in the Andean region.

Despite record eradication levels in Bolivia in recent months, crop eradication programs have consistently failed to keep pace with the overall amount of new coca planted annually in the Andean region. Coca cultivation has increased by approximately ten percent a year in the last decade.

Source-country interdiction and enforcement efforts have also been largely unsuccessful in curbing the amount of coca or coca products available for processing and export. Interdiction strategies in 1989 resulted in the seizure of less than one percent of all coca paste and base produced in Peru, and only one-half of one percent of Bolivian coca products.

Colombian interdiction and enforcement strategies have been more sophisticated and successful in the short-term. Yet the limited impact of even the intensified fall 1989 drug interdiction and enforcement campaign underscores the limits of interdiction strate-

gies: although the immediate effect of the crackdown was a seventy-five percent reduction in cocaine processing activities, production has steadily increased since then, reaching eighty percent of the previous level by March 1990. The remaining twenty percent, moreover, has been compensated by increased cocaine production in neighboring countries.

(4) The single greatest obstacle to the operational effectiveness of Andean counter-narcotics efforts may be the lack of political will and/or ability among the host countries to confront the narcotics trade. The Committee observes that the viability of the Andean strategy depends on the cooperation and ability of the host governments to wage an effective anti-narcotics effort, yet little evidence indicates that these internal and institutional problems can be resolved to meet counter-narcotics objectives, even with significant U.S. assistance. Two factors constrain the governments of Peru, Bolivia and Colombia, in varying measures:

(a) Domestic Priorities: The primary concerns of the Andean nations are resolving severe economic and political problems. Bolivia and Peru are confronting the effects of the worst economic crises in their nation's histories. A priority for both Colombia and Peru is to stem the tide of political violence resulting from conflicts with armed insurgencies, and in the case of Colombia, with right-wing para-military organizations.

Reducing coca production and processing is not only a low priority for Peru and Bolivia, but a conflicting objective, particularly in the short-term. The level of dependence on the coca economy for export earnings and employment is such that an aggressive crackdown on the trade would trigger severe economic dislocation and lead to widespread social unrest. The economic, political and social conditions of each of the countries therefore severely limit the ability and will of the Andean governments to seriously confront the coca and cocaine trade.

(b) Institutional Weaknesses: A second factor limiting host government cooperation in confronting the narcotics trade is the nature of the military and law enforcement institutions responsible for carrying out the policies. The Committee found extensive evidence of corruption, abuse, inter-agency rivalries, and operational inefficiencies and ineffectiveness. The Committee notes that U.S. strategies depend on the cooperation, integrity and efficiency of police and military institutions in each host government, and may misjudge the potential for reform, even with substantial U.S. assistance.

(5) The Committee's investigation revealed little evidence to suggest that supply reduction programs in source countries have affected the supply or use of cocaine in the United States. Compelling evidence was presented to the Committee that even successful source-country supply reduction efforts can have only a negligible impact on cocaine prices and consumption in the U.S.: the costs of producing cocaine are so low that even a fifty percent reduction in supply would add less than three percent to the retail price. This analysis suggests serious limits to the viability of source-country programs.

Equally important, the Committee found that no adequate mechanism exists to accurately assess the effectiveness of source-country

supply reduction programs on: (a) the overall supply of cocaine from the Andean region; and (b) the availability and consumption of the drug in the United States. The Committee's investigation confirmed the need for an objective assessment of the effectiveness of supply-reduction measures in addressing the drug problem at home.

Administration officials have pointed to recent shifts in the price and purity levels of cocaine in some U.S. cities as indicators that the cocaine supply is becoming tighter: in the first six months of 1990, the "street price" in some U.S. cities increased, and purity levels decreased. Yet the Committee is unable to find a direct causal relationship between these changes and source-country supply reduction efforts. The Drug Enforcement Administration has identified a wide range of factors that may explain the shift, many of which are unrelated to U.S. supply reduction efforts.

(6) U.S.-supported anti-narcotics campaigns have in many cases been counter-productive in meeting U.S. objectives in the region. Eradication and interdiction strategies have driven coca-growing peasants to increase the acreage they plant and to replant their crops in more remote areas, often in regions previously untouched by the crop. Destruction of primitive processing labs has led to their replacement by less detectable and accessible facilities. Disruption of trafficking routes has resulted in the development of new smuggling techniques and the expansion of final cocaine-processing activities in countries such as Bolivia.

An unintended and adverse consequence of source-country programs has therefore been to fuel the continuing expansion and mobility of coca growing and processing activities throughout the region, not only within the primary producing countries, but increasingly into neighboring countries such as Brazil, Ecuador, and Chile.

The Committee observed that many source-country programs, moreover, have drawn strong popular opposition within the region. In Peru, for example, peasant opposition to U.S. drug control efforts has led to increased support for armed insurgents, who portray themselves as the peasants' defenders against U.S.-sponsored anti-narcotics measures. Also notable was the sharp resistance to the proposed use of chemical herbicides to eradicate coca. The Committee remains concerned about the potentially serious ecological and social consequences of the proposed plan. Chemical eradication is also likely to lead peasants to clear land for new coca fields, resulting in both the expansion of coca cultivation and increased deforestation.

(7) Substantial U.S. assistance has been allocated to the Andean militaries to conduct counter-narcotics campaigns in the region. The Committee found, however, that:

- (a) the primary mission of the military forces of Colombia and Peru is to neutralize armed insurgents;
- (b) counter-insurgency and counter-narcotics objectives are in many cases contradictory;
- (c) the militaries of all three Andean nations have demonstrated little ability or will to wage effective narcotics control programs; and

(d) no effective controls exist to ensure that U.S. counter-narcotics assistance is not used for counter-insurgency purposes.

In fact, the Committee has received reports that substantial amounts of U.S. anti-narcotics aid to the Colombian military in FY 1990 were targeted for a major counter-insurgency campaign in a region not known for drug trafficking activity. Given these conditions and the record to date, the Committee questions the wisdom and effectiveness of providing further counter-narcotics assistance to the Andean militaries.

(8) Continuing and further "militarizing" the present strategy will not address the roots of the problem in source countries or serve the long-term interests of the United States. The United States and the Andean nations share an interest in: (a) reducing the dependency of Andean economies on coca and cocaine; (b) strong democratic and civilian governments; and (c) balanced and sustained economic growth. These broader interests are affirmed by the Office of National Drug Control Policy: "The Andean counter narcotics strategy is part of a broader effort on the part of the Administration to further the steady trend in Latin America and the Caribbean to democracy and market-oriented reforms."⁶

Current U.S. counter-narcotics measures, however, are not serving the broader, long-range interests of the United States or the region. In particular, U.S. efforts lack a serious long-term strategy for economic development as an alternative to the coca and cocaine economy. In addition, the increase of U.S. military assistance to the region under the Andean plan will strengthen the hand of military institutions with long records of corruption and abuse, and little proven commitment or ability to conduct effective narcotics control programs. A related consequence will be to further undermine the authority and control of the civilian governments and democratic institutions on which the U.S. depends for cooperation in confronting the drug trade. The Committee notes that neither the counter-narcotics objectives nor the long-term security interests of the U.S. would be served by weakened Andean economies or by the collapse of civilian governments to military control.

Escalating the role and presence of the U.S. military in the region, moreover, exposes U.S. personnel to increasing security threats and may draw the United States into protracted counter-insurgency conflicts, while contributing little to resolving the drug problem at home.

(9) U.S. counter-narcotics policies as presently implemented do not adequately reflect key provisions in the Document of Cartagena, signed by the President and the leaders of Peru, Bolivia, and Colombia in February 1990. The Committee notes in particular two components:

(a) U.S. drug strategies must reflect "understandings regarding economic cooperation, alternative development, encouragement of trade and investment;" and

⁶ Office of National Drug Control Policy, "The Andean Strategy, Fiscal Year 1990," August 1, 1990.

(b) the parties must "act within the framework of respect for human rights; they reaffirm that nothing would do more to undermine the war on drugs than disregard for human rights."

Given the abysmal human rights records of the Peruvian and Colombian militaries, the Committee questions the wisdom and legality of providing major increases in military assistance to the two nations.

III. THE ANDEAN INITIATIVE

A. OVERVIEW

Designed to curb the flow of cocaine into the United States, the President's Andean Initiative is a cornerstone of the national drug control strategy. "A major component of our international efforts," states the January 1990 National Drug Control Strategy report, "is a strategy aimed at supporting the principal cocaine source countries—Colombia, Peru and Bolivia—in their efforts to control and defeat the drug trade."⁷

The stated long-term goal of the Andean strategy is to effect "a major reduction in the supply of cocaine from these countries to the United States" through working "with the host governments to disrupt and destroy the growing, processing and transportation of coca and coca products."⁸

The Andean Initiative's primary departure from previous narcotics control efforts in the region is its incorporation of host country military forces into the counter-narcotics effort, and its expanded role for U.S. military forces in the region.

Current U.S. operations under the Andean Initiative involve providing training, technical assistance and direct support for host country eradication, interdiction and enforcement efforts. In testimony before the Subcommittees on Legislation and National Security (LNS) and Government Information, Justice and Agriculture (GIJA), John P. Walters, Chief of Staff of the Office of National Drug Control Policy, described a phased approach that includes a vigorous coca eradication program, crop substitution, and effective local military and law enforcement measures within key coca-producing areas. Primary objectives include interdiction of air, road and river traffic in drugs, and the destruction of processing labs and infrastructure important to cocaine production and trafficking.⁹

The Andean Strategy identifies three short-term goals:

(1) "To strengthen the political will and institutional capability of Colombia, Peru and Bolivia" to disrupt and ultimately dismantle the trafficking organizations, by:

(a) providing military assistance, security training and equipment;

(b) strengthening the ability of the Andean governments to prosecute, extradite and punish narcotics traffickers; and

⁷ Office of National Drug Control Policy, "The National Drug Control Strategy," January 1990, p. 49.

⁸ *Ibid.*

⁹ Testimony of John P. Walters before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

- (c) providing economic assistance, beginning in fiscal year 1991.¹⁰
- (2) "To increase the effectiveness of law enforcement and military activities of the three countries against the cocaine trade," by:
- (a) isolating key coca-growing areas;
 - (b) blocking shipments of cocaine-processing chemicals; and
 - (c) conducting eradication programs.¹¹
- (3) "To inflict significant damage to the trafficking organizations which operate within the three countries," by:
- (a) targeting key traffickers for arrest and prosecution;
 - (b) impeding the transfer of drug-generated funds; and
 - (c) seizing the assets of traffickers.¹²

An August 1, 1990 report on the Andean Strategy released by the Office of National Drug Control Policy provides the broader context for U.S. anti-drug efforts in the region: "The Andean counter-narcotics strategy is part of a broader effort on the part of the Administration to further the steady trend in Latin America and the Caribbean to democracy and market-oriented economic reforms."¹³

Economic and democratic change, the report emphasizes, are a prerequisite for success in the war on drugs in the Andes. "The longterm success of the counter-narcotics strategy is dependent on strengthening democratic processes and economic growth to complement law enforcement actions. Economic strategies and resources are required to provide the general conditions for a healthy and viable legal economy throughout the region as well as provide viable alternatives for those currently engaged in illicit drug cultivation."¹⁴

The report describes a multi-lateral and bi-lateral context for accountability in counter-narcotics efforts in the region, identifying conditions and criteria for anti-drug operations and assistance defined by several international agreements.

The *Document of Cartagena*, signed in February 1990 by the presidents of the United States and the three Andean nations: (1) links U.S. aid to "actions against drug-trafficking" and "sound economic policies" on the part of the Andean countries; (2) binds the United States to a drug strategy that reflects "understandings regarding economic cooperation, alternative development, encouragement of trade and investment;" and (3) requires "that the parties act within the framework of respect for human rights; they reaffirm that nothing would do more to undermine the war on drugs than disregard for human rights." The report notes that "The advancement of respect for human rights is complemented by Section 3(a) of the International Narcotics Control Act," passed by Congress in 1989.¹⁵

Specific conditionality is further defined through a series of bi-lateral processes establishing common objectives and a framework for performance evaluation, according to the ONDCP report. Sever-

¹⁰ Ibid, p. 50.

¹¹ Ibid, p. 50.

¹² Ibid, p. 51.

¹³ ONDCP, "The Andean Strategy," August 1, 1990.

¹⁴ Ibid.

¹⁵ Ibid.

al bi-lateral agreements and understandings between the United States and Colombia and Bolivia have established a framework for assistance and joint efforts. The U.S. and Peru have not yet reached formal agreement on objectives, except regarding police assistance.¹⁶

Despite the multi-lateral and multi-faceted approach outlined in the President's strategy, the first year of the Andean Initiative reflects an almost exclusive strategic emphasis on bi-lateral military and law enforcement assistance by the United States. "During the first year of the five-year program, it is our intention to provide law enforcement and military assistance to help stabilize the cocaine situation in Peru and Bolivia," stated Parker Borg, Deputy Assistant Secretary of State for International Narcotics Matters, in testimony before the subcommittees last October.¹⁷

The military and security aid is needed not only for anti-narcotics efforts, administration representatives pointed out, but also for anti-insurgency efforts. "The National Drug Control Strategy recommends that we spend \$261 million in FY90 to increase the capabilities of Andean law enforcement agencies and armed forces to deal with the immediate threats posed by traffickers and insurgents operating in tandem," Borg testified.

The importance of economic development assistance was acknowledged not only in ONDCP planning documents, but by administration representatives in testimony before the Committee. "Our past experiences . . . have demonstrated that development and economic assistance must go hand-in-hand with law enforcement if we are to be successful in reducing narcotics production and trafficking," Borg stated to the Committee.¹⁸

Yet economic assistance is to be withheld as part of a "carrot and stick" strategy, according to the administration plan. Borg explained, "Depending on the successes in the FY90 programs, economic assistance might be made available to Peru and Bolivia in FY91 to offset some of the negative economic effects of successful cocaine control. . . . It is also our intention to offer this economic assistance as an incentive, which will kick in after we've had a chance to evaluate their use of the augmented law enforcement and military assistance projected for fiscal year 1990. At that time, recipient countries must demonstrate that economic policies are in place before the assistance is made available to them."¹⁹

B. HISTORY OF U.S.-ANDEAN NARCOTICS CONTROL STRATEGIES

The law enforcement and military assistance strategies of the Andean plan reflect a continuation and escalation of more than a decade of U.S. counter-narcotics efforts in the Andes.

The direct predecessor to the Initiative is Operation Snowcap, a multi-agency operation now incorporated within the broader Andean strategy. Snowcap represented the culmination of earlier strategies: "Each facet of the strategy was based upon successes

¹⁶ Ibid.

¹⁷ Testimony of Parker Borg before Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

¹⁸ Ibid.

¹⁹ Ibid.

and failures in coca source suppression strategies over the past decade," explained Assistant DEA Administrator David Westrate in testimony before the House Foreign Affairs Committee on May 23, 1990.²⁰

Peru's Operation Green Sea, for example, targeted coca production in the Upper Huallaga Valley from 1979 to 1980. Green Sea exemplified the importance of sustained development programs and a strong system of judicial prosecution; the lack of these programs "negated any long-term benefits" of the operation.²¹ Green Sea was followed in 1985 and 1986 by Operation Condor, which employed Peruvian military airlift support to increase the ability of Peruvian law enforcement agencies to attack processing facilities and airstrips located in the jungle.

Efforts to control the flow of chemicals necessary for cocaine processing began with Operation Piranha, a program implemented in the late 1970s to curtail the flow of precursor chemicals from Brazil to Bolivia. The concept was expanded in 1982 with Operation Chem Con (Chemical Control); chemical tracking strategies employed in Chem Con resulted in the seizure of major laboratories in South America.

Operation Bat, implemented in the Bahamas in 1982, represented the first use of U.S. military support to assist in host country drug suppression activities in Latin America or the Caribbean: U.S. Air Force and Army helicopters are used in interdiction efforts in the ongoing operation.

Operation Blast Furnace marked a significant shift in the nature and scope of U.S. counter-narcotics operations in Latin America. Developed in conjunction with the Bolivian Government in 1986, Blast Furnace brought six U.S. Army Blackhawk helicopters and 160 U.S. support personnel to Bolivia to provide air mobility to host government anti-narcotics forces. The operation triggered a sharp but short-lived disruption in coca production; its sizable U.S. military presence also drew strong criticism and controversy throughout the region.²²

Despite the regional opposition, Operation Blast Furnace was immediately succeeded by Operation Snowcap. Designed "to provide full-time operational capability as a follow-up to Operation Blast Furnace,"²³ Snowcap significantly expanded the efforts launched under Blast Furnace and previous operations, incorporating a wide range of federal agencies in a concerted coca suppression campaign reaching across several nations in the region.

Although Snowcap reflected a substantial escalation of U.S. counter-narcotics efforts, the operation was presented as a "low-profile" initiative in the wake of the controversy over Blast Furnace: DEA worked "to arrange the profile in such a way that it is perfectly acceptable politically, media-wise and every other way in support of what we are trying to do."²⁴

²⁰ Hearings, "Operation Snowcap: Past, Present and Future," House Committee on Foreign Affairs, May 23, 1990, p. 8.

²¹ *Ibid.*, pp. 8-9.

²² *Ibid.*, pp. 8-9.

²³ *Ibid.*, p. 8.

²⁴ *Ibid.*, p. 17.

Snowcap was launched in April 1987 by DEA, the Department of State's Bureau of International Narcotics Matters (INM), and host country enforcement agencies. Snowcap reflected a first-time attempt to extend counter-narcotics operations over a longer time-frame of two years, and a wider geographic scope, originally targeting twelve countries, later limited to three.²⁵

Snowcap was developed "as an alternative, multi-faceted strategy to suppress the production of cocaine in source countries and thereby reduce the supply of cocaine to the United States," according to a 1989 DEA review entitled *Institution-Building in the Andes*. The strategy "focuses on the suppression of cocaine supply through destruction of clandestine laboratory facilities, control of precursor and essential chemicals, and interdiction of the drug on land and waterways, in conjunction with eradication and economic development programs. A major thrust of this strategy is to improve the resources and expertise of host government forces . . ." ²⁶

With the development of the National Drug Control Strategy in 1989, Snowcap efforts evolved and were incorporated into the broader Andean Initiative: "The efforts of Operation Snowcap participants have paved the way for a more intensive source country initiative that addresses all aspects of the problem in the most comprehensive manner yet seen." ²⁷

C. IMPLEMENTING THE ANDEAN INITIATIVE

The Andean Initiative shares Operation Snowcap's strategic goal of significantly reducing the supply of cocaine to the United States, and will incorporate Snowcap strategies and programs. The Andean Initiative, however, represents a significant escalation of U.S. counter-narcotics efforts in the Andes: the Initiative's budget outlay for fiscal year 1990 is fifteen times greater than DEA's largest expenditure for Snowcap—\$7 million in 1988.²⁸

Under the Andean Initiative, U.S. operations draw on the resources and personnel of several U.S. law enforcement and military agencies. The lead agencies in Andean operations currently are the Department of State, through the Bureau for International Narcotics Matters (INM); the Drug Enforcement Administration (DEA); and the Department of Defense (DOD). Agencies with secondary roles include the Coast Guard, Customs, and Border Patrol. On a smaller scale, U.S. government agencies assist with agricultural development and other efforts.

The involvement of DOD in Andean counter-narcotics operations is not new. According to Assistant DEA Administrator David Westrate, for example, "DOD support has been critical to Bolivian operations since 1986." ²⁹ In January 1988, INM and DEA hosted an inter-agency meeting at Fort McNair. Representatives from fourteen federal agencies discussed ways to integrate specialized re-

²⁵ Drug Enforcement Administration Review, "Institution-Building in the Andes," December 12, 1989, in appendix to Hearings, "Operation Snowcap: Past, Present, and Future," House Committee on Foreign Affairs, May 23, 1990, p. 48. (Hereafter, DEA Review, December 1989.)

²⁶ *Ibid.*, p. 48.

²⁷ *Ibid.*, p. 53.

²⁸ *Ibid.*, p. 54.

²⁹ Hearings, "Operation Snowcap: Past, Present, and Future," House Committee on Foreign Affairs, May 23, 1990, p. 10.

sources and expertise into U.S. operations to improve the intelligence and enforcement capabilities of host governments. According to DEA, counter-narcotics operations have since "received extensive support from the Department of Defense, resulting in major improvements in planning, training, logistical support and transportation."³⁰

DOD's role, however, has been expanded significantly under the Andean strategy. The initial strategy devised by the U.S. Southern Command (SOUTHCOM) calls for an intensive in-country training program for host government military and police forces.

The six-month integrated training strategy is being developed jointly by SOUTHCOM and the Army/Air Force Center for Low Intensity Conflict. Under the current plan, each country will provide six military strike battalions, their staffs, a top level military staff, and a police strike company for training.³¹ Teams of military advisors will remain in-country with each battalion and police unit/staff for eighteen months or longer, if necessary, upon completion of the training program. "The degree to which the advisory teams would be operational is unspecified," notes a DEA summary of the SOUTHCOM strategy.³² In addition, Mobile Training Teams will offer standardized progressive training to host country personnel, both in the region and in the United States. A two-week riverine training program will be included for selected host country forces.³³

DEA officials summarized existing operational programs before Congress in May 1990.³⁴ In Bolivia, on-the-job training and technical assistance is provided to host country narcotics agents by ten DEA Snowcap agents, five U.S. Border Patrol personnel, and U.S. Coast Guard personnel. A U.S. Army Special Forces Mobile Training Team provides tactical and security training and additional technical assistance. Eight UH-1H helicopters are provided by INM, and DEA supplies one Aerocommander 1000 and one CASA 212, with five pilots and two to three contract mechanics. Additional liaison, intelligence and investigative assistance is provided by an additional twenty-four DEA permanent special agents and support personnel.³⁵

In Peru's Upper Huallaga Valley, ten DEA Special Agents serve as advisors to 100 Peruvian National Police personnel and 400 workers for CORAH, the Peruvian Coca Control and Reduction Organization for the Upper Huallaga Valley; all are housed at the Santa Lucia forward base for anti-narcotics operations.³⁶ The Peruvian Guardia Civil police force is supplied with air mobility by eight INM helicopters, one logistical cargo aircraft, and one DEA fixed-wing aircraft. A U.S. Special Forces Mobile Training Team provides special training in small-unit tactics, air mobile tactics, and operational security. Sixteen permanent DEA agents and sup-

³⁰ DEA Review, December 1989, p. 51.

³¹ Ibid, p. 55.

³² Ibid, p. 43.

³³ Ibid, p. 55.

³⁴ Hearings, "Operation Snowcap: Past, Present, and Future," House Committee on Foreign Affairs, May 23, 1990, pp. 11-12.

³⁵ Ibid.

³⁶ Report, "Stopping the Flood of Cocaine with Operation Snowcap: Is it Working?" House Committee on Government Operations, August 14, 1990, p. 27.

port staff assist the 30,000 Guardia Civil police and 10,000 Peruvian investigation police with nation-wide enforcement.³⁷

In Ecuador, nine permanent DEA agents and support personnel provide training and technical assistance to local forces. INM supports the effort with two helicopters and four boats. In Colombia, DEA directs particular attention to providing intelligence support.³⁸ Finally, planning is currently underway for an expansion of counter-narcotics operations to three additional Latin American nations; a temporary DEA office will soon open, for example, in Salta, Argentina.³⁹

D. BUDGET

The President's Andean Initiative commands a projected budget of over \$2 billion over a five-year period. The strategy called for \$231 million for the three nations in FY90, and an estimated \$422 million for FY91.⁴⁰

As the budget appropriations process began for FY91, questions were raised regarding the effectiveness and appropriateness of the Andean plan, many of which are explored in this report. Of central concern to many members of Congress is the fact that only a fraction of the funds allocated for the previous fiscal year have been obligated and/or spent to date, in part due to prolonged bilateral negotiations over the nature of the aid packages for the Andean nations.

³⁷ Ibid, p. 12.

³⁸ Ibid, p. 23.

³⁹ Ibid, p. 21.

⁴⁰ Office of National Drug Control Policy, "Andean Strategy Narcotics-Related Funding," June 20, 1990.

ANDEAN STRATEGY NARCOTICS-RELATED FUNDING							
(in millions of dollars)							
	FY 1989 Actual	FY 1990 Estimate 1/	FY 1991 Request	FY 1992 Plan	FY 1993 Plan	FY 1994 Plan	Total 5-Year Plan
COLOMBIA:							
Military Assistance 2	\$8.6	\$40.3	\$60.5	\$60.5	\$60.5	\$60.5	\$282.3
Economic Assistance	\$0.0	\$3.6	\$50.0	\$50.0	\$50.0	\$50.0	\$203.6
Law Enforcement 3/	\$10.0	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0	\$100.0
DEA Support	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4	\$4.4	\$22.0
TOTAL	\$22.8	\$68.3	\$134.9	\$134.9	\$134.9	\$134.9	\$607.9
PERU:							
Military Assistance 2	\$2.6	\$36.5	\$39.9	\$39.9	\$39.9	\$39.9	\$196.1
Economic Assistance	\$1.3	\$4.3	\$63.1	\$103.1	\$103.1	\$103.1	\$376.7
Law Enforcement	\$10.5	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$95.0
DEA Support	\$4.3	\$6.8	\$6.8	\$6.8	\$6.8	\$6.8	\$34.0
TOTAL	\$18.7	\$66.6	\$128.8	\$168.8	\$168.8	\$168.8	\$701.8
BOLIVIA:							
Military Assistance 2	\$5.8	\$33.7	\$40.9	\$40.9	\$40.9	\$40.9	\$197.3
Economic Assistance	\$4.0	\$40.7	\$95.8	\$130.8	\$130.8	\$130.8	\$528.9
Law Enforcement 3/	\$10.0	\$15.7	\$15.7	\$15.7	\$15.7	\$15.7	\$78.5
DEA Support	\$4.0	\$6.6	\$6.6	\$6.6	\$6.6	\$6.6	\$33.0
TOTAL	\$23.8	\$96.7	\$159.0	\$194.0	\$194.0	\$194.0	\$837.7
TOTAL ASSISTANCE:							
Military Assistance 2	\$17.0	\$110.5	\$141.3	\$141.3	\$141.3	\$141.3	\$675.7
Economic Assistance	\$5.3	\$48.6	\$208.9	\$283.9	\$283.9	\$283.9	\$1,109.2
Law Enforcement 3/	\$30.5	\$54.7	\$54.7	\$54.7	\$54.7	\$54.7	\$273.5
DEA Support	\$12.5	\$17.8	\$17.8	\$17.8	\$17.8	\$17.8	\$89.0
GRAND TOTAL	\$65.3	\$231.6	\$422.7	\$497.7	\$497.7	\$497.7	\$2,147.4
<p>1/ The obligations projected for FY 1990 are approximate and adjustments may be made during the course of the year. They include Byrd Amendment reductions.</p> <p>2/ Military assistance includes both Foreign Military Financing (FMF) and International Military Education and Training (IMET). FY 1990 IMET projections are: Colombia, \$1.5 million; Peru, \$0.5 million; and Bolivia, \$0.3 million. FY 1991 IMET projections are: Colombia, \$2.5 million; Peru, \$0.9 million; and Bolivia, \$0.9 million.</p> <p>3/ The Law Enforcement category for FY 1990 includes \$38.2 million in International Narcotics Matters (INM) funds as well as a portion (\$16.5 million) of the \$125 million in FMF appropriated for counternarcotics programs in Section 602 of the Foreign Operations, Export Financing, and Related Programs Act for FY 1990.</p>							
Office of National Drug Control Policy -- June 20, 1990							

IV. ASSESSING THE ANDEAN STRATEGY

The Committee's evaluation of recent U.S. narcotics control efforts in the Andes, detailed below, assesses the effectiveness, viability and costs and consequences of the Andean strategy.

The results of the Committee's investigation are not encouraging. They suggest that the policy is likely to yield few results in the battle against drugs, while exacting an enormous and unpredictable cost in the resources, personnel and long-term security of both the Andean nations and the United States. The combined ineffectiveness and inestimable risks of the present course, the Committee concludes, clarify the need to re-direct counter-narcotics goals and strategies in the region.

"The war on drugs," observes a January 1990 State Department Inspector General report on the region, "is by now well-known, well-documented, and disheartening—disheartening because it is being lost and is taking a huge toll in human suffering and exacting a high price in political instability in several source countries."⁴¹

A. MEASURING EFFECTIVENESS

The most compelling reason for a fundamental reassessment of U.S. counter-narcotics policies in the Andes is their ineffectiveness to date. To measure effectiveness, the Committee assessed program results, implementation and evaluative criteria. Because the Andean strategy represents a continuation and escalation of previous U.S. narcotics control programs, the Committee's evaluation includes evidence from earlier efforts to curb the supply of cocaine from the Andean source countries.

1. Program results

The most objective measure of a strategy's effectiveness is its ability to meet its stated goals. By this measure, source-country narcotics control efforts over the past several years have failed: "While many of the Operation Snowcap objectives (i.e. increased seizures of drugs, clandestine laboratories, chemicals) have been met, the Operation Snowcap goal of reducing cocaine availability in the United States by fifty percent has not," acknowledges a DEA report on Andean operations. "In fact, cocaine availability has increased dramatically since 1983."⁴²

Despite the investment of millions of U.S. dollars in counter-narcotics strategies over the past decade, State Department officials confirm that coca cultivation has increased by ten percent a year through the end of 1989, doubling since the 1970's.⁴³ Coca cultivation is now approaching 200,000 tons of coca leaf a year, enough to satisfy four times the annual estimated U.S. cocaine market.⁴⁴ The

⁴¹ Department of State, Office of the Inspector General, "Inspection of the Bureau for International Narcotics Matters," January 1990, p. 5. (Hereafter, DOS Inspector General Report, January 1990.)

⁴² DEA Review, December 1989, p. 53.

⁴³ Testimony of Parker Borg before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

⁴⁴ DOS Inspector General Report, January 1990, p. 5.

Committee notes that even if U.S. source-country programs were able to reduce supply by an unlikely fifty percent, therefore, enough cocaine is produced to supply the U.S. market two times over.

The Committee found that crop eradication programs in Peru, Bolivia and Columbia are ineffective in reducing coca cultivation, and that interdiction efforts have little if any effect on the amount of coca or coca products available for processing and export. All three Andean countries have witnessed a substantial net *increase* in coca cultivation for years, despite U.S.-sponsored eradication campaigns. And aggressive interdiction strategies in 1989 led to the seizure of less than one percent of all coca paste and base produced, both in Peru and Bolivia. According to the most recent figures from the National Narcotics Intelligence Consumers Committee (NNICC), the projected amount of cocaine produced for consumption almost doubled in one year: the 1988 estimated potential cocaine production of 361 tons jumped in 1989 to 695 tons.⁴⁵ The Committee notes that increased eradication and interdiction efforts in 1990 have led in some areas to record levels of crops eradicated and drugs seized. Yet these efforts have consistently failed to keep pace with the region's growing supply of coca and cocaine.

State Department audit assessments of previous and ongoing narcotics control campaigns are equally discouraging. "The INM-funded programs in Peru and Bolivia have not resulted in significant reductions of coca cultivation or the disruption of cocaine trafficking in the host countries," states a March 1989 Inspector General report on anti-narcotics efforts in those two countries. "Coca production in those countries has increased every year . . . It is uncertain whether INM-funded programs, as they are now conducted, will have a meaningful impact on the amount of cocaine that is available for export." Despite "significant achievements" in seizures, labs destroyed and arrests, "INM agrees that the programs have had little impact on the availability of illicit narcotics in the United States."⁴⁶

a. Eradication results

Several methods of coca eradication have been attempted in the Andean producer nations; all are fraught with problems. Manual eradication programs require the physical uprooting and burning of the plants, and are expensive, slow, labor-intensive and often dangerous. The gasoline-operated brush trimmer speeds up the operation, but results in the plants growing back stronger than before. An assessment of chemical herbicides suggest that this approach is both environmentally hazardous and politically unpopular.

Laws governing coca growing and eradication, moreover, vary among the three nations. The Bolivian government, for example, has identified a restricted zone of legal coca-growing for traditional purposes. Coca eradication in Bolivia is encouraged by a voluntary

⁴⁵ National Narcotics Intelligence Consumers Committee, "The NNICC Report, 1989: The Supply of Illicit Drugs to the United States," June 1990, p. 13.

⁴⁶ Department of State, Office of the Inspector General, "Report of Audit: International Narcotics Control Programs in Peru and Bolivia," March 1989, p. 3. (Hereafter, DOS Inspector General Report, March 1989.)

program through which growers may elect to receive government compensation for eradicating their crops. In 1989, the Bolivian government supplemented this program with a forced eradication campaign in the illegal growing zones. Peruvian officials eradicate coca forcibly and do not compensate farmers for the loss of their crops. Forced eradication strategies are also employed in Colombia, and are limited largely to coca found growing near processing facilities during raids.

Neither Bolivia nor Peru met its eradication targets for 1989, ending the year with more coca under cultivation than at any previous point in their histories.

Less than one percent of Peru's coca leaf crop was eradicated in 1989; 1,285 of a targeted 11,250 hectares were destroyed. As in the past, new coca cultivation outpaced eradication, resulting in an overall increase of four percent in coca cultivation. Peru's eradication program was severely restricted by the dangerous security situation. Attacks on eradication workers by armed insurgents operating in the coca-growing zones of the Upper Huallaga Valley led to the suspension of the program in February 1989; when eradication activities resumed in March 1990, efforts were limited to coca seed beds grown in the more remote areas of the Valley.

Despite a record-high eradication total of 2504 hectares in 1989—equal to the total for the two previous years combined—Bolivia destroyed barely half of the 5,000 hectare level specified under an agreement with the United States in 1989. Bolivia's record eradication results decreased the coca crop by less than five percent, failing even to compensate for the nine percent increase in new coca planted in 1989. Significantly, Bolivia's eradication results for 1990 have exceeded the 5000 hectare target. Yet even these record eradication levels have little impact on overall production, with more than 53,000 hectares under cultivation in 1989.⁴⁷

Although Colombia's coca crop is notably smaller than Peru's or Bolivia's, and is of poorer quality due to lower alkaloid content, cultivation is expanding rapidly and limited eradication efforts have met with little measurable success. Coca cultivation was estimated at 42,500 hectares in 1989, up from an estimated 25,000 in 1987 and 15,500 in 1985. Only 641 hectares were eradicated in 1989, approximately 1.5 percent of the total under cultivation.

b. Interdiction results

Drug interdiction strategies in the Andes range from destroying coca processing pits and labs and seizing paste, base and cocaine powder, to disrupting trafficking networks and supply routes, blocking the flow of processing chemicals, and arresting traffickers.⁴⁸

⁴⁷ Department of State, Bureau for International Narcotics Matters, "International Narcotics Control Strategy Report," March 1990, p. 105.

⁴⁸ U.S. officials emphasize a strategic shift in counter-narcotics efforts away from the lower end of the production process—coca growing and primitive processing—toward more sophisticated targets, including the processing centers, air corridors and landing strips used by trafficking organizations. However, crop eradication efforts continue, focusing on coca seed beds, and interdiction measures include continued raids on maceration pits and low-level processing sites. For more information, see: ONDCP National Drug Strategy, January 1990, p. 49-51; and Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 52-53, 40.

Interdiction goals for the U.S. Embassy in Peru were not met in 1989. Less than one percent of all paste and base produced in Peru was interdicted. On overflights during its January 1990 visit, Committee delegation members observed the rapid reconstruction of labs that had been destroyed in "successful" interdiction operations. Drug arrests in 1989 totalled only forty-four, a fraction of the goal; and it is uncertain how many of these arrestees remain in custody or were convicted. Delegation members were informed by the DEA attache that since interdiction efforts were resumed after a suspension for security reasons last year, teams were hitting one lab a day. Few drugs or chemicals, however, were being interdicted.

The Committee delegation learned that interdiction efforts in Bolivia have been similarly unsuccessful, yielding little impact on production. Seizures by U.S. and Bolivian forces in 1988 and 1989 amounted to one-half of one percent of the cocaine hydrochloride and base produced in that period. Many of the Bolivian interdiction "successes," moreover, represent a very brief disruption in operations. Bolivian interdiction efforts, for example, included destruction of 6,957 coca maceration pits—in which leaves are stomped and transformed into paste—yet these are easily replaceable elements at the lowest level of the cocaine production process; their destruction leads to no evident decrease in production. Riverine interdiction, air interdiction operations and "search and destroy" missions to locate and destroy labs and other targets were similarly unproductive.

Interdiction strategies in Colombia are more complex and sophisticated, targeting the large-scale trafficking cartels; these operations and their effects are evaluated at greater length in the *Colombia* section of this report. The limited impact of even the intensified 1989 drug interdiction and enforcement campaign, however, underscores the limits of interdiction strategies. The Colombian government stepped up its aggressive efforts against the traffickers in late August and early September of 1989, following the assassination of a leading presidential candidate by traffickers. The effort was backed by \$65 million in U.S. emergency military assistance. The immediate effect of the intensified interdiction and enforcement campaign was a seventy-five percent reduction in cocaine processing and trafficking activities in Colombia. Yet U.S. officials in Bogota confirm that cocaine production has steadily increased since then, reaching approximately eighty percent of the previous level by March 1990, despite continued interdiction efforts by the government.⁴⁹

2. Program implementation: Operational problems

The Committee's investigation revealed a range of implementation and operational problems behind the ineffectiveness of Andean narcotics control programs. Problems plaguing U.S. operations include a lack of management and control, inefficiency, poor inter-agency coordination, and problems associated with operating in a hostile environment. These are discussed below.

⁴⁹ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 74.

Significantly, the Committee's review reveals that operational weaknesses not only lead to ineffectiveness, but pose unnecessary and unacceptable risks to the safety of U.S. personnel in the region. The Office of the Inspector General of the Department of State issued a hurried and unplanned report on these problems in March 1989, "based on the potentially life-threatening situations that OIG found . . ." ⁵⁰

In addition, counter-narcotics efforts are severely constrained by problems in host country agencies and operations. The Committee notes that the United States exercises much less influence and control over host country institutions and actions than over U.S. operations. The extent of these local internal problems therefore raises the important question of whether even substantial improvements in U.S. operations can enhance effectiveness in counter-narcotics efforts absent dramatic and unlikely changes in the nature and conduct of host government institutions. This issue is discussed in a later section of this report, *Assessing Viability*.

a. Lack of management, accountability and policy coordination

Serious breaches in management, policy coordination, and accountability have emerged at all levels of the Andean program, undercutting the effectiveness of counter-narcotics efforts. Particularly disturbing to the Committee are the findings of several independent executive branch audits of INM programs.

According to a January 1990 report based on a State Department Inspector General review, "The most consistent theme emerging from the interviews with senior officials in other agencies and departments. . . . was a belief that the Department of State did not assign a high priority to narcotics matters. . . . Some thought the Department's senior management was primarily concerned with the public relations aspect of the problem rather than looking seriously into the strategy and demanding accountability for the cost/benefit relationship. There was concern that if senior management did not become more involved, others would take over, and the State Department would lose foreign policy control." ⁵¹

The Committee encountered related problems in policy coordination, resulting in U.S. initiatives working at cross-purposes and directly undercutting counter-narcotics objectives in the region.

The most disturbing example of poor communication and policy coordination concerned the U.S. role in allowing the International Coffee Agreement to expire in 1989. Both ONDCP Director Bennett and Assistant Secretary of State for International Narcotics Matters, Melvyn Levitsky, testified before the Senate Committee on Governmental Affairs that they were neither notified in advance of the action nor consulted by the appropriate State Department or U.S. Trade Representative officials regarding the adverse effect of such a decision on U.S. counter-narcotics interests in Colombia. Testimony by Colombian Ambassador Victor Mosquera Chauz revealed that "his government and the people of Colombia cannot comprehend how, on the one hand, the U.S. can be as responsive as

⁵⁰ DOS Inspector General Report, March 1989, p. 3.

⁵¹ DOS Inspector General Report, January 1990, p. 7.

it has been in the present crackdown against the traffickers. . . . while on the other hand, allowing the International Coffee Agreement to expire, which could cost Colombia as much as \$500 million annually in lost revenue.”⁵²

Numerous reports echoed the need to ensure greater management and coordination at all levels—between INM, ONDCP and other executive branch agencies, between INM and the embassies, and among the law enforcement agencies.⁵³

b. Poor interagency coordination

The Committee's investigation confirms numerous reports of inadequate coordination and conflicts among the federal agencies charged with implementing the Andean Initiative. “U.S. anti-narcotics efforts in the Andean Region have been substantially undermined by a failure on the part of concerned agencies—e.g., the Defense and State Departments, DEA and those responsible for intelligence collection and analysis—to adequately cooperate with one another and coordinate their respective drug-related activities,” reported the Senate Permanent Subcommittee on Investigations in February 1990.⁵⁴

“The various law enforcement agencies,” observed the State Department Inspector General, “which until now have tended to focus more on internecine disputes over areas of responsibility than on cooperation, will, at a minimum, have to learn how to cooperate abroad. The much higher risk for many of the operations will require new thinking about how U.S.-supported programs are to be executed . . .”⁵⁵

Part of the problem “can be traced to legitimate differences in their respective institutional missions, attitudes, and operational approaches,” according to the Senate investigation, “which seem to prompt almost inherent conflicts between and among them.”⁵⁶ The lines of authority over foreign counter-narcotics operations, for example, are unclear. While the State Department retains overall responsibility for U.S. government activities abroad, DEA, under the 1961 Single Convention, is responsible for all drug-related operations in foreign countries.

Moreover, the operational approaches of DEA and the Departments of State and Defense are divergent and even contradictory. DEA employs law enforcement measures in counter-narcotics operations; agents are skilled in investigation, search and seizure and arrest techniques. State Department officials use the methods of diplomacy. And Defense Department personnel, trained to locate and destroy enemy targets, exercise military tactics in the field.⁵⁷ Absent studious coordination and oversight, these differences in approach erupt into confusion and conflict at the operational level.

⁵² Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 5.

⁵³ DOS Inspector General Report, January 1990, p. ii.

⁵⁴ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 10.

⁵⁵ DOS Inspector General Report, January 1990, p. ii.

⁵⁶ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 10.

⁵⁷ *Ibid.*

The lack of coordination among agencies was evident during the Committee's oversight trips to the region.

Repeated conflicts in coordination between DEA and DOD in providing logistical support to both U.S. and host government counter-narcotics programs and personnel are a case in point. The Government Information, Justice and Agriculture Subcommittee learned in an August 1989 field visit that in several cases, DEA has been unable to secure needed assistance from the Department of Defense in transporting equipment to DEA agents in the field.⁵⁸ Additional reports include a case in which DOD personnel rejected a DEA request to share communications equipment at the Chimore forward base for anti-drug operations in Bolivia.⁵⁹

Discussions between the GIJA Subcommittee and DEA agents at the Santa Lucia base in Peru also revealed interagency conflicts over the use of equipment: DEA sought to use base helicopters for interdiction operations, while the embassy Narcotics Assistance Unit (NAU) wanted to provide support for Peruvian eradication campaigns in the field.⁶⁰

Lack of cooperation in the use of intelligence at the U.S. Embassy in Bogota has been documented in earlier investigations. U.S. personnel and host country operatives in agencies with drug-related functions at times reportedly "duplicate each other's efforts and in so doing, increase the risk involved, including unwittingly placing each other's lives in danger."⁶¹

Perhaps most significantly, lack of coordination and interagency conflicts between DEA, DOD and the State Department undermine the effectiveness of U.S. training operations and direct support efforts to enhance government activities. When the NAU in April 1989 contracted a retired Department of Defense Special Forces agent to assist DEA in coordinating host country interdiction operations in Peru's Upper Huallaga Valley, for example, lines of communication and control were confused and tense, according to agents on the ground.⁶²

The Senate Permanent Subcommittee on Investigations reported a similar incident: "Reflecting the long-standing State Department-DEA turf battles and rivalry, a high-level State Department field coordinator scathingly denounced to subcommittee staff DEA's ability to work with local anti-narcotics police and Peruvian naval forces in riverine operations and later added that he wants DEA entirely out of anti-drug activities in the Upper Huallaga Valley."⁶³

Although the Committee delegation was informed that steps have been taken to improve coordination between DEA and DOD

⁵⁸ Report, "Stopping the Flood of Cocaine with Operation Snowcap: Is it Working?" House Committee on Government Operations, August 14, 1990, pp. 32-33. (Hereafter, Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.)

⁵⁹ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 10.

⁶⁰ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 27-28.

⁶¹ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 10.

⁶² Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 29-30.

⁶³ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Operations, February 6, 1990, p. 11.

in host country training programs,⁶⁴ the Department of State Inspector General reported in March 1989 that poor interagency coordination has severely undercut U.S. training programs for UMOPAR, the Bolivian anti-narcotics police force, in recent years. Although the responsibility for coordinating operations rests with DEA, UMOPAR troops are trained by U.S. Army Special Forces in jungle survival, military operations and small-unit tactics. DOD rules of engagement, however, prohibit Special Forces trainers from accompanying UMOPAR troops on missions. After receiving training, UMOPAR troops were therefore turned over to DEA agents who are both unrestricted by military rules and untrained in military tactics. DEA agents then coordinated actual field operations. Yet investigations revealed that DEA agents ordered UMOPAR troops to carry out military tactics contrary to the way in which they were instructed by the Special Forces teams—employing tactics, according to one Special Forces officer that are dangerous and defeat the purpose of the training.⁶⁵

c. Inappropriate agency functions

The example above points to a larger and related problem: the use of agencies and personnel to carry out activities outside their mandates and fields of expertise. Of greatest concern is the use of non-military agencies and personnel to conduct para-military activities.

In addition to performing investigative and technical assistance functions appropriate to DEA, for example, agents have been coordinating the military operations of foreign troops. "Although it is not DEA's role to provide military technical assistance," the Inspector General's report stated, "during the OIG visit, DEA was doing just that . . . the responsibility of coordinating military-type operations was assigned to an agency that lacks the operational expertise to conduct military missions."⁶⁶

Clear operational procedures and rules of engagement provide essential guidelines and constraints for military personnel under peacetime and para-military conditions; they are designed both to prevent unintended military escalations and to protect individual soldiers. The use of non-military law enforcement personnel to conduct para-military operations not only reflects a circumvention of the intended purpose of such military procedures and rules of conduct, but presents an unacceptable risk to the security of law enforcement agents.

According to a March 1989 Department of State Inspector General audit, "Many of the DEA agents were on ninety-day temporary assignment from the United States and could not speak Spanish. The only military training most of them received was a two-week jungle survival course. Yet they were responsible for coordinating the G.C.'s (Peruvian Civil Guard's) air assault operations, and accompanying the G.C. troops on missions. Thus, individuals who may not have had a military background were tasked with provid-

⁶⁴ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 22, 52.

⁶⁵ DOS Inspector General Report, March 1989, p. 17.

⁶⁶ *Ibid.*, p. 7.

ing military technical assistance to combat troops with whom they may not have been able to communicate. This is similar to the situation in Bolivia, where U.S. Army advisors told OIG that DEA agents lack military operational expertise."⁶⁷

Although DEA officials in Washington concurred that such problems existed, their recommended solution—providing additional training for DEA agents—sidesteps the broader issue of using non-military agencies in military and para-military situations.

Other examples of the inappropriate use of agencies and personnel include the assignment of personnel with little or no experience in narcotics control to embassy Narcotics Assistance Units. Training for individuals assigned to NAU's has been "at best, haphazard," according to one report.⁶⁸

Officials may arrive, for example, with no training in the specific procurement requirements and fiscal accounting procedures required for managing an international narcotics program. Financial accountability was sacrificed in cases in which untrained and inexperienced personnel were charged with financial management of NAU operations, which are independent of embassy operations.⁶⁹ The Committee observes that the potential for fraud, waste and abuse under such circumstances is enormous.

d. Dangerous operational environment

Of prime concern to the Committee is the dangerous operational environment within which U.S. counter-narcotics activities in the Andean nations are conducted: Committee investigators observed that a wide range of operational problems are related to the security situation in the region. The governments of Peru and Colombia, in particular, are currently engaged in intense counter-insurgency campaigns against guerrilla forces in remote regions. The threat of violence by traffickers and insurgents in these areas poses a direct security concern for U.S. personnel, raises the risk of a deepening military conflict, and significantly undercuts the operational viability of U.S. efforts in the region.

For years, U.S. enforcement, eradication and interdiction efforts have been conducted in high-risk areas in Peru's Upper Huallaga Valley, a war zone effectively controlled by the Sendero Luminoso (Shining Path) insurgents. The International Narcotics Control Strategy reports issued by the State Department in recent years describe frequent attacks by drug traffickers and insurgents, and strong resistance by coca growers whose crops were threatened with eradication. Since 1983, twenty-seven coca eradication workers paid by INM have been murdered in eradication efforts. In April 1989, guerrillas attacked the Santa Lucia base in Peru's Upper Huallaga Valley.⁷⁰ Constructed largely with U.S. funds, the base houses both Peruvian forces and U.S. counter-narcotics personnel.

The gravity of the security threat led to the suspension of all eradication and some interdiction operations from February 1989 to March 1990. Although restricted eradication campaigns have re-

⁶⁷ Ibid, pp. 7-8.

⁶⁸ DOS Inspector General Report, January 1990, p. 25.

⁶⁹ Ibid.

⁷⁰ Department of State, Bureau of International Narcotics Matters, "International Narcotics Control Strategy Report," September 1990, p. 17.

sumed with no violent incidents or confrontations to date,⁷¹ the security situation in Peru and throughout the region is growing increasingly unstable, rendering many counter-narcotics operations virtually impossible, and paralyzing even AID-sponsored development efforts.

In addition to questions of operational viability under such conditions, the Committee is concerned about inadequacies in and violations of rules of conduct for U.S. personnel operating in a hostile environment.

The Committee has learned of several incidents in which U.S. personnel have come under fire or hostile attack. During the attack on the Santa Lucia base in Peru, for example, DEA agents were present and at risk. More recently, in Bolivia, a DEA agent was wounded in a firefight in September 1990 when a counter-narcotics patrol of Bolivian and U.S. forces was ambushed by heavily armed traffickers.⁷²

The Committee's investigation revealed that guidelines for conduct under the dangerous conditions of the drug war in the Andes are inadequately defined and poorly understood. Rules of conduct differ for military and law enforcement personnel.

Department of Defense personnel are restricted from any operational role in counter-narcotics activities in the region. Bound by peacetime rules of engagement, U.S. military personnel are instructed to avoid potentially hostile situations. The rules of engagement are based on the principles of self-defense, necessity and proportionality: "it must be necessary to use force to defend yourself or others, and only the minimum amount of force, proportional to the threat, is authorized."⁷³

These rules are ambiguous in the Andean context of a guerrilla threat: U.S. personnel are expected to retreat in the face of imminent hostile action, but may defend themselves if attacked. Concerns were expressed to Committee staff that the rules may be unrealistic under particular conditions, and may not be uniformly applied or rigorously followed. The dangerous and complex conditions of the drug war were described in Army Times by a Green Beret master sergeant: "Between the G-forces [guerrillas] and the D-armies [drug lords] and sometimes even hostile host forces, it's very hard to keep up with who's trying to blow you away."⁷⁴

The Committee's investigation revealed several reports of actual or possible violations of the rules of conduct as applied to military personnel. According to a former U.S. embassy employee who served in Bolivia from 1985 to 1987, for example, Special Forces agents accompanied Bolivian forces on operations at the completion of training programs.⁷⁵

"Despite denials by the Bush administration that U.S. forces have a direct combat role in the fight against South American co-

⁷¹ Ibid, p. 18.

⁷² Sam Dillon, "Bolivian Cocaine Ring Decimated, U.S. Says," Miami Herald, September 29, 1990, p. 1.

⁷³ Questions submitted in writing to the Office of National Drug Control Policy and responses thereto, appendix to Hearings, "Review of the International Aspects of the President's Drug Control Strategy," House Committee on Foreign Affairs, September 12, 1989, p. 58.

⁷⁴ Jim Pat Mills, "The Army's Drug War," Army Times, October 2, 1989, pp. 14-21.

⁷⁵ Mark Matthews, "Special Forces Reportedly Have Joined Bolivian Raids," Baltimore Sun, September 14, 1989.

caine cartels, Army Special Operations Forces boast they are on the front line in the escalating war on drugs," the Army Times reported on October 2, 1989. "Special Operations sources at Southern Command, or SOUTHCOM, in Panama; at Fort Bragg, N.C.; and at U.S. Special Operations Command . . . confirm the long history of training provided by the Green Berets, including 'baby-sitting their students during their first blood days,' as one official put it." According to a SOUTHCOM Special Operations officer, "It only makes common sense to let them go on combat missions with their newly-trained and equipped anti-drug teams. School is one thing. These jungles are another."⁷⁶

A discrete set of concerns applies to law enforcement personnel. Unlike U.S. military personnel, DEA and other law enforcement agents play an active operational role in counter-narcotics activities in the region. Yet they are not trained to operate under military or para-military conditions, as noted above. Because military rules of engagement do not apply to law enforcement personnel, moreover, the guidelines for operation and appropriate responses to hostile activity for these agents are even more ambiguous than those applying to DOD forces.

An exchange during the subcommittees' hearings between Representative Al McCandless and Richard Brown, Deputy Assistant Secretary for Inter-American Security, DOD, illustrates the potential risks involved:

Mr. McCANDLESS. I would suggest that this thing is going to blow up in your face, in our face, when one of these days one of our military people may be killed in a laboratory raid or something and then the whole lid blows off because there has been, intended or not intended, deception of the public. . . . We have military personnel in both countries who are actively engaged in supporting the work of those host country organizations. There is a certain risk there. To say that we are not engaging in field operations is misleading and I'm afraid would be derogatory to our intention . . .

Mr. BROWN. As we in the Defense Department are very concerned about the welfare of our people that we send down that will be engaging in training missions with the host country military and public security apparatus, we have drawn this line for that very concern, that our people will not accompany the host country on operations. Operations as we define it mean that it is a force going toward a target. We confine our people to training missions . . .

Mr. McCANDLESS. The Border Patrol representatives in Peru are assisting in the teaching process relative to the setting up of roadblocks . . . That certainly is a field operation. . . . Our DEA people are actively involved in training their counterparts. . . . We have Army helicopter pilots who are teaching helicopter people. . . .

Mr. BROWN. It is certainly not our intention to deceive the American public, and the Border Patrol personnel and

⁷⁶ Jim Pat Mills, "The Army's Drug War," Army Times, October 2, 1989, pp. 14-21.

DEA agents are not part of the active military of the country. We are concerned with—this definition applies to our military personnel.⁷⁷

The dangers posed by inadequate operational rules of conduct are exacerbated by poor security measures on the ground. Internal DEA documents acknowledge that the agency's initial approach was marked by poor criteria for selecting personnel for the Andean mission and an overall disregard for personal and mission-related security procedures.⁷⁸

e. Waste and mismanagement in procurement and maintenance

The Committee encountered several cases of mismanagement and inefficiency in the procurement and maintenance of equipment for narcotics control programs.

DEA, the Committee learned, has experienced serious problems in procurement. Internal management problems at DEA, according to a Department of Justice Inspector General report issued in February 1990, have resulted in inefficient, ineffective and wasteful procurement activities; the DOJ Inspector General estimates that approximately \$560,000 in unnecessary costs have been incurred. Contracts have been awarded on a noncompetitive basis, for example; language training contracts were twice granted noncompetitively on the basis of "unusual and compelling urgency."⁷⁹

During the Committee's oversight visit in January, DEA agents discussed problems in acquiring communications equipment. According to the DEA attache in Lima, the agents had been waiting for over a year for a more sophisticated communications system; it had only recently been approved by SOUTHCOM.⁸⁰

Similarly, U.S. and Colombian counter-narcotics officials long agreed that the two pieces of equipment most badly needed by the Colombians were secure communications equipment and electronic tracking equipment to pinpoint the location of trafficker radio broadcasts. This equipment, however, was never provided, despite repeated requests. When the August 1989 \$65 million package in U.S. emergency aid did not include the equipment, a senior Defense Security Assistance Agency official explained that the emergency aid was limited to military equipment currently available in DOD stockpiles. Such procedures limit procurement to military supplies which may not be appropriate for law enforcement purposes.⁸¹

INM's purchase of eight high-speed river patrol craft for river interdiction efforts in Bolivia reflects another example of mismanagement in procurement. At a price of \$694,000, the Piranha boats were purchased *before* evidence of extensive river traffic in drugs and chemicals had been established, and before an interdiction

⁷⁷ Hearings, Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

⁷⁸ Report, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, February 6, 1990, p. 5.

⁷⁹ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 33-34.

⁸⁰ *Ibid.*, p. 33.

⁸¹ *Ibid.*, pp. 81-82.

strategy had been developed for the use of the boats. According to the General Accounting Office, DEA and INM officials in La Paz were strongly opposed to the purchase, agreeing that the sophisticated rivercraft were a poor investment of counter-narcotics funds, inappropriate for the level of technical expertise of the Bolivian operators, and too expensive for the Bolivians to maintain. The boats were purchased despite these objections. During a GIIA Subcommittee visit to Bolivia in August 1989, U.S. officials reported that three of the eight boats have remained in storage since their delivery in January 1988, and had experienced "dry-rotting" of all rubber parts. The boats have since been transferred to Panama for repairs and returned to Bolivia.⁸²

Equipment maintenance has posed even greater problems in Peru: lack of management and control over aircraft maintenance has in fact led to the deaths of U.S. personnel and host country operatives.

The U.S. counter-narcotics program in Peru has experienced continual aircraft supply and maintenance problems. The lack of adequate fixed-wing transport aircraft, appropriate fuel and ongoing maintenance have been particularly troubling. The problem was dramatically highlighted by the May 20, 1989 crash of a single engine Cessna 208 Caravan plane owned by the State Department and operated by DEA. Six Americans and three others were killed; the wreckage was discovered at 13,000 feet in the Andes, sixty-five miles north of Lima. Although the cause of the crash has never been determined, investigations by the Federal Aviation Administration and others point to the lack of consistent aircraft maintenance control at Tingo Maria, the originating point for the flight, and the lack of an adequate command communications system between Tingo Maria and the U.S. Embassy in Lima: according to the FAA, no one was capable of making command decisions on aircraft use.⁸³

3. Program evaluation: Measuring effectiveness

The operational problems and disappointing results of counter-narcotics programs in the Andes are deeply disturbing. A larger issue of concern to the Committee, however, involves the measures and indicators used to gauge success. Despite claims of progress, the Committee found no convincing evidence of the impact of counter-narcotics operations on: (1) coca production and the availability of coca products for processing and export in the region; (2) supply of cocaine to the United States; and (3) prices, availability and consumption levels in the United States.

The Committee observes that micro-level indicators of the number of seizures, raids, hectares eradicated, or drug-related arrests are misleading absent a context. Eradication totals must be provided with corresponding statistics on new crops planted, for example. More importantly, a measure of the overall impact on production, supply and demand in the United States is necessary to render an informed judgment on whether investing more funds in

⁸² Ibid, pp. 58-59.

⁸³ Ibid, pp. 30-31.

improving eradication and interdiction will be fruitful or a waste of resources.

In light of this need, the Committee is troubled by the measures of effectiveness and methods of evaluating success employed by DEA, INM and other agencies involved in Andean counter-narcotics efforts. The Committee notes the lack of any mechanism or process to measure the effects of source-country programs on the supply or consumption of cocaine in the United States.

The problem is exemplified in an exchange between Assistant DEA Administrator David Westrate and Rep. Gilman (N.Y.) over measurable reductions in supply, during hearings before the House Foreign Affairs Committee on May 23, 1990:

Mr. GILMAN. What have we reached at this point, what reductions since you started?

Mr. WESTRATE. Well, the production has not reduced at all really yet. But I think that what we are seeing. . . .

Mr. GILMAN. Has there been any reduction in supply?

Mr. WESTRATE. What we are seeing is disruption. And I think that there are a lot of signs out there.

Mr. GILMAN. I know that you are disrupting, and I know that you are interdicting, and I know that you are raiding, but I am asking you, Mr. Westrate, has there been any reduction in supply?

Mr. WESTRATE. I cannot say at this point.⁸⁴

Similarly, in a December 19, 1988 memorandum of response to a report by Department of State Inspector General Sherman Funk, Ann Wroblewski, Assistant Secretary of State for International Narcotics Matters counters accusations of operational ineffectiveness: "It is unclear what criteria are being used to measure this 'ineffectiveness.' Essentially, there are two sorts of measures that can be used: (1) input/output measures and (2) impact and effectiveness measures. From an impact point of view, the programs may not have resulted in a *net* reduction in availability of illicit narcotics in the United States, but significant achievements have been made if one looks to traditional output measures (seizures, labs, arrests) used by law enforcement organizations."⁸⁵

The result of the misplaced emphasis on microlevel indicators of success may be inaccurate and/or misleading information provided to Congress. "Overly positive" International Narcotics Control Strategy Reports (INCSRs) are one example. The INCSR is the definitive annual report to Congress from the executive branch on the status of counter-narcotics activities worldwide. Presidential certification decisions are based on the reports, determining the allocation or withholding of billions in foreign aid dollars. Yet the Department of State Inspector General has detailed problems in compiling information for the reports, adding: "A more serious criticism is the consistently positive outlook conveyed in the country reports. Despite some cautionary notes, the overall impression to

⁸⁴ Hearings, "Operation Snowcap: Past, Present, and Future," House Committee on Foreign Affairs, May 23, 1990, p. 27.

⁸⁵ Memorandum from Ann Wroblewski, INM, to Sherman Funk, Inspector General, attachment to DOS Inspector General Report, March 1989.

the reader is that inroads are being made into the drug trade in virtually every country. Interviews with program officers and those working on the INCSR suggest that this is not their intent . . ." ⁸⁶

The Committee believes that a sober and accurate assessment of progress in counter-narcotics efforts, within the context of their overall impact on the drug problem in the United States, is essential if the U.S. is to avoid investing in unworkable, ineffective or counter-productive strategies. "Traditional output measures" may meet or exceed targets as operational efficiency improves. Yet if the correlation between coca eradicated or interdicted abroad and availability and consumption of cocaine in the United States is zero or negligible, then even these successes will have no bearing on resolving the nation's drug crisis. Rather than investing in improved outputs, in this case, U.S. drug strategists might best turn to strategies with a direct and verifiable impact on the problems of consumption and abuse at home.

The Committee therefore turns to the question of viability in relation to the Andean strategy.

B. ASSESSING VIABILITY: A FLAWED STRATEGY?

Several of the federal agencies charged with implementing the Andean counter-narcotics strategy have reviewed and taken steps to address some of the key operational failures outlined above.

The development of an extensive training program for DEA agents involved in Andean counter-narcotics operations is a case in point. Reports of untrained, non-Spanish speaking law enforcement personnel engaged in dangerous missions in the region drew widespread concern; DEA has since initiated new training procedures. "Substantial improvements were made in training and deployment of Snowcap personnel, including the development of the U.S. Army Rangers of an eight-week school specifically tailored to meet DEA Snowcap needs," explained Assistant DEA Administrator David Westrate in testimony before the House Foreign Affairs Committee on May 23, 1990. "Snowcap agents also now attend twenty-five weeks of Spanish language training at the Defense Language Institute in Monterey, California." ⁸⁷

The success of DEA and other agencies in resolving these issues suggests that careful attention to the operational aspects of the strategy is likely to result in more efficient, economical and effective implementation of the Andean plan on the ground.

The resolution of operational problems, however, is not a substitute for an effective and viable strategy. Better trained agents, tighter management and improved coordination and procedures will lead to more effective operations, and most likely to more seizures, more labs destroyed, more arrests and more crops eradicated, as noted above. Yet if these measures of progress at the operational level do not translate into results in the antidrug effort in the United States—reflected in reduced supply and consumption—then a closer examination of the overall strategy is required.

⁸⁶ DOS Inspector General Report, January 1990, p. 14.

⁸⁷ Hearings, "Operation Snowcap: Past, Present and Future," House Committee on Foreign Affairs, May 23, 1990, p. 4.

After completing this phase of its review, the Committee remains unconvinced of the long-term viability of the Andean strategy, even with dramatic and much-needed operational improvements. The results of the Committee's investigation suggest that the strategy is rooted in several premises that are at best unsupported by the evidence and at worst directly contradicted by years of U.S. experience in the region.

Specifically, the Andean policy assumes that: (1) supply reduction strategies in source countries can affect drug consumption at home; (2) it is possible to cut supply and curb production through eradication, interdiction and enforcement strategies in the Andes; and (3) with adequate U.S. assistance and guidance, the governments, militaries and police forces of the Andean nations can develop the will and ability to carry out U.S. anti-narcotics objectives.

Extensive discussions with host country and U.S. officials, regional experts, economists, and peasant coca producers offer little evidence to support these premises. The Committee's investigation indicates that the economic and political realities of the cocaine trade in the Andean context severely limit the potential for success in U.S. counter-narcotics strategies. U.S. efforts are directly undercut by the market logic of production, supply and demand in the cocaine trade; the social and economic realities of coca production in the Andean context; and the nature of host country political, law enforcement and military institutions. In each case, the Committee's investigation suggests that the problems are largely beyond U.S. control and may be worsened by U.S. counter-narcotics efforts.

1. The market logic of cocaine

In testimony before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture of October 17, 1989, RAND Corporation economist Peter Reuter demonstrated that the logic of risks and prices in the cocaine trade makes source country programs objectively unworkable.

Mr. Reuter concluded that even if U.S. counter-narcotics strategies were successfully implemented, and "even if source country governments are willing to support them, these programs offer little prospect for substantially affecting U.S. cocaine problems."⁸⁸

Mr. Reuter made several points critical to the Committee's assessment of the prospects for success of the Andean Initiative:

a. Supply-reduction programs focusing on parts of the cocaine production and distribution system cannot restrict the physical availability of cocaine in the U.S. There are simply too many farmers, refiners, exporters and smugglers for enforcement efforts to directly limit the amount of cocaine available for U.S. consumption.

b. Although source country programs will not reduce availability, they may affect the retail price of cocaine in the United States. Each counter-narcotics program affects a particular segment of the cocaine production and distribution system. Crop eradication raises the risks and costs faced by farmers; this should be reflected in in-

⁸⁸ Testimony of Peter Reuter before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 17, 1989.

creased prices for coca leaf sold to refiners. Destroying labs raises the risks and costs for refiners, and should increase the price they receive from trafficking exporters for the refined product. And interdiction raises the risks and costs to smugglers, thereby increasing the import price of cocaine. The important effect, however, is not on prices received by participants at different points in the distribution and production system, but on the final price paid by consumers.

c. Price analysis shows that because so much of the consumer price for cocaine is added on by regional distributors and street sellers in the United States, attempting to increase the cost at various points of production and distribution in the source countries will have little effect on the street price paid by a U.S. consumer.

The costs of production and distribution are minimal, particularly at the level of coca-farming and processing; they reflect a mere fraction of the retail price. Leaf production, for example, accounts for less than one percent of the final retail price. At the point of export, the price of cocaine is still only three to five percent of the price a U.S. consumer will pay. And smuggling costs (including the profits of smugglers) account for less than five percent of the retail price.

According to RAND, for example, the 1986 price of a kilo of cocaine at the farm was \$1,200. On export from Colombia after processing, the price reached \$7,000. On import in Miami, the price jumped to \$20,000. At wholesale in Detroit, the price doubled to \$40,000, and at retail, skyrocketed to \$250,000.

d. The implications for counter-narcotics programs are significant. Even an enormously successful crop eradication program able to triple the costs of production for farmers (and therefore the leaf price) would raise cocaine prices in the U.S. by one percent, if at all. Similarly, destroying the primitive and easily replaceable processing labs offers no prospect for raising refining costs to a noticeably higher share of the retail price.

e. Finally, even more effective interdiction efforts will have little impact on the drug problem within the United States. The RAND study showed that it is extremely difficult to reduce cocaine consumption by even as much as five percent through more stringent interdiction. The problem lies in the adaptability of smugglers, the variety of methods by which cocaine may be brought into the United States, and the cheap cost to smugglers of both drugs and labor. A simple mathematical model that takes into account the expenses of smugglers (drugs, personnel, transportation and corruption/bribes) and assesses the replacement cost of a seized shipment shows that even if U.S. interdiction programs were able to seize an unlikely fifty percent of all cocaine shipped from Colombia, they would add less than three percent to the retail price of cocaine in the United States.

Administration officials have pointed to recent shifts in the price and purity levels of cocaine as indicators of a tightening cocaine supply. In the first six months of 1990, the street price of cocaine increased and the purity level decreased in several U.S. cities. The Committee notes, however, several statements by administration officials acknowledging that such changes may be the result of a range of factors unrelated to decreasing supply.

A September 1990 ONDCP report entitled "Leading Drug Indicators" states, "There is also the possibility that the shifts in prices reflect the manipulation of the market by traffickers who are exploiting the perception of a cocaine shortage."⁸⁹ Deputy Assistant DEA Administrator for Operations Ronald Caffrey, in testimony before the Senate Judiciary Committee, identified a range of additional factors that may have influenced price and purity levels. These include: the shipment of increasing quantities of cocaine to the growing European market, where the drug brings a higher price; the inflation of traffickers' transportation and handling costs to compensate for profits lost to seizures; price increases by wholesalers to capitalize on consumers' fears of a cocaine shortage; and operational adjustments by smugglers to minimize the risk of seizure by transporting smaller quantities at more frequent intervals.⁹⁰

Such shifts, moreover, are uneven and often temporary. More importantly, the Committee has heard no convincing counter-argument to the economic analysis of Mr. Reuter by administration officials. Yet if accurate, these conclusions undermine the logic of U.S. supply-reduction strategies in the Andean region. The Committee notes that until a convincing case can be made for the viability of supply-reduction efforts in light of this analysis, it is difficult to invest in the continued expansion of the present U.S. strategy.

2. Nature of coca production in the Andes

Interviews conducted with Andean officials, peasant associations, economic analysts and others during the Committee's January 1990 oversight visit revealed that U.S. strategies may misjudge the nature of peasant coca production and processing in the region.

The results of eradication and interdiction efforts to date and the statements of regional experts confirm that several factors inherent in the coca economy may make U.S. counter-narcotics efforts unworkable and even counterproductive.

First, the social and economic realities facing coca farmers in Peru and Bolivia mean that they will resist—actively or passively—efforts to destroy their livelihood. Historically distrustful of a distant and unresponsive central government, most coca farmers live in regions far removed from the reach or control of government. Coca, especially after being processed into coca paste, brings several times the price of any other crop; it is a tough, tenacious plant, easy to harvest, inexpensive to transform into coca paste. Perhaps more important, the crop does not require transport by road to markets hundreds of miles away. The buyers are instantly accessible and they pay up front, in dollars: Colombian traffickers regularly fly into clandestine airstrips in the remote coca-growing regions to purchase paste from peasant producers. Coca growers have little reason to trust government assurances that crop substitution and other alternative development projects are on the way, and little luxury to forego their subsistence-level incomes while such programs are designed and implemented. Few serious crop substitution programs have been attempted in recent counter-nar-

⁸⁹ Office of National Drug Control Policy, "Leading Drug Indicators," September 1990, p. 26.

⁹⁰ Testimony of Ronald Caffrey before the Senate Judiciary Committee, July 17, 1990.

cotics campaigns. Both the disappointing record of previous efforts and the conclusions of Andean economists who met with the Committee delegation clarified, moreover, that crop substitution schemes are not viable absent a framework of broader, long-term economic reforms. To be successful, peasant producers of alternative crops require adequate infrastructure, credit, technical assistance, agricultural price supports, income subsidies, and access to U.S. markets.

In the absence of viable alternatives, the Committee learned, resistance to counter-narcotics efforts is a rational response from peasants whose crops, maceration pits and simple processing labs are targets in the drug war.

For most peasants, resistance has simply meant evasion and relocation. In response to drug control efforts, farmers have replanted crops elsewhere, or reconstructed pits and labs destroyed in counter-narcotics raids. One unintended result of Bolivia's voluntary eradication and compensation program, for example, is that some peasants are volunteering to eradicate the least productive portions of their crops and using their compensation to replant new coca.

Cases of active and in some cases armed resistance by peasant producers, however, suggest that intensified eradication and interdiction campaigns—coupled with declining economic opportunities—could lay the groundwork for much broader popular unrest. During two separate raids on the Peruvian town of Uchiza in the first four months of 1990, for example, DEA agents and the Peruvian police were stoned by peasants as they conducted interdiction operations.⁹¹ Similarly, during a night-time operation in the Bolivian town of Santa Ana, UMOPAR soliders encountered hostility and harassment from the townspeople, followed by armed resistance after the arrest and seizure of local drug suspects.⁹²

The economic and social imperatives facing peasant coca growers are deeply rooted, and well beyond the reach of current U.S. counter-narcotics efforts. The Committee's investigation suggests that U.S. strategies have in fact exacerbated these problems, leading peasants to relocate, replant and organize resistance to narcotics control efforts. To the extent that the U.S. role is evident, moreover, it is likely to fuel increased nationalist opposition to anti-narcotics campaigns.

A related and equally troublesome dimension of Andean coca production is the regional character and mobility of the trade. In all three Andean nations, coca farmers and processors evade eradication and interdiction campaigns by moving their operations—often into new areas previously untouched by the crop or associated processing activities. The result is not only the expansion of the trade, but its transformation into a more dispersed, less detectable and more mobile industry, as growers scale down and hide crops, and refiners move processing operations to areas increasingly remote from government control.

⁹¹ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 36.

⁹² *Ibid.*, p. 57.

DEA officials in Washington revealed that Peruvian producers and traffickers, for example, had used the lapse in U.S. operations during 1989 to relocate their laboratories farther north in the Upper Huallaga Valley—where they are reportedly afforded protection by complicit military officials—and to redesign and rebuild the labs to resemble houses from the air.⁹³

Coca production and processing operations also jump borders as pressure is applied through counter-narcotics efforts in particular countries. As trafficking routes used to transport coca paste from Bolivia to Colombia are disrupted, for example, Bolivia has evolved from a cultivator of coca and processor of paste into a significant producer of cocaine base and an increasingly important producer of cocaine hydrochloride, capable of manufacturing 173 metric tons of the drug in 1989.⁹⁴

Similarly, many Colombian cocaine-processing operations were for years based in large, factory-like buildings. A March 1984 national police raid on an elaborate processing complex in southeastern Colombia led cocaine processors to shift to numerous scaled-down facilities and to move their operations not only to other regions of Colombia but to neighboring countries.⁹⁵

The Committee notes that the regional nature of the cocaine trade is too often disregarded in the development of bi-lateral U.S. policies. Processing and trafficking activities are linked transnationally, and often controlled by regional trafficking organizations based in Colombia.

DEA agents in Bolivia emphasized to Committee staff the historical role of Colombians in Bolivian coca production, for example. Of the hundreds of processing labs in Bolivia, the majority are operated by Colombians for Colombian trafficking organizations. The Colombian presence and role has increased as more cocaine processing and production is performed in Bolivia.⁹⁶

Similarly, the movement of coca and cocaine production to South American countries as yet untouched by the industry reflects in part a direct response to counter-narcotics operations. Coca production is expanding in Brazil, Ecuador and Argentina. In February 1990, U.S. Southern Command officials in the northern reaches of Chile witnessed the early development of an infrastructure for the cocaine industry by Colombians.⁹⁷

3. Host country civilian and military institutions

The Committee's investigation indicates that the greatest single obstacle to U.S. counter-narcotics efforts in the Andes may be the internal weakness and constraints that define host government institutions.

During the congressional oversight visit to the region and subsequent investigations, Committee members and staff were informed repeatedly that U.S. counter-narcotics objectives are stymied by problems inherent within host country civilian and military insti-

⁹³ *Ibid.*, p. 42.

⁹⁴ *Ibid.*, p. 44.

⁹⁵ *Ibid.*, p. 71.

⁹⁶ *Ibid.*, p. 53.

⁹⁷ Hearings, "Review of the International Aspects of the President's 1990 Drug Control Strategy," House Committee on Foreign Affairs, February 27, 1990, p. 121.

tutions. Some of these problems reflect the limits to government action within a context of economic crisis, social unrest and political instability: regional leaders face competing and conflicting priorities in considering anti-drug efforts. Others range from endemic corruption to interagency rivalries and ineffective strategies. Together, these internal problems result in the lack of ability and/or political will to fight cocaine production and trafficking.

The success of U.S. counter-narcotics strategies in the region, the Committee notes, depends on the ability and will of host governments to wage the Andean drug war. Yet the Committee found few signs of internal reform to date, and little to indicate that increased U.S. assistance, encouragement or pressure can improve the situation. Rooted in the historical and current political context of the three nations, these problems may be beyond the influence of the United States.

a. Competing priorities

Discussions with numerous government officials in Peru and Bolivia confirmed that narcotics control was at best a low priority and at worst a conflicting objective that threatens to undermine other national efforts

The primary concerns of the two nations are economic and political stability. The immediate national priorities of the new governments led by Alberto Fujimori in Peru and Jaime Paz Zamora in Bolivia are resolving the critical economic situation and consolidating a tenuous hold on political power. Both of these goals would be undermined by the immediate collapse of the cocaine trade, making the two governments' interests in ending the trade, particularly in the short-term, ambiguous at best.

An internal review by the DEA describes the Peruvian situation: "Peru considers drug trafficking its third priority. With a 6000 percent rate of inflation, the economy is in shambles. Insurgents control portions of the country, and in many cases are closely allied with drug traffickers, especially the peasant population to whom they provide protection. In some cases, the traffickers actually finance the military. Peruvian politicians have made the statement that Peru can live with the narcotics problem for the next fifty years, but may not survive the next two years if the economic and insurgent problems are not dealt with now. . . . The will to deal with the drug issues, when faced with problems that threaten the immediate survival of the country, remains the most difficult issue."⁹⁸

Coca now floats both economies. The Bolivian coca trade brings in an estimated \$600 million in revenues each year, an amount equal to the value of all other Bolivian exports combined. An estimated 300,000 Bolivians are employed in the coca industry, representing twenty percent of the national work force. Similarly, the Peruvian coca trade yields approximately \$1 billion in earnings annually, or thirty percent of the total value of exports; the industry employs roughly fifteen percent of the Peruvian work force.

⁹⁸ DEA Review, December 1989, pp. 60-61.

An aggressive crackdown on the coca trade in Peru or Bolivia would result not only in economic catastrophe, but in widespread social unrest as hundreds of thousands of peasants and others lost their livelihoods. The impact of eliminating the coca industry in Bolivia, for example, would be equivalent to laying off fifty million Americans by closing down a single industry in the United States, measured in the percentage of the work force that would lose jobs.⁹⁹ Not surprisingly, the political impact would be devastating. "If narcotics were to disappear overnight," projected Bolivia's former finance minister Flavio Machicado, "there would be open protest and violence."¹⁰⁰

The dilemma facing the new Fujimori and Paz Zamora governments is therefore not difficult to understand. In Peru, the issue is further complicated by the Sendero Luminoso insurgency. The security threat posed by Sendero is the nation's second highest priority, the Committee delegation learned. Sendero effectively controls the nation's main coca-growing region, and has presented itself as the protector of the peasant growers. Greater instability resulting from a crackdown on coca production worsens the immediate threat posed by Sendero Luminoso, as peasants are literally driven into the arms of the insurgents.

Although Bolivia faces no large-scale, organized insurgency yet, members of the Committee delegation were cautioned that the growing resistance to the counter-narcotics campaign may be creating the conditions for one.

These conditions place severe constraints on the ability of the two governments to wage a serious anti-narcotics campaign, the Committee learned. Their immediate economic and political interests dictate against an aggressive and disruptive crackdown on the industry. While many government officials recognize the long-term importance of ending their economic dependency on coca, their current focus is short-term, and a serious effort to address coca dependency requires an agenda of long-term economic development quite distinct from the current counter-narcotics strategy.

Even in Colombia, the Committee notes, where the economy is the least dependent on cocaine revenues and the government has the clearest national interest in combating the drug trade, the anti-narcotics campaign is selective. The Colombian government's immediate interest and concern is in reducing drug-related terrorism and violence, generated largely by one of the main trafficking organizations, the Medellin cartel. The government's commitment to confronting or disrupting the trafficking activities of the wide range of active drug organizations—including the business competitors of the Medellin organization, the Cali cartel—is ambiguous.

At the same time, host country officials impressed on the Committee their governments' need to maintain friendly relations with the United States and other western governments concerned with drug production and trafficking, and in particular to secure continued U.S. assistance to address the immediate economic crises facing the region. Andean leaders are therefore caught in a bind, between their democratic responsibility to address the popular de-

⁹⁹ See Michael Isikoff, "Bolivia Seeks \$150 Million Annually," *Washington Post*, May 8, 1990.

¹⁰⁰ Quoted in "The Cocaine Economies," *The Economist*, October 8, 1988, p. 24.

mands of their citizens, and the urgent need to meet U.S. demands for narcotics control efforts in order to guarantee U.S. assistance.

The Committee's investigation shows that the result is an ambivalent and uncommitted response to U.S. counter-narcotics efforts in the region. The political and economic constraints described above make host country officials, to varying degrees across agencies and from country to country, both unable and unwilling to mount the vigorous counter-narcotics campaign the U.S. would like.

b. Institutional weaknesses

The second factor limiting the ability of host governments to confront the narcotics trade is the level of institutional weakness and corruption in the military and law enforcement agencies responsible for carrying out the policies.

The August 1, 1990 report on the Andean Strategy released by the ONDCP states that the first of the three objectives of the Andean Initiative (see Section III), "strengthening political will and institutional capability," is the most important. "The three objectives are complementary in nature," the report states, "The first, supporting national will, is a requisite for all further actions."¹⁰¹

An internal review of counter-narcotics efforts in the Andes conducted by a DEA study team confirms and elaborates on ONDCP's stated goal of bolstering host government institutions. The study focuses on the need for "institution-building" in the region: "All members of the study team agree that 'institution-building,' or helping host country law enforcement agencies develop to the point of operational self-sufficiency, has been an objective of the United States foreign policy for many years. . . . Despite significant achievements, institution-building in the Snowcap countries is incomplete. No Snowcap country is currently able to routinely conduct operations against coca processors without a U.S. presence."¹⁰²

The Committee received numerous reports of inefficiency, ineffectiveness, corruption, inter-agency rivalries, and other serious problems within host government institutions. While discrete internal problems or conflicts may be corrected with effort and attention, many more appear intractable, deeply rooted in the character of particular institutions.

The Committee notes that U.S. strategies depend on the cooperation, integrity and efficiency of police and military institutions in each host government. The Committee investigation suggests that U.S. policies may underestimate the degree of institutional corruption and weakness, and may misjudge the potential for reform.

Corruption is deeply-rooted and pervasive in the military and law enforcement institutions of all three Andean nations. The 1980 to 1982 Garcia Meza regime in Bolivia, according to the congressional testimony of Andean expert Gustavo Gorriti, "was without a doubt the most important case in which political power—the control of a country—was used to further, protect and engage in narcotics trafficking."¹⁰³

¹⁰¹ ONDCP, "The Andean Strategy," August 1, 1990.

¹⁰² DEA Review, December 1989, p. 46.

¹⁰³ Report, "Drugs and Latin America: Economic and Political Impact and U.S. Policy Options," House Select Committee on Narcotics Abuse and Control, April 26, 1989, p. 5.

The extent of internal corruption today is documented in recent DEA reviews. "Corruption is a major factor within the police, the military and the judiciary" in Peru, according to an internal DEA memorandum.¹⁰⁴ In Bolivia, "Corruption is a major factor at all levels, All elements of the military are involved in drug trafficking to some extent and police, prosecutors and courts have been subject to corruption or intimidation. Newly-elected President Paz Zamora has so far shown reluctance to confront drug issues."¹⁰⁵

The extent of corruption, the Committee learned, is a reflection of the highly profitable drug trade within the context of the desperate economic situation facing the Andean nations: the salaries of law enforcement and military personnel are no match for the bribes offered by the traffickers. In recent testimony, Retired Special Forces Commander General Robert C. Kingston described a conversation with a U.S. Border Patrol agent at a checkpoint in Peru: "A colonel from Lima said, I have the opportunity while I'm here to make \$70,000 by looking the other way at certain times. You have a family, they are protected in the United States, you have a proper pension plan. My family is not protected and I don't have the proper pension plan and I will never have the opportunity to make \$70,000 as long as I live. I am going to make it."¹⁰⁶

The Committee delegation heard details of countless examples of corruption in the counter-narcotics operations of the police and armed forces. In Bolivia, U.S. and host government officials agreed that drug corruption is the single most significant obstacle to U.S. counter-narcotics efforts. Allegations of corruption ranged from the U.S.-provided equipment to transport drugs or precursor chemicals to production sites, to the re-sale of seized coca products to traffickers following a raid.¹⁰⁷

In Peru, delegation members were told of frequent bribery attempts. The March 1990 INCSR projects that corruption will continue to undermine U.S. efforts: "In light of Peru's ongoing economic crisis and the [Government of Peru's] inability to pay judges and law enforcement personnel salaries adequate to resist traffickers' pressures, corruption will continue to be a major impediment to curbing the drug trade. Many police and military officials operating in the [Upper Huallaga Valley] are also likely to succumb to traffickers' bribes."¹⁰⁸

In Colombia, corruption and intimidation of judicial authorities have paralyzed the criminal justice system. Of equal concern is the pattern of complicity between elements of the military and the traffickers. Bank records located after the death of Colombian drug trafficker Gonzalo Rodriguez Gacha, for example, detailed multi-million dollar pay-offs to entire brigades of the Colombian army.¹⁰⁹

¹⁰⁴ DEA Review, December 1989, p. 60.

¹⁰⁵ Ibid, p. 58.

¹⁰⁶ Report, "The Andean Drug Strategy and the Role of the U.S. Military," Defense Policy Panel and Investigations Subcommittee, House Committee on Armed Services, January 1990, p. 31.

¹⁰⁷ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 63.

¹⁰⁸ Department of State, Bureau of International Narcotics Matters, "International Narcotics Control Strategy Report," March 1990, p. 151.

¹⁰⁹ PBS Frontline, "Inside the Cartel," May 22, 1990.

Compounding the problem of corruption are serious inter-agency conflicts, primarily between the police and military forces in each country.

U.S. military representatives in Bolivia described the tensions between the two institutions: the Bolivian military's resentment toward UMOPAR "stems from the fact that (1) UMOPAR personnel are by and large recruited from the national police, which is separate from the three military services and perceived by the military to be an inferior organization, (2) national police units in Latin America are traditionally held in low esteem, and (3) UMOPAR is receiving advanced training, equipment and funding from western governments at a time when the Bolivian military is experiencing reductions in its own budget."¹¹⁰

The tensions are reflected in outright refusal to cooperate; Army officials have at times refused even to speak with UMOPAR officers. According to one U.S. adviser, the Navy is even more intransigent, continually thwarting DEA and UMOPAR efforts: "The Navy hates UMOPAR, dislikes DEA and continue[s] to disrupt any attempt to work operations. Their commander . . . states that he was forced into this job and that he does not want it. His ill feelings towards UMOPAR and DEA carry over to his troops and relationships are at an all-time low."¹¹¹

Peruvian officials explained to members of the Government Information, Justice and Agriculture Subcommittee that interagency tension in Peru is compounded by the sharp distinction between the missions of the two agencies. The military's sole concern is national security and the counter-insurgency battle against the guerrillas, while the responsibilities of the police force include narcotics control. This division is reflected in contradictory missions in Peru's Upper Huallaga Valley: the military seeks to drive the insurgents from the Valley by severing their ties to the coca-growing peasants whom they allegedly protect; the military therefore permits growers to cultivate coca unimpeded. The police have targeted both traffickers and peasant growers, seizing and destroying coca products. The result is a direct and ongoing conflict between the two forces,¹¹² with officials directly undermining or compromising the missions of the other agency. The resulting tensions have erupted into sporadic cases of armed conflict between the two forces, in which army personnel join peasants in attacking police officials conducting counter-narcotics raids.

Conflicts between the military and police forces in each country are complicated by close institutional ties. In both Colombia and Peru, the police forces lack independent authority from the military. Reports from Colombia, for example, clarify that because all police requests for U.S. assistance must be channeled through the military, many of the equipment needs of the Colombian National Police are not met.¹¹³ In Peru, the new Minister of the Interior in

¹¹⁰ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 61.

¹¹¹ Quoted in Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 60.

¹¹² Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 35.

¹¹³ *Ibid.*, p. 85.

control of the police forces is an active-duty army general. One of his first actions was to dismiss Peru's most experienced anti-narcotics police commander, Juan Zarate, and all of Zarate's lieutenants.

The Committee concluded this phase of its investigation with grave questions regarding the feasibility of a counter-narcotics policy that depends on the integrity and cooperation of the national police and military forces.

The Committee's review offers no evidence that the internal problems of host governments can be adequately resolved to meet counter-narcotics objectives, even with significant U.S. assistance. The results of the investigation, in fact, provide every reason to question the conclusion of the August 1990 ONDCP report that "increased military and law enforcement capability . . . can strengthen a country's national will to initiate and sustain counter-narcotics programs."¹¹⁴

The assessment of DEA offers little reassurance: "The 'moral' factors of corruption and national will," an internal agency review concedes, are more complex than the "physical" factors of training and equipment, "requiring progress in tangible and intangible areas beyond the scope of law enforcement."¹¹⁵

The Committee is skeptical of the possibility of achieving reforms, noting past U.S. failures to reform Latin American governments and militaries. The limits to U.S. ability to reform the internal characters of such institutions through foreign aid and training programs is documented in part in an August 1, 1989 report to the Arms Control and Foreign Policy Caucus commissioned by Senator Hatfield, the late Rep. Leland and Rep. McHugh.¹¹⁶

In its assessment of the strategy, the Committee therefore remains unconvinced of the long-term viability of the Andean Initiative. The nature of the cocaine trade, the social and economic realities of the region, and the internal weaknesses of host country institutions together impose structural limits on U.S. counter-narcotics policy in the Andes. Each of these factors, the investigation suggests, may be beyond the reach of U.S. policy, even with a substantial U.S. investment in the region.

The failure of the policy to achieve results, the Committee's investigation suggests, is not due to a lack of U.S. commitment or operational efficiency, but primarily to flaws in a strategy that relies on reducing supply through source-country programs within the Andean context. The Committee notes that the implications for future policy decisions are significant: an effort to achieve positive results by escalating the policy and investing more and better resources into current strategies will most likely end in continued and costly failure. Moreover, the risks of continuing the present course are sizable, summarized in the following discussion of the costs and consequences of the Andean strategy.

¹¹⁴ ONDCP, "The Andean Strategy," August 1, 1990.

¹¹⁵ DEA Review, December 1989, p. 42.

¹¹⁶ Report, "The Developing World: Danger Point for U.S. Security," Arms Control and Foreign Policy Caucus, August 1, 1989.

C. WEIGHING THE COSTS OF ESCALATION

The record of failure in source-country supply reduction efforts, the Committee observes, has generated strong pressure to intensify U.S. efforts and in particular, to increase the military component of the strategy.

Although U.S. counter-narcotics strategies in the Andean region have reflected a law enforcement and military emphasis for more than a decade, the Andean Initiative represents a marked expansion in two respects: the strategy for the first time enlists the direct involvement of host country military forces in Andean counter-narcotics efforts, and significantly increases the role of the U.S. Department of Defense in the region.

This shift has been termed the "militarization" of the Andean drug war, and has triggered cautious and concerned reactions within the Andean nations and the United States. "Militarization" can be defined for these purposes as: (1) providing unprecedented levels of military aid, training and equipment to the security forces of host countries for counter-narcotics purposes; (2) increasing the role, presence and authority of the Department of Defense in the Andean anti-drug effort; and (3) continuing the para-military operations of U.S. law enforcement agencies such as the Drug Enforcement Administration within the region.

Andean expert Donald Mabry described the impact of the strategy in the region in testimony before the subcommittees, "Although monies will be provided for law enforcement and economic assistance, the Andean strategy already means primarily military equipment, American military advisers, strengthening Andean militaries, and a greater interdiction role for the United States military."¹¹⁷

In addition to evaluating the effectiveness and viability of the Andean strategy, the Committee assessed the likely results of continuing, expanding and "militarizing" the present course. The investigation pointed to several unintended and adverse consequences of an intensified counter-narcotics effort in the region, and in particular one that involves the militaries of the United States and host governments on an unparalleled scale.

The Committee's investigation suggests three dangerous potential consequences: (1) the escalation of U.S. military involvement in the region, drawing the U.S. into support for or direct involvement in counter-insurgency campaigns in two of the three Andean nations; (2) strengthened, more independent and less accountable militaries at the expense of already weak democratic institutions throughout the region; and (3) continued and expanded coca and cocaine production. The Committee notes that each of these projected outcomes not only undercuts U.S. counter/narcotics objectives, but directly undermines the security interests of the United States and the Andean nations. These risks, the Committee observes, raise the potential costs of continuing the present policy: an increased investment in the policy may result not only in a costly failure, but in a deeper U.S. involvement in protracted regional conflicts.

¹¹⁷ Testimony before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

The Committee's investigation focused on the likely consequences first, of increased aid to host country militaries and second, of an expanded role for DOD.

1. U.S. assistance to host country militaries

The Committee has serious questions regarding the dramatic increase in U.S. military assistance to host country forces scheduled under the Andean Initiative. The results of the Committee's review suggest several reasons for concern, and indicate that the outcome of a strategy that relies on host country military forces is likely to be an expensive and dangerous failure.

Specifically, the Committee's investigation suggests that increased assistance to host country military forces is likely to increase internal institutional problems of corruption, exacerbate human rights abuses by military forces with appalling human rights records, and in some cases lead to the inappropriate use of counter-narcotics funds for counter-insurgency purposes—while contributing little to regional narcotics control.

a. Institutional problems

The Committee found that the internal institutional problems described in the previous section are without exception more egregious and pervasive among the militaries of the host countries than the police forces, or other institutions. The investigation shows that in general, the Andean military forces reflect higher levels of corruption and complicity with traffickers; and greater lack of accountability; more consistent refusals to cooperate with U.S. and host government law enforcement counter-narcotics agencies; and more documented cases of human rights abuses, particularly in Peru and Colombia.

The lack of cooperation U.S. agencies and personnel have received from regional military forces in narcotics control effort is a case in point. In Bolivia, for example, the Government Information, Justice and Agriculture Subcommittee was repeatedly informed that the United States receives virtually no cooperation from the Army, Navy or Air Force in the conduct of counter-narcotics operations. According to one U.S. official, the Bolivian Army was a major hindrance to narcotics control activities, and U.S. efforts would be more successful if the military were entirely excluded from anti-narcotics efforts.

U.S. officials reported that the Bolivian military's resistance to law enforcement anti-drug efforts results in frequent conflicts, requiring significant levels of time and attention on the part of U.S. personnel—at times simply to respond to petty complaints levelled against UMOPAR by the Bolivian military.¹¹⁸ Moreover, senior representatives in Bolivia and Washington have stated that there is no guarantee that all or any part of the \$33.7 million in FY 1990 counter-narcotics assistance provided to the Bolivian military will be used for narcotics control purposes.¹¹⁹

¹¹⁸ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, p. 61.

¹¹⁹ *Ibid.*

The Committee's investigation suggests that the level of drug-related corruption, moreover, is far higher in the military forces of the region than in the police agencies. The pervasiveness of corruption among military personnel results in complicity with drug traffickers at all levels. As a result, elements of the military in each of the three host countries actively defend or protect trafficking activities and undercut or compromise counter-narcotics operations. Military personnel have at times resorted to armed opposition against U.S. and local police narcotics control operations.

Three examples impressed on the Committee the degree and danger of drug corruption and complicity among the Andean militaries. First, in two separate incidents in March 1990, Peruvian police units flying over the Upper Huallaga Valley in INM-owned helicopters were fired upon by military personnel. The police officials noted a trafficker's Cessna approaching an airstrip; military personnel were waiting for the approaching plane. On the helicopter's return trip, the door gunner observed military personnel firing at the helicopter from the hills.¹²⁰

Second, during two raids in the town of Uchiza in early 1990, DEA agents and Peruvian police personnel were stoned by local peasants. DEA reports confirm that Peruvian military personnel were at the forefront of the protest, encouraging residents to attack the joint U.S.-Bolivian law enforcement team. In Uchiza and several nearby locales, the military affords ongoing protection to the traffickers.¹²¹

Third, in a night-time assault on the Bolivian town of Santa Ana by DEA agents and UMOPAR personnel, two of the UMOPAR helicopters were crippled by gunfire. According to U.S. embassy reports, the UMOPAR helicopters were fired upon by the Bolivian Navy detachment stationed at Santa Ana.¹²²

The Committee notes with concern that the degree of hostility levelled against counter-narcotics forces, both local and U.S., not only threatens the lives and security of law enforcement personnel, but casts serious doubts on the ability of the region's military forces to wage narcotics control operations.

The combined evidence of complex institutional problems within the region's military forces and demonstrated resistance to narcotics control efforts leave the Committee with serious questions regarding the decision to enlist the region's militaries in counter-narcotics efforts.

The issue is compounded by pressing human rights concerns. State Department Country Reports document extensive human rights violations by the Peruvian and Colombian military forces. The Committee notes that Section 502(b) of the Foreign Assistance Act explicitly states that a government may not receive assistance if it "engages in a consistent pattern of gross violations of internationally-recognized human rights." The Andean Strategy, however, provides for unprecedented levels of counter-narcotics assistance for the Andean military forces.

¹²⁰ Ibid, p. 38.

¹²¹ Ibid, p. 36.

¹²² Ibid, p. 57.

The Committee is concerned that an unintended result of U.S. military assistance may be to empower corrupt and brutal elements within the region's military forces, exacerbating two of the worst human rights crises in the world.

b. Strengthened militaries

Regional experts repeatedly emphasized to the Committee that an equally troubling consequence of increased military aid is the threat to democracy in the region. Expanding the power of the region's militaries may encourage military leaders to marginalize civilian governments. The present governments of Peru, Colombia and Bolivia are relatively new; to varying degrees, they face crises of authority and legitimacy.

The claims to power and authority of the Peruvian and Bolivian governments are particularly tenuous. For these Andean nations and much of Latin America, the threat of military dictatorship is a serious concern. Bolivia emerged from its most recent period of military rule in 1982, Peru in 1980; although Colombia has a longer democratic tradition, its military frequently acts independently, ignoring its civilian commanders.¹²³

"Colombia, Bolivia, and Peru want to strengthen their economies, not their already threatening military establishments," explained Andean expert Donald Mabry in testimony before the subcommittees. "Bolivia has an extraordinarily long history of military dictatorship. We may be seeing an aberration right now to see a civilian government. The civilian government certainly is looking over its shoulder at the military and worrying about the growing strength of that military. Peru, in fact, has only recently in this decade gone back into civilian rule after a long military dictatorship, and it is true there has not been one since approximately 1957. But it is also true . . . that the power of the Colombian military is growing and growing rapidly."¹²⁴

Dr. Mabry concluded, "The cost of a Latin American solution to the drug problem may be the end of democracy in Peru and Bolivia . . . But it also may mean a continuation of the cocaine trade. Soldiers, even in a military dictatorship, are not particularly good at destroying private enterprise."¹²⁵

c. Counter-insurgency vs. counter-narcotics

Another grave concern regarding the use of host country military forces for counter-narcotics purposes involves the competing and conflicting roles of military forces, particularly in Colombia and Peru. The primary mission of the military in the two nations is to conduct counter-insurgency campaigns against guerrilla groups. The goals and objectives of counter-insurgency and counter-narcotics missions are distinct, and at times contradictory. This raises a range of issues regarding U.S. assistance. The Committee's investigation revealed: (1) a lack of effective controls to ensure that anti-narcotics assistance is not used to fund counter-insurgency

¹²³ Testimony of Donald Mabry before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*

campaigns; and (2) problems in operational accountability and the absence of mechanisms to monitor host military operations to ensure that counter-insurgency operations are not conducted under the guise of narcotics control efforts.

The Committee's investigation revealed that U.S. Assistance is already being used for counter-insurgency purposes; the evidence of such abuses leaves reason to believe that the problem will only grow more serious with the projected increase in military assistance.

On April 1, 1990, the Colombian military launched a major new offensive against insurgent groups, code-named Operation Tri-Color 90. Senior Colombian officials detailed the operation to staff of the Government Information, Justice and Agriculture Subcommittee. The three-year operation, the staff learned, was designed to neutralize guerilla activity and re-establish government control over distant regions of the country. The first phase of the operation involves one-quarter of the Colombian Army and a sizable portion of the Air Force in attacks and operations in the northeastern regions of Colombia. News reports have documented the fleeing of peasants from the area and eyewitness evidence of aerial bombardments of populated farming regions.¹²⁶

Most disturbing to the Committee, Colombian officials have stated explicitly that \$38.5 million of the \$40.3 million of U.S. counter-narcotics assistance allocated for the military under the Andean Initiative for fiscal year 1990 will provide most of the logistical support for the counter-insurgency operation. Subcommittee staff asked how a major military operation in a region not known for drug trafficking activity could advance U.S. or Colombian anti-narcotics goals. The Colombian military representatives responded that if cocaine-processing facilities were discovered during the course of the operation, they would be destroyed.¹²⁷

Internal DEA reports project similar problems for Peru, should aid be sent to the Peruvian military as planned under the Andean Strategy. An internal DEA assessment concludes that "interagency rivalries continue, while legal and jurisdictional problems with the Peruvian military persist. . . . DEA Special Agents report that without the DEA presence, the Peruvians would not move against the traffickers. If given an airlift capability, the Peruvians would be more likely to move against the insurgents than the traffickers. Without U.S. presence, human rights violations, to include the slaughter of insurgents or traffickers, is likely."¹²⁸

Official U.S. policy, the Committee notes, is to restrict counter-narcotics aid to narcotics control operations. "We share the concern of the Congress that assistance provided under PL 101-243 not 'be used as a new spigot for counter-insurgency aid,'" states the August 1, 1990 report on the Andean strategy by ONDCP. "In no case does the strategy intend to provide assistance that will be used for counter-insurgency operations independent of counter-narcotics purposes. The bi-lateral agreements that will be administered in

¹²⁶ World Monitor News broadcast, September 28, 1990.

¹²⁷ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990, pp. 83-84.

¹²⁸ DEA Review, December 1989, p. 60.

the conduct of the strategy will make clear that the assistance is made available only for counter-narcotics purposes. Military assistance is provided to support law enforcement goals, not replace the police law enforcement role."

The Committee notes that the examples outlined above clarify that efforts to: (1) draw a clear line between the counter-narcotics and counter-insurgency efforts of the Peruvian and Colombian militaries, and (2) restrict the use of U.S. assistance to counter-narcotics purposes, have failed. The Committee is gravely concerned that if the U.S. is presently unable to block the use of U.S. counter-narcotics assistance for counter-insurgency purposes, the problem will only expand with further increases in military aid, in the absence of effective controls. Yet the Committee's investigation failed to reveal the existence of any effective mechanism of accountability or control.

The dangers are clear. Ambassador Robert White testified before the subcommittees, "I worry that in Colombia and Peru, we could start out fighting drugs and end up fighting guerrillas. Remember that in both of these countries, the police and the army have different objectives. The police want to stamp out drugs, the military want to stamp out subversion, and frequently there are deals between the military and drug dealers in order to get to the subverters. There is a great potential for the United States to become involved . . . militarily . . . In one sense, what we are mounting in these countries is another version of low-intensity conflict which involves us going after subverters in countries where, objectively speaking, the conditions for revolution exist. I would guess that our program in Peru is going to give the Shining Path guerrillas a perfect opportunity to ally themselves with the campesinos [coca farmers] and appear as the protector of the campesinos against the government."¹²⁹

2. An expanded U.S. military role

The role of the Department of Defense in counter-narcotics efforts abroad is not new. Special Forces and other U.S. military personnel have supplied training and logistical support in the Andean nations for several years. "The Department has provided support and assistance through training, planning, intelligence and equipment loans to those other agencies in government that have the lead in counter-narcotics efforts abroad . . . as well as the host nations themselves," explained Lt. Colonel Joseph Moynihan, Plans and Actions Officer for the Defense Department. "Our focus is to support the leading United States agencies to strengthen the Latin American countries' counter-narcotics programs—both the police and the armed services programs—by assisting their professional capability to fight the traffickers."¹³⁰

The Andean Initiative, however, provides for a significant expansion in both the nature and scope of DOD's role in narcotics control programs in the region. On September 18, 1989, Defense Secretary

¹²⁹ Testimony of Robert White before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

¹³⁰ Report, "The Andean Drug Strategy and the Role of the U.S. Military," Defense Policy Panel and Investigations Subcommittee, House Committee on Armed Services, January 1990, p. 4.

Cheney announced for the first time that combating illegal drugs is a high-priority national security mission for the Department of Defense. New implementing instructions were issued to the five appropriate Commanders-in-Chief of the respective unified and specified commands to review existing activities and draft new plans for increased support for counter-narcotics efforts. "I would emphasize that the strategy, while it might sound in some senses to be similar to that which DOD has pursued in the past, is both a quantitative and qualitative increase in DOD's effort," commented Lt. Colonel Moynihan. "Once vetted and approved, these enhanced counter-narcotics plans will increase the tempo and the flexibility of our forces . . ." ¹³¹

This development raises a discrete set of concerns. Many of these issues are discussed and compiled in a separate Legislation and National Security Subcommittee staff report on the role of the Department of Defense in drug interdiction efforts. The discussion here is limited to questions regarding the role of DOD in source-country programs. The Committee's concerns are several. Many reflect troubling issues raised by military leaders.

First, the Committee questions the appropriateness of DOD involvement in counter-narcotics activities. Since the announcement by Defense Secretary Cheney assigning high priority to the counter-narcotics effort, U.S. military leaders have largely embraced the new and expanded anti-drug mission for the military. The Committee takes seriously, however, the reluctance expressed earlier by military leaders regarding military involvement in narcotics control efforts, and notes that these concerns apply particularly to source-country programs far from the national borders which the military is charged with defending. "Defense Secretary Richard Cheney (as did his predecessors, Frank Carlucci and Caspar Weinberger) argues that military personnel are not and should not be police, that utilizing military personnel for law enforcement activities would detract from military readiness," Andean expert Donald Mabry told the Committee in October 1989. "DOD officials argue that the mission of the armed forces is to protect the nation from foreign armies, not drug smugglers, and that civilian law enforcement agencies should be given the resources necessary to do the anti-drug task." ¹³²

Second, the drug war in the Andean countries offers no clear enemy for military forces trained to locate and destroy enemy targets. With the exception of a handful of major traffickers who control many of the region's trafficking operations, the coca and cocaine industry is far too diffuse, de-centralized and complex for a war strategy. The peasant coca growers and paste producers, the Committee's investigation confirms, are certainly not the "enemy" in the drug war; their crops and primitive processing facilities are inappropriate targets. Many of the hundreds of thousands of Andean citizens—from accountants and chemists to messengers and security guards—who benefit directly or indirectly from the coca and cocaine industry, similarly, are not appropriate military

¹³¹ Ibid, p. 5.

¹³² Testimony of Donald Mabry before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, October 18, 1989.

targets. Even the operations of the major traffickers are elusive targets in this "war."¹³³

The implications of this problem for a drug strategy that more directly incorporates a U.S. military response are significant. The issue becomes acute, CRS military analyst Robert Goldich noted in congressional testimony, in the event of an attack on a "base or installation, or if individual Americans are picked off. Then the question is if you wish to retaliate, how and whom do you wish to retaliate against? You're chasing clouds, you're chasing nothing. And at that point, the American public will look and say what are we getting out of this? And will become intensely frustrated, completely understandably, because when we get hit there appears to be no way to hit back. And then I think that the whole operation and the whole idea of using U.S. forces even in their current roles in these countries will all of a sudden start looking very, very bad to the vast majority of Americans, who have given little or no thought to it up until that point."¹³⁴

Third, military experts point to the inherent difficulty of confining a military strategy and operation to a peacetime law enforcement task. Once a military presence is established in a hostile environment—a base constructed, personnel stationed—the U.S. has an investment that is at risk and requires continued protection. "The United States, I'm told, has built a justified base camp on the Huallaga River in Peru. I am told it is the biggest anti-drug camp in the Americas. My great concern is I see us going into a Vietnam syndrome—build a base, get your people in it, put a minefield around it," testified Ret. Special Operations Forces Commander Robert C. Kingston. "Does the Peruvian general in charge of that area have sufficient human intelligence to tell us if we are going to get rocket-propelled grenades in there, or are we just going to sit in the base without patrolling or implanting sensors or doing the other things necessary to protect that base?"¹³⁵

The Committee observes that the logical strategic response to the problem from a military perspective would be a dangerous escalation and increased presence. The present restrictions prohibiting such a military escalation, however, pose a different set of problems: DOD's ability to protect U.S. personnel and operations is severely limited by the necessary operational constraints on U.S. military involvement in the Andean drug war. The dilemma exposes the problems inherent in a U.S. military strategy for narcotics control in the region.

The danger of military escalation is of particular concern to the Committee. The Committee's oversight visit to the region confirmed that the threat of an escalating U.S. military role already exists, despite the fact that many of DOD's plans have not yet been implemented. The task facing U.S. law enforcement and military personnel in the Andean drug war is complex and ambiguous, according to the subcommittee's investigation, at times dangerously merging enforcement and military missions. "Source area coca sup-

¹³³ Report, "The Andean Drug Strategy and the Role of the U.S. Military," Defense Policy Panel and Investigations Subcommittee, House Committee on Armed Services, January 1990, p. 35.

¹³⁴ Ibid.

¹³⁵ Ibid, p. 11.

pression is a law enforcement activity conducted in a paramilitary environment," testified DEA Assistant Administrator David Westrate. "It must have the support of the community. At the same time, it must be prepared to overcome a hostile environment, often in remote jungle areas in the control of insurgents and traffickers." ¹³⁶

The risk of personal injury or death to U.S. law enforcement and military personnel under these conditions has already been noted. The Committee has received reports of several documented cases in which U.S. personnel were fired upon or attacked, often while accompanying host country personnel. A military response to an assault on U.S. personnel or property is likely to draw the U.S. more deeply into the web of violent conflicts in the region. The unintentional result, the Committee believes, may be to entangle the United States in dangerous and intractable counter-insurgency battles in the Andes.

3. Conclusion

In the final analysis, the Committee observes that the risks and costs of escalating the policy, particularly through increased host country and U.S. military involvement, may be unacceptable. The ambitious pursuit of the Andean strategy may, in the end, reflect an expensive failure in narcotics supply reduction; result in serious, long-term negative consequences for the region; and prove damaging to U.S. interests.

Continuing and further "militarizing" the present strategy, the Committee's investigation suggests, will not address the roots of the problem in source countries or serve the long-term interests of the United States.

The Committee believes there is a positive role for the United States in the region. The United States and the Andean nations share an interest in: (a) reducing the dependency of Andean economies on coca and cocaine; (b) strong democratic and civilian governments; and (c) balanced and sustained economic growth. These broader interests are affirmed by the Office of National Drug Control Strategy: "The Andean counternarcotics strategy is part of a broader effort on the part of the Administration to further the steady trend in Latin America and the Caribbean to democracy and market-oriented reforms." ¹³⁷

Current U.S. counter-narcotics measures, however, are not serving the broader, long-term interests of the United States or the Andean region. In particular, U.S. efforts lack a serious strategy for balanced economic development as a long-range alternative to the coca and cocaine economy. In addition, by strengthening the hand of military institutions with extensive records of corruption and abuse, a little proven commitment or ability to conduct effective narcotics control programs, U.S. strategies may undermine the democratic institutions on which the U.S. depends. Escalating the role and presence of the U.S. military in the region, moreover, exposes U.S. personnel to increasing security threats and may draw

¹³⁶ Hearings, "Operation Snowcap: Past, Present and Future," House Committee on Foreign Affairs, May 23, 1990, p. 9.

¹³⁷ ONDCP, "The Andean Strategy," August 1, 1990.

the United States into protracted counter-insurgency conflicts while contributing little to resolving the drug problem at home.

The Committee therefore concludes that a new debate is needed on the goals and objectives of U.S. strategies in the Andean region. The following discussion of the national context for past and present U.S. counter-narcotics efforts in each of the three Andean countries is a necessary starting point for a realistic and balanced approach.

V. ANDEAN REGION

A. PERU

During the Committee's oversight visit to Peru, the Committee delegation visited the capital, Lima, and the Santa Lucia National Police base in the Upper Huallaga Valley coca-growing region. The delegation met with U.S. and Peruvian officials, including the U.S. Ambassador, Anthony Quainton and then-Peruvian president Alan Garcia. The delegation was also briefed by human rights workers, development experts, economists, and military officials.

1. Overview

a. The coca trade within the context of economic crisis

Peru is the source of more than half of the world's supply of coca used to make cocaine, with at least 110,415 hectares under cultivation. Coca leaves are processed into an estimated 1,077 metric tons of coca paste, primarily for shipment to Colombian-run cocaine-processing laboratories in or near Colombia.

The coca trade annually generates roughly \$1 billion for the Peruvian economy. While this is only a fraction of the final market value of cocaine sales, these revenues have an enormous impact on the country's economy. The foreign exchange generated from coca sales is equal to approximately one-third of all of Peru's legal exports combined.

The importance of this illicit source of foreign exchange is amplified when viewed within the context of Peru's worst economic crisis in its history: in 1989, inflation reached 2,775 percent and real wages dropped by more than half—lower than 1970 levels and the second lowest in South America behind Bolivia. Between 1988 and 1989, economic growth declined twenty percent—the largest drop in Latin America. Meanwhile, foreign credits have dried up due to Peru's virtual default on payments on its \$19 billion foreign debt.

The coca economy has served as a "cushion" that has softened the impact of this deepening economic crisis, providing employment for hundreds of thousands of Peruvians and critically needed foreign exchange for the national economy. Coca-dollars help boost the foreign exchange reserves of the nearly bankrupt Central Bank and provide hard currency to finance desperately needed imports. Without the dollars generated from the coca trade, the dollar exchange rate in Peru would skyrocket.

The country's major banks, including the Central Bank, operate branches in the country's major coca-growing region to absorb the influx of drug dollars. As foreign exchange reserves have been depleted and foreign debt obligations have mounted, Peru's financial

institutions have adopted an increasingly tolerant attitude toward the influx of coca dollars.

When questioned by Committee members, Peruvian Finance Minister Cesar Vasquez Bazan confirmed the economic importance of the coca trade, emphasizing that the elimination of coca from the economy without a viable economic substitute would be nothing short of devastating for Peru. The importance of the coca economy continues to increase in direct proportion to the decline of the legal economy.

b. Fujimori's austerity program

Peru's new president, Alberto Fujimori, has described the economic situation in Peru as "the most profound crisis in the nation's republican history."¹³⁸ In an effort to remedy Peru's economic problems and restore relations with the international financial community, Fujimori announced on August 8, 1990 a major economic austerity program. While the program aims to curb inflation, stabilize the currency, and reduce government expenditures, the austerity measures exact an enormous social cost.

The price of gasoline, for example, has increased 3,000 percent and state-controlled prices for staple foods have increased by up to 700 percent. Overall food prices have jumped 500 to 1,000 percent. Even before these price increases, the average income in Peru bought barely half as much food as in 1988. By most estimates, at least half a million workers have been laid off. Inflation reached 397 percent in August.

In response to Fujimori's severe austerity measures (referred to as "Fujishock" in Peru), rioting and looting broke out throughout the country. Fujimori declared a state of emergency in most of the nation, giving the army wide powers over law enforcement and suspending virtually all civil rights.

Fujimori's austerity program, at least in the short-term, has increased economic hardship, thus making the coca economy more attractive to the unemployed and underemployed. In the context of severe austerity, the coca economy becomes an even more vital cushion for Peru's ailing economy.

Already lacking a parliamentary majority and an organized political party, Fujimori's austerity measures have further weakened his popular support and political legitimacy—particularly in light of his central campaign promise to implement more gradual economic reforms and avoid the harsh austerity measures advocated by his opponent.

c. Political instability

Adding to the deepening problems facing Fujimori is the continued growth of the Sendero Luminoso (Shining Path) insurgency. Since 1980, the extremely violent and puritanical insurgency movement has rapidly expanded from the Andean highlands into all corners of the country, thriving off the government's inability to remedy the economic crisis, improve the standard of living of the

¹³⁸ Philip Shenon, "Quayle Presses Peru to Take U.S. Military Aid," New York Times, August 9, 1990, p. A10.

country's poor majority, and mend centuries-old ethnic and social divisions.

More than 16,000 lives have been lost in the decade-old war between the insurgents and the government. Political killings by both the military and the insurgents have increased dramatically in recent years, jumping sixty percent in 1989 to over 3,000. Peru now has the highest number of forced disappearances of any country in the world. In those areas of the country under a state of emergency, the military operates largely outside the control of civilian authority.

A recent RAND Corporation report, sponsored in part by the State Department, concludes that because of political and economic turmoil in Peru, "the real question is not whether there will be a coup but when."¹³⁹ The report notes that the increased polarization of Peruvian politics, economic and political instability, and the military's counter-insurgency campaign will inevitably alienate growing segments of the population and generate support for Sendero Luminoso.

d. Drug problem is a low priority

Compared to the deepening political and economic crisis, the anti-narcotics campaign is a low priority for most Peruvians. In a poll conducted in Lima in January 1990, eighty percent of those polled said the economic crisis was the country's number one problem. Subversion ranked second in the poll, with drugs cited as a principal problem by a mere four percent or less.¹⁴⁰

Several factors further explain the lack of public concern about drug trafficking. Peru's role in the international cocaine industry is primarily one of a raw material supplier. Lacking well-entrenched trafficking organizations, Peru has been spared the degree of drug-related violence that has plagued its northern neighbor, Colombia. Moreover, Peru's coca export trade is geographically isolated, concentrated primarily in the remote Upper Huallaga Valley.

Finally, the central importance of the coca economy as a source of revenues and employment—especially as the legal economy spirals downward and the austerity measures hit hard—necessarily weakens the popular interest and institutional capacity to attack the coca business.

e. U.S. anti-narcotics activities

U.S. anti-narcotics activities in the Upper Huallaga Valley, aimed at curbing coca production, processing, and trafficking, have had limited success. The coca economy in the valley has proved to be extremely adaptable and mobile. Pressured in one area, it simply emerges in more remote areas previously untouched by the trade, further from government control. While the coca economy remained depressed through the first half of 1990 due to low coca prices, prices have risen significantly in recent months.¹⁴¹

¹³⁹ Quoted in Philip Shenon, "Peru Drug Fund Used in War, Aide Says," New York Times, June 21, 1990, p. A3.

¹⁴⁰ Sample survey of 500 respondents by the agency Datum, one of the agencies whose polls are most frequently cited in Peru.

¹⁴¹ Discussion with Dave Melocik, DEA Congressional Affairs, October 12, 1990.

Drug control operations have been hampered by the security threat posed by the Sendero Luminoso insurgents. The guerillas have successfully used the U.S. presence in the valley to gain support from disgruntled peasant coca growers whose livelihood is threatened by anti-narcotics efforts. As U.S. drug control operations have escalated, peasant support for the insurgents has increased in response.

U.S. anti-narcotics activities have been undermined by local corruption and limited Peruvian commitment to the drug control effort. The Peruvian military, which is in charge of the Upper Huallaga Valley, has been uncooperative in drug control operations. The primary concern of the military forces is to fight the guerillas rather than the drug traffickers.

Finally, Peru's economic and political crises necessarily limit the government's capacity to confront the drug trade, especially given the importance of the coca economy as a source of foreign exchange and employment during a period of severe austerity.

While the Andean Initiative calls for a central role for the Peruvian military in the anti-narcotics effort, in late September Peruvian president Alberto Fujimori refused to approve the U.S. military aid package, claiming that the drug control strategy did not adequately address the central economic dimensions of the drug problem. U.S. officials are hopeful that an agreement can be reached for FY 1991.

2. Background

Coca has been grown, chewed, and used for ceremonial and medicinal purposes by the indigenous populations of the Peruvian highlands for thousands of years. The boom in U.S. demand for cocaine in the 1970s and 1980s rapidly transformed this traditional crop into the most lucrative export commodity in the hemisphere.

Roughly sixty percent of the supply of coca used to produce cocaine originates in Peru. The center of Peru's coca industry is the Upper Huallaga Valley, the largest coca-growing zone in the world. Peasant colonists were originally drawn to the valley in the 1960s by government colonization programs aimed to develop the country's tropical interior. When the infrastructure, technical assistance, and credit promised by the government failed to materialize, the peasants turned to the crop that promised the greatest return and required little investment and infrastructure: coca.

The explosive growth in U.S. demand for cocaine in the late 1970s and 1980s, coupled with a deepening economic crisis and the lack of viable economic opportunities in the legal economy, has stimulated mass peasant migration to the valley. The coca boom has attracted an estimated 300,000 colonists to the region. By one estimate, as many as 70,000 of these have arrived in the last three years alone.¹⁴² Virtually everyone in the valley is directly or indirectly tied to the coca economy. Coca acreage has expanded roughly ten percent per year in the 1980s, to its present estimated size of at least 200,000 acres.

¹⁴² "Stopping the Flood of Cocaine With Operation Snowcap: Is it Working?" Report by the Committee on Government Operations, August 14, 1990

One consequence of this has been widespread environmental damage, including major soil erosion, pollution, and deforestation. Coca expansion is responsible for roughly ten percent of Peru's total deforestation. Moreover, millions of gallons of toxic coca-processing chemicals are dumped into the valley's watershed each year.¹⁴³

Sendero Luminoso insurgents have moved into the Upper Hualaga Valley in recent years, successfully presenting themselves as the defenders of coca growers against U.S.-supported anti-narcotics forces. The insurgents also serve as a self-appointed armed union that presses Colombian traffickers to pay higher prices for coca products. This has led to violent confrontations between the insurgents and the traffickers. The insurgents now control as much as ninety percent of the valley. In return for the protection they offer coca growers, the guerillas levy a "war tax" on the coca trade and gain a widening base of popular support in the area.

While U.S. officials have often argued that the insurgents and the drug traffickers are linked, the relationship between the insurgents and the traffickers is more one of hostile conflict than cooperation, particularly as the guerillas want to enforce higher prices for coca and the traffickers seek to pay as little as possible.¹⁴⁴ As Tina Rosenberg, a Resident Associate at the Carnegie Endowment for International Peace, testified: "Sendero considers itself a union for Peru's peasants, who have grown and chewed coca leaf for centuries . . . Trafficking is not central to Sendero's goals . . . Sendero is not an organization of drug traffickers, and indeed Sendero and the Colombians have nothing in common except an affinity for bullets, which they frequently use on each other."¹⁴⁵

The valley has become a major war zone as both the anti-drug campaign and the military's counter-insurgency campaign have escalated. Tensions have grown between the military and the anti-narcotics police, since the military has been uncooperative with drug control efforts, suffers from corruption, and is singularly focused on fighting the insurgents.

In those areas of the country under a state of emergency, including the Upper Huallaga Valley, the military operates largely beyond the control of civilian authority. The State Department's 1989 Country Report on human rights in Peru, as well as numerous independent human rights monitoring organizations, have documented the systematic abuse of human rights by Peru's security forces.¹⁴⁶

According to the State Department's human rights report for 1989, reports of arbitrary detentions, summary executions, and frequent use of torture by the military and police marked Peru's human rights record. Trials of military personnel for human rights

¹⁴³ Remarks of Marc Douroujeanni at Congressional Research Service Seminar, "Cocaine Production, Eradication, and the Environment: Policy, Impact, and Options," February 14, 1990.

¹⁴⁴ For a discussion of the evolution of Sendero Luminoso's role in the coca trade, see Americas Watch Report, "In Desperate Straits: Human Rights in Peru After a Decade of Democracy and Insurgency," August 1990.

¹⁴⁵ Testimony before the Senate Foreign Relations Committee, June 28 1990. For a more in-depth discussion of the relationship between the insurgents, coca growers, and drug traffickers, see Renneleer Lee, *The White Labyrinth*, Transaction Books, 1989.

¹⁴⁶ See, for example, Americas Watch Report, "In Desperate Straits: Human Rights in Peru After a Decade of Democracy and Insurgency," August 1990.

violations moved slowly, if at all, and resulted in acquittal. In none of the alleged incidents in 1989 of policy or military violations of the rights of civilians have official investigation results been made public or security officials charged. No member of the armed forces has ever been convicted in military or civilian courts for a human rights violation.

State Department accounts and other cases of human rights violations were confirmed by information provided to the Committee's delegation by Peruvian jurists and human rights workers, including the Executive Secretary of the Andean Commission of Jurists, Dr. Diego Garcia Sayan, and a parliamentarian, Deputy Manuel Piceras. These experts observed that 4,000 people have disappeared in six years, and that the number of reported forced disappearances increased from 170 in 1988 to at least 400 in 1989—the highest rate of forced disappearances in the world.

Peru's new president, Alberto Fujimori, has inherited a nation plagued by political violence and economic distress. Fujimori is politically vulnerable: his political support is fragile and he is not backed by an organized political party. Moreover, he wields even less control over the military than his predecessor.

Fujimori's appointment of Adolfo Alvarado, an active army general, as head of the Ministry of the Interior is an alarming sign of greater military power and loss of civilian authority. Alvarado has already fired 150 senior police commanders, leaving the Peruvian police virtually without leadership. Among those dismissed was Juan Zarate, the head of the national anti-narcotics police unit who worked very closely with U.S. officials and who met with the Committee delegation in January.

Zarate was instrumental in working with the U.S. to construct a forward base at Santa Lucia for drug control operations in the Upper Huallaga Valley. U.S. embassy officials in Lima regarded Zarate as a competent official with an experienced officer corps, all of whom have reportedly been fired by Alvarado. These sudden changes have left uncertain the future of the Peruvian anti-narcotics efforts.

3. U.S. anti-narcotics activities

The above discussion highlights the complex and difficult context for the conduct and evaluation of U.S. anti-drug efforts in Peru. In the 1980s, U.S. anti-narcotics activities in Peru comprised interdiction, eradication, and crop substitution programs. These efforts made little headway in the Upper Huallaga Valley. Manual eradication levels failed to keep pace with new coca expansion, which increased roughly ten percent per year.

The security threat posed by the Sendero Luminoso insurgents has been a serious deterrent to the drug control effort. While guerrilla attacks had forced the suspension of anti-narcotics activities in February 1989, a fortified police base at Santa Lucia in the heart of the Upper Huallaga Valley was constructed and operational by September 1989. Since operations were resumed, the anti-narcotics strategy has deemphasized manual eradication, focusing largely on coca lab destruction and interdiction. Current eradication efforts are limited to coca seed bed destruction.

The administration also continues to propose the use of herbicides such as tebuthiuron (known as Spike) to eradicate coca, a controversial plan that has sparked protest in Peru and the United States from environmentalists concerned with the ecological impact of the herbicide. While the U.S. claims the herbicide is safe after conducting tests in the Upper Huallaga Valley, the future of the proposed eradication program is uncertain.¹⁴⁷

Peruvian anti-narcotics police are trained by U.S. Special Forces at the Mazamari camp in Peru's Junin Department. DEA advisors accompany Peruvian police teams on helicopter-borne operations to destroy jungle laboratories, and air support is provided through the provision of military helicopters and contract pilots. These are provided on contract by National Air Transport Inc. (NATI), based in Opa Locka, Florida.

The helicopters used to transport Peruvian police and DEA on operations are flown by fifty-five Americans and seven Peruvians, who fly all missions and train Peruvian pilots. These pilots are employed by NATI. NATI's American pilots are former Special Forces personnel, many with combat experience in Vietnam.

At the time of the Committee's oversight visit to Peru in January 1990, there were ten U.S.-owned UH1H helicopters in Peru, eight assigned to the Santa Lucia base, and two for training purposes in Lima. The field coordinator for the Upper Huallaga Valley and the DEA medics at the base were former Special Forces personnel. Since the Committee's investigative trip, the field coordinator has resigned, reportedly to be replaced by an active duty U.S. military colonel.

Under the U.S. Andean Initiative, \$36.5 million in military aid and \$19 million in police aid was appropriated for Peru in FY 1990. An additional \$4.3 million in economic support funds was appropriated in FY 1990. For FY 1991, the administration has requested \$39.9 million in military aid, the same amount of police aid as FY 1990, and \$63.1 million in economic aid.

Central to the Andean Initiative program in Peru is direct Peruvian military involvement in the anti-narcotics effort and a significant increase in DOD involvement. The highly controversial military aid package would finance the training and equipping of six army battalions, purchase six boats to patrol rivers, and refurbish twenty A-37 planes.

The administration's plan also explicitly included counter-insurgency training. Melvyn Levitsky, Assistant Secretary of state for International Narcotics Matters, testified on June 20, 1990: "I want to be very frank in saying that where the insurgency and the drug traffickers are inextricably bound together, we have to deal with them together . . . We have an interest in helping them [the Peruvian military] fight that insurgency."¹⁴⁸

In a written response to an inquiry on March 15, 1990 by the Committee on Foreign Affairs, Janet Mullins, Assistant Secretary

¹⁴⁷ Remarks of A. Lawrence Christy, National Program Leader for Weed Science, USDA, and Eric Rosenquist, Regional Affairs Officer, Department of State, Bureau of International Narcotics Matters, at Congressional Research Service Seminar on "Cocaine Production, Eradication, and the Environment: Policy, Impact, and Options," February 14, 1990.

¹⁴⁸ Philip Shenon, "Peru Drug Fund Used in War, Aide Says," New York Times, June 21, 1990, p. A3.

of State for Legislative Affairs stated that “. . . it is inevitable that counter-narcotics activities will at times require counter-insurgency efforts . . .”¹⁴⁹ According to a U.S. Embassy spokesperson, the U.S. will provide the Peruvian military with “basic counter-insurgency training to improve field effectiveness and efficiency in dealing with Sendero Luminoso in the valley.”¹⁵⁰

But while U.S. and Peruvian military officials reached agreement on the military aid package last spring, former President Garcia refused to approve the plan with the exception of the police aid on the grounds that the strategy largely ignored the need to develop economic alternatives to the coca trade.

During his election campaign, Alberto Fujimori criticized the U.S. plan, suggesting that the U.S. anti-narcotics aid would be more effective in the form of economic assistance for alternative development in the Upper Huallaga Valley. Fujimori has described the present U.S. drug strategy as “completely inefficient.” According to Fujimori, “The United States is just fooling itself . . . You have to give the peasants an alternative. Otherwise, they will die of hunger or join the ranks of the guerrillas.”¹⁵¹

Through late September, U.S. officials remained hopeful that an agreement over the military aid package could be reached with the new Fujimori government. Yet after vascillating for weeks, on September 26th Fujimori announced his decision to decline the U.S. offer. Fujimori expressed the need for a “more integrated” package that would include much greater economic aid.

The military aid package was to be the first installment of a larger \$190 million anti-narcotics military aid program over five years. While U.S. officials are hopeful that an agreement can soon be reached for FY 1991, Fujimori’s decision reflects the sharp difference between U.S. and Peruvian priorities. Fujimori is preoccupied with the immediate problems of economic and political survival. Out of necessity, the drug problem remains a low priority issue. And to the degree that the drug problem is a concern, the Peruvian solution clearly prioritizes economic over military remedies.

4. *Committee observations*

U.S. drug control efforts in Peru have been undercut by an array of factors—most of which are beyond U.S. control.

a. Adaptability and expansion of coca trade limits U.S. efforts

As U.S. anti-drug efforts have intensified, coca production and processing have expanded to new areas farther from government control. The U.S. based its first anti-narcotics program in the town of Tingo Maria in the early 1980s, then a boom town in the center of the coca trade, in the southern region of the Upper Huallaga Valley. In response to drug control operations, however, coca production and trafficking moved north, to such areas as Tocache and Uchiza. Security risks and the longer distance soon undermined

¹⁴⁹ Congressional Record, May 8, 1990. H2106

¹⁵⁰ Foreign Relations Committee staff memo, June 27, 1990, p.7.

¹⁵¹ James Brooke, “Peru’s New Frontrunner Vows Shake-Up on Coca and Rebels,” New York Times, April 15, 1990 p. A1.

the effectiveness of the drug control program. Thus, the very success of the anti-drug program has made narcotics control efforts more difficult to implement.

The result of coca suppression measures is a "balloon effect:" squeezed in one area, the coca business simply pops out in another. The potential for expansion along the eastern slopes of the Andes and in the Amazon River Basin is enormous. Not only has coca production expanded to new regions previously untouched by the crop, but it has jumped borders to neighboring countries such as Brazil, where production in the country's vast tropical interior is already increasing.

The U.S. response to this problem was to build the Santa Lucia base, in the middle of the Upper Huallaga Valley. However, coca production and processing is already spreading even further north, toward the town of Tarapota. This expansion to more remote regions farther from government control was confirmed by DEA personnel when the Committee delegation visited the Santa Lucia base.

The ever-growing distance between the base camp and the mobile coca business have made U.S. programs increasingly difficult to implement effectively. While plans to build additional bases further north are being considered, the mobility of the coca trade, especially processing labs, will continue to frustrate U.S. drug control efforts.

These frustrations have caused the administration to propose the use of herbicides such as Tebuthiuron (known as Spike) to eradicate coca. While the plan has sparked protest from environmental organizations, the administration has claimed the herbicide is safe after a series of tests in the Upper Huallaga Valley.¹⁵² During its January oversight trip, the Committee delegation visited the herbicide test site, and left unconvinced of the environmental safety of the herbicide program.

The Environmental Protection Agency requires Spike containers to include a warning label reading: "Do not apply to water or wetlands." The area targeted for spraying receives ten feet of rain annually and includes several tropical wet evergreen forests. Hundreds of streams in the valley feed into the Amazon and other rivers. Walter Gentner, the director of the administration's herbicide testing project, resigned in April 1988 to protest what he charged was the State Department's inadequate concern over the environmental impact of using Spike.¹⁵³

The Committee also notes the potentially explosive political and social consequences of the plan. Destroying the livelihood of the thousands of peasant farmers in the valley by spraying their coca crops without providing an alternative means of economic survival could drive peasants into the ranks of the guerillas. Sendero Luminoso propaganda has targeted the Spike program as an example

¹⁵² Remarks of A. Lawrence Christy, National Program Leader for Weed Science, USDA, and Eric Renquist, Regional Affairs Officer, Department of State, Bureau of International Narcotics Matters, at Congressional Research Service Seminar, "Cocaine Production, Eradication, and The Environment: Policy, Impact, and Options," February 14, 1990.

¹⁵³ Clifford May, "U.S. Secretly Grows Coca to Find Way to Destroy Cocaine's Source," New York Times, June 12, 1988.

of "U.S. imperialism," to bolster claims that the insurgency defends the peasant population against foreign aggression.

In August 1988, the insurgents staged an armed strike against Spike, denouncing the spraying program in leaflets distributed in the valley. The main highway through the valley was shut down and commerce was paralyzed. Ten people died in confrontations with Peruvian authorities, according to one press report, and a U.S. helicopter pilot was wounded by small-arms fire.¹⁵⁴

Finally, the Committee finds it important to emphasize the short-sightedness of the herbicide program. Uprooted from their lands and lacking economic alternatives, peasant coca growers could simply clear new lands and plant coca deeper into the jungle—leading to even greater deforestation. Further use of herbicides would simply cause the cycle to repeat itself, causing even greater environmental damage.

Although State Department officials argue that the negative environmental impact of coca production and processing far outweighs the potential environmental consequences of using herbicides, the long-term effect of the herbicide program would be to push coca production even farther into the Peruvian rain forest. While the dispute over Spike remains unresolved, the potentially serious consequences of the plan make it unlikely that the Peruvian government will approve the use of herbicides in the near future.

b. Security risks

Anti-drug operations in recent years have also been hampered by the security threat posed by the Sendero Luminoso insurgency. The insurgents have capitalized on local resentment toward the anti-narcotics campaign, gaining an important base of peasant support. Ninety percent of the region is controlled by the Sendero Luminoso insurgents; it has become a major focus of the government's counter-insurgency campaign.

Limited ground mobility due to security risks has made the drug control operation totally reliant on air transport, and manual eradication efforts have been deemphasized partly due to the risk to eradication workers. Twenty-seven eradication workers have been killed in various attacks since 1983.

Given that the Sendero Luminoso insurgents have gained support among the valley's coca-growing peasant population by shielding them from U.S. eradication efforts, any escalation of the anti-drug program that directly threatens the livelihood of the coca growers without offering a variable economic alternative can only fuel the insurgency and therefore increase the security risk to U.S. personnel.

Furthermore, the Committee delegation that visited the Santa Lucia camp noted that the base appears to be designed in a way that is vulnerable to attack, and that the perimeter of the base is in need of serious repair. Portions of the base camp abutting the Huallaga River and the town of Santa Lucia were largely unprotected.

¹⁵⁴Merrill Collett, "The Cocaine Connection: Drug Trafficking and Inter-American Relations," Foreign Policy Association, 1989, p. 39.

The Committee's concerns were confirmed on April 7, when an estimated 200 insurgents attacked the base with machine guns, rocket-propelled grenades, and motars. In the ensuing eighty-five-minute battle, U.S. pilots flew helicopter gunships to defend the base, and DEA agents inside the base returned automatic weapons fire. No U.S. personnel were injured. Months before the attack, in October 1989, the New York Times had reported that "Americans and Peruvians in charge of security [at the base] say the guerillas have no heavy weapons and are unlikely to attempt a frontal assault on the base."¹⁵⁵

c. U.S. efforts undercut by corruption and lack of commitment

The Upper Huallaga Valley is under a state of emergency and therefore remains under official military control. Peruvian anti-narcotics police and their DEA advisors have complained repeatedly that the Peruvian military has not only been uncooperative, but has obstructed drug control operations. Moreover, there are indications of military collusion with drug traffickers.¹⁵⁶

It has become increasingly clear that the military as an institution is utterly disinterested in drug control efforts, and is plagued with corruption. Anti-narcotics is not only a distraction from the military's main mission—fighting the insurgents—but it also undercuts the military's counter-insurgency campaign in the Upper Huallaga Valley by alienating the peasant coca-growing population.

Part of the military's counter-insurgency strategy has been to drive a wedge between the population and the insurgents by tolerating coca production—thus winning the "hearts and minds" of the peasants and decreasing the appeal of Sendero Luminoso protection. Thus, despite U.S. efforts, there is little reason to believe that the Peruvian military can transform itself into an effective and willing anti-narcotics force in the Upper Huallaga Valley while also fighting the guerillas.

This situation has created extreme tension between Peruvian anti-narcotics police and the military, clearly evident during the Committee's January 1990 trip to the Upper Huallaga Valley. For example, military forces headquartered in the town of Uchiza near the Santa Lucia base had prevented DEA and Peruvian police from hitting trafficking facilities in the town.

There have been numerous reports that Uchiza's municipal airport is a regular landing site for Colombian trafficking planes. It has been alleged that the traffickers are charged up to \$15,000 per flight to use the airport. These "fees" are allegedly divided between the military officers and the town counsel.¹⁵⁷

During the Committee's January trip to the valley, Committee members flew over the town of Uchiza and saw a number of twin-engine jet airplanes, presumably Colombian, sitting on the runway at the town's municipal airport. Committee members also saw a

¹⁵⁵ Joseph Treaster, "On the Front Line of Drug War, U.S.-Built Base Lags in Peru," New York Times, October 31, 1989, p. A1.

¹⁵⁶ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

¹⁵⁷ Michael Massing, "In the Cocaine War . . . The Jungle Is Winning," New York Times Magazine, March 4, 1990 p. 90.

basketball court half covered with drying coca leaves. In the surrounding area near the Santa Lucia base and Uchiza, the Committee noted the presence of numerous landing strips and the vastness of the acreage under coca cultivation.

Tensions between the Peruvian anti-narcotics police and the military ran high during the term of General Alberto Arciniega, who was the regional commander in the valley until his transfer in December 1989. Arciniega had been particularly outspoken in his criticism of the U.S. drug control effort, publicly stating that he could not simultaneously attack the guerillas and the coca growers. Arciniega said, "There are 150,000 campesinos coccaleros"—peasant coca growers—"in the zone. Each of them is a potential subversivo [insurgent]. Eradicate his field and the next day he'll be one."¹⁵⁸

"Most of my troops come from this area [the Upper Huallaga Valley]," Arciniega explained. "In effect, the police were wiping out the livelihood of their families, while I was asking them to fight Shining Path, which was sworn to protect the [coca] growers. Shining Path looked like heroes."¹⁵⁹

General Arciniega was replaced in January 1990 by General Guillermo Chacon, the deputy head of military intelligence, but the conflict between the military and the police continues. DEA agents and Peruvian police were stoned by local peasants led by Peruvian military personnel during two anti-drug raids in the first four months of 1990. In two other raids in March by U.S.-piloted helicopters carrying Peruvian police, peasants were fired upon by army soldiers.¹⁶⁰

Senior Peruvian military commanders came under scrutiny in connection with the March incidents. The Committee learned in mid-April that General Chacon had been relieved of his position after having served only four months in the Upper Huallaga Valley. General Chacon has been replaced by General Mario Brito.

d. "Militarization" is counterproductive, increases security risk

For the above reasons, many have questioned the wisdom of a "militarized" approach to the anti-drug program, particularly one which links counter-insurgency with anti-narcotics efforts. The Committee is concerned that this may both exacerbate the abysmal human rights situation in Peru and draw U.S. military personnel directly into a protracted and costly counter-insurgency campaign while doing little to curb the coca trade.

As discussed earlier, the Peruvian military has one of the worst human rights records in the world. Many human rights organizations argue that this fact alone, substantiated in the State Department's Country Report on human rights in Peru, should disqualify the Peruvian military from receiving military aid under Section 502(b) of the Foreign Assistance Act, which states that a government may not receive such assistance if it "engages in a consistent

¹⁵⁸ Ibid.

¹⁵⁹ John McClintock, "Poverty Complicates Cocaine War in Huallaga Valley," Baltimore Sun, October 24, 1989.

¹⁶⁰ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

pattern of gross violations of internationally-recognized human rights."

Moreover, some have warned that the nature of the problem in the Upper Huallaga Valley makes any attempt to blend counter-insurgency and anti-narcotics efforts through the use of the Peruvian military illogical and counterproductive. Peruvian journalist Gustavo Gorriti testified that the U.S. strategy "ignores that in the context of the coca-producing areas, especially in the Upper Huallaga Valley, counter-insurgency and coca-busting are contradictory activities . . . [A]ny progress achieved in counter-insurgency would necessarily limit the anti-narcotics actions. Yet, it is to facilitate anti-coca activities that the military will get most of the American funding for Peru. Obviously, the U.S. diplomats in Peru will try to exert leverage on the armed forces, to have them change their counter-insurgency approach for one that allows for intensive anti-narcotics actions. Probably they will partially get their way and everybody, except the Shining Path, will be perfectly unhappy."¹⁶¹

The Committee is deeply concerned that the administration's reliance on a "militarized" strategy to solve what is primarily an economic problem in Peru will not only fail but may in fact be counter-productive, doing more to bolster peasant support for Sendero Luminoso than to curb the coca trade.

Diego Garcia Sayan, the executive director of the Andean Commission of Jurists explained: "The subversive group Sendero Luminoso was able to establish itself in the coca-growing area of the Alto [Upper] Huallaga by taking advantage of the social discontent caused by the enforced eradication campaigns implemented since 1983 with the aid of the DEA. They established themselves as the arbiter—outside the frame of the law—between the peasants who cultivate coca leaves and the drug traffickers who buy, process and market their crops. Not only that, they stand up against the government's repressive measures, defending coca leaf production."¹⁶²

In testimony before the Subcommittees on Legislation and National Security and Government Information, Justice and Agriculture, Ambassador Robert White, President of the International Center for Development Policy, warned of the serious danger of becoming drawn into Peru's counter-insurgency campaign, noting that "The slippery slope from advice and counsel to involvement of special forces, is especially steep in countries where the objective conditions for revolution exist. In the past, we have seen programs aimed at drug interdiction serve as cover for other programs of a so-called anti-subversive or counter-insurgency nature."¹⁶³

U.S. anti-drug operations are already of a para-military nature and increasingly involve U.S. Military Special Forces personnel. In August 1989, President Bush signed a directive authorizing U.S. Special Forces to leave bases to train Peruvian anti-narcotics troops. According to Pentagon spokesperson Pete Williams, Special Forces will be permitted to conduct training "beyond secured areas."¹⁶⁴

¹⁶¹ Testimony before the Senate Committee on Governmental Affairs on September 29, 1989.

¹⁶² Testimony before the House Subcommittee on Western Hemisphere Affairs, June 6, 1990.

¹⁶³ Testimony, October 18, 1989.

¹⁶⁴ George Wilson and Michael Isifoff, "U.S. Advisors Allowed to Leave Latin Bases," Washington Post, September 13, 1989, A16.

Testifying before the Committee on October 18, 1989, Richard Brown, deputy assistant secretary of defense for Inter-American security, said that while the "rules of engagement" have changed, U.S. military personnel will not participate in "field operations" or combat missions.¹⁶⁵ Nevertheless, the high-risk environment in which U.S. personnel must operate is cause for extreme concern. Furthermore, press reports quote U.S. Special Forces personnel who acknowledge violating current "rules of engagement" by accompanying host country forces on actual anti-narcotics missions.¹⁶⁶

e. Economic crisis and lack of economic alternatives

The Committee is especially concerned that the present approach to drug control has sidestepped the central economic dimensions of the problem of coca production in Peru, thereby undercutting the potential effectiveness of anti-drug efforts.

While a dramatic decline in coca leaf prices through the first half of 1990 has reduced the incentive for peasants to grow coca, the absence of viable economic alternatives has given peasant coca producers even less of an incentive to abandon coca. Unlike Bolivia, there is not even a voluntary crop eradication program in Peru that financially compensates peasants for eradicating their coca crops. According to DEA, coca prices in the Upper Huallaga Valley have risen significantly in recent months, increasing from \$50-\$100 per kilo in July to \$200-\$300 per kilo by mid-October.¹⁶⁷ This has further undercut the possibility of developing alternative economic incentives.

Peru's deepening economic crisis and the importance of drug revenues to the economy have given the government little incentive to fully cooperate in the drug control effort. Even as Peru participates in some anti-narcotics programs, the country's financial institutions—including the Central Bank—continue to absorb the flow of dollars from the coca trade in the Upper Huallaga Valley. Given the government's heavy debt obligations and many foreign exchange needs, it has little choice but to tolerate dollars from any source—legal or illegal.

Andean expert Gustavo Gorriti testified: "Clearly, the main flaw of the new U.S. anti-drug approach is that it rests on a punitive approach and the economic assistance is less than an adjunct to it, a microscopic carrot, which is hard to understand, because it makes only elementary sense that an intelligent anti-drug strategy should first address the economic aspect. It should try to offer real, viable alternatives to the coca economy, using police or military repression only as adjuncts to the main strategic thrust."¹⁶⁸

In a letter to Peru's former president Alan Garcia in December 1989, President Bush wrote that, while curbing drug consumption and production, "We must, at the same time, provide legitimate alternatives to peasants who live in the countries where coca is culti-

¹⁶⁵ Testimony, October 18, 1989.

¹⁶⁶ Jim Pat Mills, "The Army's Drug War," *Army Times*, October 2, 1989, p. 14.

¹⁶⁷ Discussion with Dave Melocik, DEA Congressional Affairs, October 12, 1990.

¹⁶⁸ Testimony before the Subcommittee of the Senate Committee on Governmental Affairs, September 29, 1989.

vated."¹⁶⁹ There was also a shared understanding at the Cartagena summit that alternative development programs must be central to any drug control plan. Nevertheless, despite these earlier assurances, U.S. drug control strategies in Peru continue to largely promote a "militarized" response to what is inherently an economic problem.

B. BOLIVIA

During the Committee's oversight trip to Bolivia, the delegation visited the capital, La Paz; the city of Santa Cruz; and the National Police Base at Chimore in the Chapare coca-growing region. The delegation met with Bolivian, U.S., and U.N. officials, including the U.S. Ambassador, Robert Gelbard, and President Jaime Paz Zamora. The delegation also met with independent human rights and development experts, as well as representatives of the Bolivian business community and the coca growers federation.

1. Overview

a. The coca trade within the context of economic crisis and political instability

Bolivia is the second largest coca producer in the world after Peru, producing roughly one-third of the world's supply of coca. An estimated 53,920 hectares of coca were cultivated in 1989. While the bulk of this coca is transported to Colombian-run cocaine processing laboratories in or near Colombia, an increasing amount of cocaine is being refined in Bolivia. In 1989, an estimated 173 metric tons of cocaine was produced.

Bolivia is the poorest nation in South America, with the lowest life expectancy and highest infant mortality rate in the region. Bolivia is also the region's most coca-dependent country. According to Samuel Doria Medina, an economic advisor to Bolivian president Jaime Paz Zamora, "coca and cocaine production generated \$1.5 billion [in 1987], which represents around twenty-nine percent of our GNP. Of this, \$600 million stayed in the country, a figure roughly equivalent to the value of legal exports. An estimated 300,000 people depend on the coca economy for a livelihood, that is to say, roughly one in five of the adult working population."¹⁷⁰ In a meeting with the Committee delegation, Mr. Medina emphasized the importance of the coca economy to Bolivia and the country's desperate need for legal economic alternatives.

The coca economy is especially critical for Bolivia since the country has suffered from the worst economic crisis in its history. The Bolivian economy virtually collapsed in the early 1980s: between 1980 and 1985, the GNP fell twenty percent, per capita consumption declined thirty percent, family income fell by twenty-eight percent, and unemployment doubled. Legal exports fell twenty-five percent between 1984 and 1986. Inflation spiraled out of control, reaching 24,000 percent in 1985.

¹⁶⁹ Quoted in Americas Watch Report, "In Desperate Straits: Human Rights in Peru After a Decade of Democracy and Insurgency," August 1990, p. 103.

¹⁷⁰ Testimony before the Senate Committee on the Judiciary and Senate Caucus on International Narcotics Control, March 27, 1990.

In the short-term, the coca economy helps soften the impact of this crisis. Many of the unemployed have found work in the coca trade and the national economy is kept afloat by the influx of coca dollars at a time when the country's leading legal export, tin, has collapsed. Flavio Machicado, Bolivia's former finance minister comments, "Bolivia has gone from the economy of tin to the economy of coca. If narcotics were to disappear overnight, we would have rampant unemployment. There would be open protest and violence."¹⁷¹ Thus, eradicating the country's most important export crop without providing a viable economic alternative is not a high priority in Bolivia.

Bolivia also has the worst history of political instability in Latin America: Bolivia has averaged a president a year with frequent military control of the government since independence from Spain in 1825. The cocaine industry took hold in Bolivia during the military regime of Hugo Banzer in the 1970s. In 1980, a military coup dubbed the "cocaine coup," was led by military officers with close ties to narcotics trafficking.

While the Bolivian military relinquished power in 1982, many Bolivians continue to fear the military's political leverage and the possible return to military rule. It is therefore not surprising that many Bolivians are wary of drawing the Bolivian military, especially the army, into the anti-narcotics effort.

b. U.S. anti-narcotics activities

Major obstacles limiting U.S. anti-narcotics efforts in Bolivia include corruption, strong opposition by organized peasant coca growers, the mobility and adaptability of the coca trade, and the absence of viable economic alternatives to the coca trade.

U.S. drug control operations have focused on strong eradication, interdiction, and enforcement efforts, including crop eradication, laboratory destruction, and riverine interdiction. The Andean Initiative represents an escalation of past efforts, providing major increases in federal funding and involving DOD and the Bolivian military more centrally in anti-narcotics programs. The aim of these efforts is to depress the price of coca in order to encourage coca growers to accept the \$2,000 per hectare offered by the government to voluntarily eradicate their crops.

Drug control programs to date have had minimal success. Coca eradication levels in 1989 failed to keep pace with new coca production. And while impressive voluntary eradication levels in 1990 have far surpassed previous records due to depressed coca prices, prices have risen significantly in recent months.¹⁷² Moreover, final cocaine processing is expanding in Bolivia.

2. Background

As in Peru, coca retains a central role in Bolivian Andean culture and has been used legally as a mild stimulant and for medicinal and ceremonial purposes by the country's large indigenous population for thousands of years.

¹⁷¹ "The Cocaine Economies," *The Economist*, October 8, 1988 p. 24.

¹⁷² Discussion with Dave Melocik, DEA Congressional Affairs, September 17, 1990.

While coca for legal domestic consumption is grown in the Yungas region of Bolivia, the heart of the Bolivian coca export economy is the semi-tropical Chapare region. In the 1960s the Bolivian government, with U.S. support, encouraged peasant migration to the Chapare to develop the area for agriculture and relieve social pressure in the highlands. The construction of a U.S. AID-funded highway through the Chapare in 1971 further opened the region to mass migration from the highlands. Consequently, the population in the Chapare almost tripled between 1967 and 1981.

Government planners had hoped the Chapare could support major regional development, but the lack of technical assistance, limited credit, and poor soil quality in much of the region—coupled with rising U.S. demand for cocaine—led increasing numbers of peasants to turn to coca. Unlike many other cash crops, the sturdy coca plant has few pest problems, grows on poor soil, and yields up to four or five crops each year. U.S. demand for cocaine quickly surpassed the amount of coca leaf production needed for Bolivia's legal domestic needs and made the Chapare fertile ground for the rapid expansion of coca.

While the Chapare became the center of intensive coca cultivation for export, coca leaf processing developed across a much broader region of the departments of Santa Cruz and the Beni. The processing end of the trade in the 1970s became dominated by agribusiness elites from Santa Cruz, elements within the military establishment, cattle ranchers, and merchants in the Beni region. Under a series of military regimes in the 1970s and early 1980s, the coca trade became entrenched in Bolivia.¹⁷³

Rensselaer Lee, an analyst of the cocaine trade, notes: "The military regimes of the 1970s provided state bank loans that supported the development of the cocaine industry; money borrowed ostensibly to finance cotton farming and other agricultural ventures in the Santa Cruz department apparently was diverted to building laboratories and other elements of a cocaine infrastructure. Narcotraffickers provided financial backing for Garcia Meza's coup in June 1980, and there was a virtual symbiosis between drug trafficking and the state under Meza's regime."¹⁷⁴ Bolivia was thus well-placed to meet the rapid growth in U.S. demand for cocaine in the 1970s and 1980s.

It is important to note that although the size and power of the Bolivian military was significantly reduced in the early 1950s, large infusions of U.S. military aid and training rebuilt the Bolivian armed forces. In 1964, the Bolivian military overthrew the civilian government. According to Bolivia expert Kevin Healy, "It is ironic that the United States reconstructed a military establishment during the 1950s and 1960s which during the 1970s and 1980s was led by high-level officers who, under a militant anti-communist platform, pursued illegal drug trafficking to the U.S."¹⁷⁵

¹⁷³ See Kevin Healy, "The Boom Within the Economic Crisis: Some Recent Effects of Foreign Cocaine Markets on Bolivian Rural Society and Economy," in D. Pacini and C. Franquemont, eds. *Coca and Cocaine, Effects on People and Policy in Latin America*, (Cambridge, MA Cultural Survival, Inc. 1985).

¹⁷⁴ Rensselaer Lee, "The White Labyrinth," Transaction Books, N.Y. 1989, p. 119.

¹⁷⁵ Healy, 1985.

In the 1980s, coca became the most important and dynamic sector of the economy, as the boom in the coca economy coincided with the near-collapse of the legal economy. The international debt crisis exacerbated Bolivia's economic difficulties. If Bolivia had had to pay off both the capital and interest owed in 1985, total export earnings for the year would have been required to meet the bill. By 1985, foreign exchange reserves were depleted and debt payments to multi-lateral lending agencies exceeded new financing, generating a net capital transfer out of the country.

The biggest blow to the economy came in October 1985, when the bottom fell out of the market for Bolivia's main legitimate export, tin. And in January 1986, the price of natural gas, another leading Bolivian export, collapsed. Yet while these legal exports fell, the illicit coca economy boomed.

When Victor Paz Estensorro was elected president in June 1985, he implemented the most severe IMF-style austerity program ever attempted in Latin America, in an effort to revive the economy and restore relations with the international financial community. The Bolivian currency was devalued by ninety-five percent, gas prices increased 1,000 percent, import and export restrictions were lifted, government subsidies were eliminated, and bread, electricity, and transit prices jumped. At least 20,000 tin miners were laid off due to the closing of state-run mines.

Ironically, while the austerity program was applauded in Washington, its implementation was dependent on the coca economy in a number of ways. As part of the government's "New Economic Plan," Paz Estensorro instituted a number of measures that served to facilitate the absorption of coca-dollars into the financial system, such as loosening the disclosure requirements of the Central Bank and granting a tax amnesty to repatriated capital. Official investigation into the origins of any of the wealth existing in Bolivia was prohibited by law. These measures boosted Bolivia's foreign exchange reserves, which in turn helped stabilize the currency and stop hyperinflation.¹⁷⁶

Bolivia's "New Economic Plan" also depended on the coca economy to absorb the unemployed. Many of the tin miners laid off by the government turned to the coca economy for work. Thus, while official unemployment rose, so did employment in the coca trade. As Bolivian political scientist Eduardo Gamarra testified: "Ironically, the NPE [New Economic Plan] encouraged peasants and laid-off workers to flock to coca-growing regions to meet the needs of the cocaine industry."¹⁷⁷

Gamarra noted that "For Washington, Bolivia has become a showcase of what other countries in the region could accomplish if free-market principles are allowed to run their economies." But, he pointed out, "... repression of the drug trade through interdiction and crop eradication programs may prove to be extremely destabilizing. Any downturn in the coca-cocaine economy could have grave consequences for the continued success of Bolivia's highly regarded

¹⁷⁶ See Humberto Compodonico, "La Política Del Alvestruz," in Diego Garcia Sayan, ed. "Coca, Coccaina, Y Narcotráfico." Andean Commission of Jurists, 1989, Lima, Peru. See also R.T. Naylor, "Hot Money and the Politics of Debt," Simon and Schuster, NY 1987, chapter 11.

¹⁷⁷ Testimony before the House Subcommittee on Western Hemisphere Affairs, June 6, 1990.

NPE."¹⁷⁸ Thus, while the austerity program has successfully curbed inflation and stabilized the currency, the economy remains extremely fragile and heavily dependent on the coca trade.

The coca economy involves approximately twenty percent of the Bolivian workforce. With official unemployment already extremely high, the coca economy has cushioned the country's unemployment crisis. Bolivia's president, Jaime Paz Zamora, has warned that leaving Bolivia's 300,000 coca growers without work would be the equivalent of laying off 50 million people in the United States.¹⁷⁹ Echoing this sentiment, the Bolivian Ambassador to the U.S., Jorge Crespo, has said, "there are some people in the United States government that would like to eradicate all our coca. But for us, that's impossible to do. We have 300,000 people living off coca, and they need an alternative."¹⁸⁰

Furthermore, Bolivia's coca growers, represented by the powerful workers' union, COB, has become a formidable political force. A full assault on coca cultivation would spark rioting, protests, and violent confrontations with thousands of well-organized coca growers. U.S. anti-narcotics operations have already generated widespread popular protest, including strikes, road blockages, and mass demonstrations. Some of these have effectively blocked anti-drug operations.

Given the important role of the coca economy as a major source of employment and foreign exchange, an all-out attack on the coca trade would be highly destabilizing. As Herber Muller, the former director of Bolivia's Central Bank has said: "Cocaine is like a cushion that is preventing a social explosion."¹⁸¹

Bolivian leaders have repeatedly emphasized their interest in combating drug trafficking—but not if counter-narcotics efforts weaken Bolivia economically. Thus, the U.S. cannot hope to secure full Bolivian cooperation in the anti-narcotics effort until viable economic alternatives are developed. And without genuine cooperation and support from the Bolivian government, the U.S. cannot implement a successful anti-drug campaign.

3. U.S. anti-narcotics activities

a. U.S. anti-narcotics efforts to date

According to U.S. officials, the key to a successful anti-narcotics strategy in Bolivia is a strong interdiction and enforcement effort, especially in isolating the coca-growing areas from the processing zones. Through such a strategy, the logic goes, the price of coca will fall below the cost of production and coca growers will be persuaded to accept the \$2,000 per hectare offered by the government for voluntary crop eradication.

To accomplish this goal, the U.S. has provided increasing amounts of anti-narcotics assistance and engaged in an extensive anti-narcotics training program in Bolivia. Beginning in April 1987, U.S. Army Special Forces have trained the 640-person UMOPAR

¹⁷⁸ Ibid.

¹⁷⁹ Michael Isikoff, "Bolivia Seeks \$150 Million Annually," Washington Post, May 8, 1990.

¹⁸⁰ Michael Isikoff, "Blunt Assessment of Bolivia Ignored," Washington Post, March 1, 1990, p. 4A.

¹⁸¹ Michael Isikoff, "DEA in Bolivia: 'Guerilla Warfare,'" Washington Post, January 19, 1989.

Bolivian anti-narcotics police force at a base in Chimore, in the coca-growing Chapare region. Selected UMOPAR personnel also receive advance training in the United States at Fort Benning, Georgia.

DEA personnel accompany and act as advisors to Bolivian anti-narcotics teams trained by a U.S. Army Special Forces Mobile Training Team. At the time of the Committee's visit, there were twenty-one DEA agents assigned to Chimore. The DEA informed the delegation of the assignment of eight DEA personnel and a medic to the Bolivian Navy's riverine operations to interdict chemicals used in the processing of coca leaves. The riverine operation is staffed by fifty personnel from the Bolivian Navy and is equipped with six patrol boats and four Zodiacs provided by INM. The operation is based in Trinidad in the Beni region. U.S. Navy Seals provide training for the riverine operation.

A special task force provides airlift support, which includes twenty-five Bolivian Air Force pilots, a Bolivian Air Force maintenance crew, three fixed-wing aircraft gained from seizures, and 12 UH-1H helicopters provided by INM. DEA also provides one Aero-commander and one Casa 212, with five pilots and two to three contract mechanics.

A particular feature of the U.S. anti-drug effort in Bolivia is the presence of the U.S. Border Patrol's "Bortac" unit, based at the Chimore police camp. Bortac is the special operations unit of the Border Patrol. Its assignment to the Bolivian anti-narcotics operation was originally premised on its providing training and advice on the operation of checkpoints on the roads. The Committee delegation was informed that these checkpoints proved futile and were largely abandoned, because transporters of contraband had evaded them by merely making detours through the bush. The only checkpoints still considered operational are those at either end of the valley.

The delegation met and spoke with Mr. William D. Worley, commander of Bortac. Mr. Worley informed Committee staff that Bortac had turned its attention to roving patrols and searchers of vehicles, and the provision of training in tracking and fieldcraft.

Helicopters used in police operations out of Chimore are owned by the INM. The Committee delegation was told by U.S. personnel at the Chimore base that operatives described as "INM flyers" were DOD non-commissioned officers on loan to the Department of State.

b. U.S. anti-narcotics efforts have had limited effect

Attempts to curb coca production and processing in Bolivia in the 1980s had little impact on the coca trade. According to a 1987 World Bank statement, Bolivia's coca trade had grown at an annual rate of thirty-five percent since 1980.¹⁸² Progress in anti-narcotics activities in 1989 was minimal. Cocaine seizures and coca eradication increased, compared to previous years in absolute terms. Yet these increases failed to keep pace with new coca production. Coca cultivation and processing expanded despite the

¹⁸² "Drug Control: U.S. Supported Efforts in Colombia and Bolivia," Government Accounting Office, 1988, p. 44.

growing commitment of U.S. resources. Seizures of cocaine base and cocaine hydrochloride in 1988 and 1989 represented only a small fraction of these products produced in Bolivia during the two-year period.

Despite record levels of voluntary coca eradication in 1990 due to low coca prices, many attribute the drop in coca prices to the disruption of trafficking operations in Colombia in late 1989 and early 1990 and to a glut in the coca market. There are also indications that some of those peasant coca producers who have voluntarily eradicated their coca crops have been planting new coca fields due to the lack of viable alternative crops.

Significantly, coca prices have been recovering in recent months. According to DEA, coca prices have increased from \$10 per hundred pounds in May to as much as \$47 currently in some parts of the Chapare.¹⁸³ Furthermore, refining of coca paste into cocaine hydrochloride is expanding within Bolivia.

c. The Andean Initiative

To strengthen U.S. anti-drug efforts, the administration's Andean Initiative calls for substantial increases in assistance and training for Bolivia. Military aid has increased from about \$5 million in FY 1989 to \$33.7 million in FY 1990. \$15.7 million in law enforcement assistance was provided in FY 1990. In addition, a drawdown of \$7.8 million in military aid was provided in FY 1990. \$40.7 million is currently estimated in economic assistance in FY 1990. \$40.9 million in military assistance and \$95.8 million in economic assistance has been requested for FY 1991. In addition, \$15.7 million has been requested in law enforcement assistance for FY 1991.

The Andean Initiative's most significant departure from past strategies in Bolivia is the greatly increased role of the Bolivian armed forces, especially the Army, in the drug control effort. On May 9, 1990, President Paz signed a bi-lateral anti-narcotics agreement with the U.S., agreeing to increase the efforts by the Air Force and Navy and launch a new initiative by the Army. The expanded participation by the Bolivian armed forces in anti-narcotics efforts will also involve a significant expansion of DOD's role in Bolivia.

However, while the agreement specifies the involvement of the Bolivian Army in anti-drug operations, the presidential order from Paz Zamora remains pending. While U.S. officials remain hopeful the Bolivian Army will play a central role in drug control efforts, its participation remains undefined.

Prior to the May agreement, the Bolivian Navy and Air Force had participated in the anti-narcotics effort to a limited extent through the participation in the Interior Ministry's Special Force Against Narcotics Trafficking of the Navy's Riverine Task Force, and the Air Force's Aviation Task Force. Their function has been to provide support to the ground forces of the National Police assigned to the anti-narcotics effort.

¹⁸³ Discussion with Dave Melocik, DEA Congressional Affairs, September 17, 1990.

Under the new agreement, the Bolivian Air Force will be provided up to six additional UH-1H helicopters, and equipment and training of one Air Military Police Unit and one Supply and Service Section. The agreement also promises upgrading and augmentation of maintenance facilities for helicopter and transport aircraft, periodic depot maintenance of transport aircraft; additional transport aircraft, reconditioning, repair and upgrade of fixed-wing light reconnaissance aircraft; repair and rearming of six T-33 aircraft; and provision of up to ten AT-33 aircraft. Finally, the agreement provides for the joint installation and testing of a mobile radar unit in the Chapare to evaluate the future effectiveness of such systems.

In a meeting with Committee staff in May, Ambassador Gelbard explained the purpose of the radar and the increased "air-cap" capacity: (1) to seal off the Chapare coca-growing region; and (2) to track private planes through an air traffic control system.

The Bolivian Navy will be provided equipment and training for a Marine Infantry Company for riverine operations, and for a Supply and Service Section. The agreement also promises up to eleven additional patrol boats, up to four personnel landing craft, support for one mothership, construction of a support and repair facility at Puerto Villarroel, a hospital ship, and lifesaving and repair equipment.

The Bolivian Army will receive equipment and training for two Light Infantry Battalions, one Engineer Battalion for civic action, one Transportation Battalion, and one Supply and Service Section. Part of the FY 1990 military assistance package will also be used to upgrade the weapons employed by UMOPAR.

The training period would be two to three months provided by U.S. Special Forces. The training will probably be conducted at Montero base, sixty miles north of Santa Cruz, a Bolivian ranger camp built by the U.S. in the early 1960s. There are also indications that DOD personnel will be involved in some command and support capacity.

The Ambassador's justification for the increased role of the Bolivian military in the anti-drug effort, and large increases in U.S. military assistance, is the significant growth in cocaine processing and trafficking operations in Bolivia.

According to the ambassador, the UMOPAR anti-narcotics police force is too small and too corrupted to meet these increased threat, and attempts to strengthen UMOPAR's capacity would be resisted by the Bolivian military. What is not clear is why it will be easier to filter out corrupt elements within the military, with its legacy of involvement in drug-related activities by officials of former military governments.

4. Committee observations

a. Limited effectiveness of U.S. anti-narcotics activities

A variety of obstacles largely beyond U.S. control have limited the effectiveness of U.S. anti-narcotics efforts to date. Despite an increase in federal resources allocated for the anti-drug effort under the Andean Initiative, these problems will continue to impede drug control efforts.

(1) *Political and economic factors limit Bolivian cooperation.*—In a memo dated January 5, 1990, Kirk Kotula, INM's program officer for Bolivia, wrote that the Bolivian government's performance "in almost every area indicates total lack of commitment to the anti-drug war." The memo also stated that Paz Zamora had appointed "a number of corrupt officials to key anti-narcotics roles," and when questioned by the U.S. Ambassador, replied that "since most police were corrupt it didn't matter anyway."¹⁸⁴ This critical assessment of Bolivian cooperation, however, was not included in INM's annual international narcotics strategy report, which expressed increased optimism regarding the Bolivian effort.

It is important to emphasize that limited cooperation on the part of the Bolivian government is not simply due to corruption. Serious political and economic obstacles limit the ability of the government to lend full support to drug control activities. As in Peru, drug control is a low priority for both the Bolivian government and the Bolivian people, especially during this period of austerity and high unemployment. The Paz government remains preoccupied with the immediate problems of economic and political stability. What support Bolivia does offer in drug control efforts appears partially motivated by the country's need for continued U.S. financial assistance.

(2) *Mobility, adaptability, and expansion of the coca trade.*—Anti-narcotics efforts continue to be limited by the extreme mobility and adaptability of the coca trade. For example, the geographic vastness of the Beni, Pando, and Santa Cruz departments presents an enormous obstacle to drug control efforts. Together they consist of 250,000 square miles (about the size of Texas) of remote rolling grasslands, isolated cattle ranches, and jungle. The majority of the region is beyond the range of interdiction efforts: UH-1H helicopters, for example, have a maximum range of slightly more than 100 miles.

The coca-processing facilities concentrated in these regions are highly mobile, difficult to detect, and easily replaceable. Drug traffickers appear to be keenly aware of the geographic limitations of anti-narcotics operations, and have reacted to raids by expanding to areas further from government control.

For example, Operation Blast Furnace, the largest single drug control operation in Bolivian history, successfully shut down the Bolivian coca trade in the fall of 1986. The operation, which was widely criticized and condemned for directly using U.S. military personnel and helicopters, caused a sharp drop in coca prices. Yet a few months after the operation ended, the coca trade adapted, labs were rebuilt, and coca prices recovered to their previous levels. While enjoying short-term success, the operation generated widespread criticism of the Bolivian government throughout the region and effected no long-term impact on the coca trade.

Although low coca prices led to an impressive increase in voluntary eradication from late 1989 through the first half of 1990, the numbers of hectares eradicated represents only a small percentage of total cultivation.

¹⁸⁴ Michael Isikoff, "Blunt Assessment of Bolivia Ignored," Washington Post, March 1, 1990, p. A4.

Significantly, coca prices are once again on the rise. While the Committee delegation was given the impression by U.S. Embassy officials that the Bolivian coca economy was a "dying industry," that assessment appears premature and optimistic. While coca prices dropped to as low as \$10 per hundred pounds of coca in April 1990, the price has more than quadrupled to as much as \$47 in some areas of the Chapare.

(3) *Police and military corruption.*—Many U.S. officials believe that corruption remains the single largest obstacle to anti-narcotics efforts in Bolivia. Corruption is especially pervasive within the police and military forces responsible for cooperating with U.S. anti-drug efforts.

A Government Accounting Office report notes, "According to several U.S. and Bolivian officials, corruption exists within all levels of the Bolivian government and very few government officials are to be trusted . . . corruption is widespread and generally accepted within the Bolivian police, military, and judicial systems."¹⁸⁵

Examples of corruption plaguing current U.S. anti-narcotics efforts include: using U.S.-provided vehicles to transport processing chemicals to narcotics production sites; reselling coca products and chemicals seized during interdiction operations to the traffickers; "tipping off" narcotics traffickers before anti-drug operations; receiving bribes to ignore the transportation of coca products and chemicals through UMOPAR check points; and receiving pay-offs to allow arrested traffickers escape.

"Tip-offs" to narcotics traffickers before major raids on coca processing operations has been an especially frustrating and costly problem. For example, on November 8, 1989, DEA and UMOPAR personnel raided the eastern Bolivian town of San Ramon. The raid involved thirty DEA agents, over 300 UMOPAR troops, three Bolivian C-130 transport aircraft, nine INM-provided UH-1H helicopters and various fixed-wing support aircraft.

The raid produced only 4.8 kilos of cocaine, no coca base, and no major drug traffickers were arrested. The total cost of the operation was estimated at \$100,000. It has been disclosed that the traffickers in San Ramon received warnings of the impending raid and fled the town more than twelve hours before the operation.¹⁸⁶

Roadblocks in the Chapare have apparently become profitable operations for UMOPAR personnel. Seizures virtually never occur without the direct presence of an American advisor. Corruption within UMOPAR has become so pervasive that according to a DEA agent in Boliva, UMOPAR personnel in charge of roadblocks and checkpoints in the Chapare frequently compromise and obstruct DEA and UMOPAR personnel in interdiction efforts.¹⁸⁷ In order to prevent checkpoint personnel from giving traffickers prior warning before operations, DEA agents and their accompanying UMOPAR personnel routinely run through UMOPAR checkpoints. This has often led checkpoint personnel to fire on the interdiction teams.

Riverine interdiction efforts have been similarly plagued by corruption. In a March 1989 audit report, the Department of State's

¹⁸⁵ GAO, 1988 p. 54.

¹⁸⁶ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

¹⁸⁷ *Ibid.*

Inspector General noted that: "NAU field trip reports discussed allegations that the Bolivian Navy used the boats as river taxis to earn money when DEA agents were not aboard. There have been other allegations that the Bolivian Navy was involved in transporting drugs and supplies for the traffickers."¹⁸⁸

(4) *Police-military conflict and lack of military cooperation.*—The Bolivian military has shown overt contempt for the UMOPAR anti-narcotics police unit. UMOPAR is perceived by the Armed Forces as an inferior organization, and the funding, advanced training, and equipment UMOPAR receives from the U.S. has generated growing military resentment.

According to one U.S. official, many Bolivian Army officers ignore UMOPAR officers when they meet. During November 1989, high-ranking Army officers objected to U.S. training provided to UMOPAR personnel at Fort Benning. The Bolivian Army reportedly even threatened to withdraw all of trainees at Fort Benning if the U.S. did not expel UMOPAR personnel.¹⁸⁹

Moreover, the military has been generally uncooperative with U.S. anti-narcotics efforts. In September 1989 a U.S. advisor reported that: "The [Bolivian] Navy hates UMOPAR, dislikes DEA and continue[s] to disrupt any attempt to work operations. Their commander . . . states that he was forced into this job and that he does not want it. His ill feelings towards UMOPAR and DEA carry over to his troops and relationships are at an all-time low."¹⁹⁰ On an anti-narcotics operation on June 22, 1989, DEA and UMOPAR police raided the town of Santa Ana in the Beni province. Not only did the operation encounter armed resistance from the local population, but the UMOPAR helicopters were fired upon by the Bolivian Navy detachment stationed at Santa Ana.¹⁹¹

b. Costs and consequences of the anti-narcotics activities

The Committee is concerned that not only are U.S. drug control efforts in Bolivia proving unworkable, but in fact may be exacerbating Bolivia's problems. This ultimately fails to serve either U.S. or Bolivian interests in strengthening democratic institutions and loosening the country's dependency on the coca economy. The following are key obstacles and pitfalls that will continue to impede U.S. anti-narcotics objectives.

(1) *Strengthening the military undermines civilian authority.*—Given the Bolivian military's legacy of complicity in the drug trade, hostility toward drug control efforts, and long history of anti-democratic behavior, the U.S. insistence on drawing the military forces deeper into the drug control effort is cause for serious concern. It serves neither U.S. anti-narcotics objectives in Bolivia nor the larger U.S. interest in building democracy and bolstering civilian institutions in the country. Aiding the military in Bolivia will likely further the political power of the military establishment while doing little to genuinely confront the drug trade.

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

¹⁹⁰ Ibid.

¹⁹¹ Ibid.

According to Bolivian political scientist Eduardo Gamarra: "Involvement in the drug war by the armed forces, even through civic action programs, will inevitably increase its size and role. Their growth, at the expense of civilian institutions, cannot bode well for democracy in Bolivia. The pattern of the 1960s is an indication of the dangers of strengthening the armed forces: infusions of U.S. military aid to the Bolivian military led to the end of civilian rule in 1964. Moreover, for the next eighteen years, the armed forces were corrupted both by control over the Bolivian state and by the aid received from the United States . . . Since 1982 [when the military stepped down from power], civilian governments have walked a precarious line in order not to stir the wrath of the military."¹⁹²

Gamarra continued: "The Bolivian army appears particularly vulnerable to the temptation of huge profits generated by the cocaine trade. Bolivia has already had its Manuel Noriega in General Garcia Meza—and the likelihood of a similar figure emerging is not far-fetched . . . How Bolivian democracy will survive a corrupt military with ties to the drug industry is a question few are willing to ponder."¹⁹³ U.S. military aid to Bolivia in FY 1990 represents roughly a forty percent increase in the annual budget of the Bolivian military.¹⁹⁴

(2) *"Militarization" will lead to an escalation of violence.*—Past efforts to forcibly curb drug production in Bolivia have met intense—and sometimes violent—resistance from local peasant coca growers. On a number of occasions peasant coca growers have been killed by UMOPAR police. A "militarized" strategy that does not offer immediate and viable economic alternatives threatens to generate confrontations that will increasingly put U.S. personnel at risk.

For example, in a major anti-drug raid in late September, DEA agents and Bolivian police met armed resistance from drug traffickers who were joined by an angry mob of about 100 peasants. One DEA agent was wounded by gunfire in the operation.

In a briefing to the Committee delegation, the U.S. Ambassador outlined proposed plans to seal off the Chapare and the Beni. The plan would require the U.S.-trained Bolivian Army battalions to engage in "special operations" with or without police units. The procedure would be to secure the town or area (probably by the army) and to have house-to-house searches (probably by the police). Such a plan would likely entail military occupation of a town or region.

This appears to the Committee to reflect a draconian approach that invites violent confrontation and armed opposition. The experience in Peru is instructive: government anti-narcotics efforts against coca growers presented the Sendero Luminoso insurgents with the perfect opportunity to build a base of peasant support in the Upper Huallaga Valley.

The Committee is deeply concerned that, at worst, the "militarization" of the anti-drug campaign and increased U.S. military pres-

¹⁹² Testimony before the House Subcommittee on Western Hemisphere Affairs, Committee on Foreign Affairs, June 6, 1990.

¹⁹³ *Ibid.*

¹⁹⁴ Based on the 1988 Bolivian military budget.

ence could fuel an insurgency in Bolivia. This would both create a serious security risk and weaken the possibilities of developing economic alternatives to the drug trade.

Although there is no significant insurgency threat in Bolivia at this time, there are recent reports of insurgent activity. On October 10, an insurgency group calling itself the Nestor Paz Zamora Comando attacked a U.S. marine residence, killing a Bolivian policeman. Although the residence was damaged by a bomb thrown at the door of the building, the three marines inside were not injured.

(3) *"Militarization" undermines the government's political legitimacy.*—The Committee is also concerned that as a result of the preoccupation with the anti-drug campaign in Bolivia, U.S. policies will not only fail but will serve to weaken the already tarnished legitimacy of the Bolivian government.

Jaime Paz Zamora, like past Bolivian presidents, has the difficult task of cooperating with U.S. anti-drug efforts while maintaining political support and legitimacy at home. For example, when he signed the bi-lateral agreement with President Bush accepting U.S. military aid in May, his attempt to keep the agreement secret sparked outrage in Bolivia. His opponents accused Paz Zamora of capitulating to U.S. interests. In a country where the military is associated with corruption and coups, the acceptance of large increases of military aid by a popularly-elected president is seen by many as a betrayal of the national effort to control the military and strengthen civilian authority.

In this context, the Bolivian government's cooperation with the increasingly "militarized" anti-drug campaign comes at a very high political cost. It both strengthens the hand of the military and undercuts the civilian government's popular support. Ultimately, this can only serve to undermine U.S. interests in strengthening Bolivia's nascent democratic institutions and curbing the country's dependence on the drug trade.

(4) *The U.S. strategy does not prioritize economic alternatives.*—As in Peru, the Committee has become acutely aware of the enormous economic impact the coca economy has had on Bolivia, and the need to develop economic solutions. Yet in the rush to win the drug war through military and law enforcement efforts, the Administration has not prioritized these central economic dimensions of the problem.

For example, low coca prices from late 1989 through mid-1990 presented an opportunity for alternative development plans. Record numbers of Bolivian coca growers were voluntarily eradicating their fields in exchange for government payment of \$2,000 per hectare. However, payments have been extremely slow, the few alternative development programs that exist have been underfunded, even minimal infrastructure has not been developed, and markets for legal crops have not materialized. Coca prices are now recovering, making alternative crops increasingly less attractive.

One obstacle to crop-substitution efforts is that many of the crops promoted as coca substitutes by U.S. AID, such as macadamia nuts, take years before generating a profitable return. Other crops require substantial technical inputs and have high start-up costs. Thus, without a long-term commitment to rural development that

supports peasant agriculture, isolated crop substitution programs are doomed to failure.

By not prioritizing economic solutions to drug production in Bolivia—through such measures as the provision of credit, infrastructure, technical assistance, agricultural price supports, and preferential treatment in the U.S. market for Bolivian crops—the present approach to drug control will produce only limited Bolivian cooperation and weaken the possibilities for real economic solutions.

Without genuine economic alternatives, Bolivia lacks even the minimal incentives necessary to comply with U.S. anti-narcotics wishes. Until legitimate economic activities are generated that can compete with and eventually replace the coca economy, the effectiveness of U.S. anti-narcotics efforts will therefore be minimal. Although the development of viable economic alternatives is necessarily a complex, long-term effort, simplistic military and law enforcement solutions to the problem of coca production in Bolivia are a poor and dangerous substitute.

C. COLOMBIA

During the Committee's oversight visit to Colombia, the Committee delegation visited the capital, Bogota, and met with Colombian and U.S. officials, including U.S. Ambassador Thomas McNamara and then-President Virgilio Barco. The delegation also met with journalists and economists and experts on human rights, trade, and the judiciary.

1. Overview

Colombia is the source of approximately eighty percent of the cocaine exported to the United States and Europe, with a production capacity of about 477 metric tons annually. Although a portion of this cocaine is produced from coca leaf grown in Colombia, the vast majority is processed in Colombian laboratories from coca base or paste from Peru and Bolivia. Colombia is also a major producer of marijuana; but the discussion here, however, is limited to cocaine.

Colombia's major trafficking organizations, primarily based in the cities of Medellin and Cali, control the processing of cocaine as well as complex communications, transportation, security, and financial networks. As U.S. demand for the drug boomed in the late 1970s and 1980s, Colombian traffickers gained control of the trade and transformed it from a small-scale decentralized business into a multi-billion dollar industry organized for mass production and distribution. Colombia's strategic location—between the coca fields of its southern Andean neighbors and the Caribbean and Pacific shipping routes to northern markets—offered the traffickers a comparative advantage in establishing their control over the trade.

The nature of the Colombian cocaine industry presents an entirely different set of obstacles to and opportunities in narcotics control than those in neighboring Peru and Bolivia. While coca is grown in Colombia, total acreage is much smaller than in Peru and Bolivia. The primary targets of anti-narcotics operations in Colombia are the cocaine-refining facilities, the transportation networks, and the major trafficking organizations that control them. Unlike

Peru and Bolivia, the problem is not confined to particular geographic regions. Urban and rural areas throughout the country are affected by drug-related violence and/or the cocaine trade itself.

The vast majority of drug-related violence in the Andean region is concentrated in Colombia and directly linked to the terrorist tactics of Colombia's major drug trafficking organizations, primarily the Medellin cartel. While the level of commitment to the drug war is comparatively higher in Colombia than in Peru and Bolivia, the anti-narcotics campaign in Colombia largely targets the Medellin cartel rather than other major drug trafficking organizations such as the Cali cartel.¹⁹⁵

Despite its location in an economically depressed region of Latin America facing stagnant or negative growth, Colombia's economy grows steadily, driven by coffee, flower, coal, petroleum, banana, and cocaine exports. Colombia has avoided the huge currency devaluations and skyrocketing inflation afflicting many of its Latin neighbors, and remains the only country in the region that has not had to fully reschedule payments on its \$16.5 billion foreign debt.

But despite impressive macro-economic indicators, much of the country's population continues to live in poverty. The distribution of income in Colombia is one of the most skewed in Latin America. Land ownership is also highly concentrated. Wages have stagnated or declined in recent years.

While the Colombian economy is larger, healthier, more diversified, and less dependent on the drug economy than are the economies of Peru and Bolivia, cocaine has become Colombia's single most important source of foreign exchange and a major generator of employment. Roughly 300,000 Colombians are directly or indirectly employed in the cocaine trade; they range from security guards, accountants, pilots, and chemists to the major drug traffickers who employ them. Many more Colombians work in legitimate businesses that service the cocaine industry.

Employment in the cocaine industry has served as an avenue of upward mobility in a country where advancement through opportunities in the legal economy is limited. Wages in the cocaine trade are considerably higher than for comparable work in the legal economy.

While most of the profits from the illicit trade remain abroad, roughly \$1.5 billion in cocaine revenues returns to the country annually, representing about twenty percent of Colombia's total export earnings. Much of these revenues enter Colombia directly through the Central Bank, which has maintained a long-standing policy of accepting all dollar deposits with no questions asked. This legal form of money-laundering facilitates the absorption of cocaine dollars into the national economy and helps boost the Central Bank's foreign exchange reserves.¹⁹⁶

¹⁹⁵ The GJJA Subcommittee investigation found evidence of Colombian police and military operations against the Cali cartel. However, numerous reports emphasize that the Colombian government's anti-narcotics campaign has largely targeted the Medellin cartel. See Douglas Farah, "Cali Cartel Avoids Crackdown," the Washington Post, October 5, 1989, p. E1. Also, testimony of Melvyn Levitsky, House Foreign Affairs Committee, October 10, 1990, and PBS Frontline, "Inside the Cartel," May 22, 1990.

¹⁹⁶ See "The Cocaine Economies," The Economist, October 8, 1988, and Eduardo Sarmiento, "The Drug Trafficking Economy," CEDE, University of the Andes, Bogota, Colombia, March 6, 1990.

Moreover, successive Colombian presidents in the 1970s and 1980s began their terms in office by declaring a tax amnesty on repatriated capital with no questions asked regarding the origin of funds—further encouraging the repatriation of illicit dollars deposited in foreign bank accounts. While drug dollars play an important role in the Colombian economy, they are largely ignored in official statistics. Cocaine revenues are hidden in statistics through the over-invoicing of exports and under-invoicing of imports, or by falsifying earnings from services such as tourism.¹⁹⁷

The income generated from cocaine has become especially important since debt payment obligations have mounted and world prices for coffee—the country's largest legal export—plunged fifty percent after the U.S. allowed the International Coffee Agreement to collapse in 1989. Colombia will lose an estimated \$400 to \$500 million annually as a result of the coffee price decline.

Consequently, many Colombians have complained bitterly that while the U.S. expects Colombia to crack down on illegal cocaine exports, U.S. policies undermine the country's key legal exports, such as coffee and cut flowers, through unfavorable trade arrangements. Colombian Foreign Minister Julio Londono has said that the best way for the U.S. to assist Colombia in the anti-drug effort is to strengthen the Colombian economy. "If aid is needed," he says, "it should be in the form of paying fair prices for our export products and avoiding import taxes on our agricultural and industrial products."¹⁹⁸

A senior Colombian official stated, "We were very hopeful, especially after Cartagena," that the emphasis of U.S. help would be on trade and economic aid." But now, he says Colombia feels a "negative attitude" from the U.S. "It looks like they're not interested." Instead, he notes, "The response of the U.S. is the traditional response to these problems—more military, more U.S. troops, more aircraft carriers, not practical solutions on the ground."¹⁹⁹

While most drug profits are invested outside the country, cocaine wealth has become deeply integrated into the national economy, as traffickers have invested in cattle-ranching, agriculture, the financial system, the media, sports teams, and drugstore chains. As the traffickers invest in legal enterprises, it becomes increasingly difficult to separate cocaine wealth from legitimate wealth. And the cocaine industry is well-entrenched: while there is a core group of well-known traffickers now controlling trafficking operations in Colombia, there are hundreds of less prominent middle-level traffickers ready to take their places.

2. Background

Many have observed that Colombia is a country of paradoxes: while considered one of Latin America's oldest democracies with little history of military dictatorship, Colombia also has the bloodiest history of recurrent violence in the region and has lived almost permanently under a state of siege since 1947. Colombia has the

¹⁹⁷ See Sarmiento. Also Naylor, and Lee.

¹⁹⁸ Tom Wells, "U.S. Troops Unwanted in Colombian Drug War," *Philadelphia Enquirer*, July 11, 1990, p. 7.

¹⁹⁹ Thomas Kamm, "U.S. Ignoring Colombian Aid, Official Charges," *Wall Street Journal*, May 18, 1990, p. A7.

highest murder rate in the world for a country not at war, with homicide the number one cause of death for men between the ages of fifteen and forty-five.²⁰⁰

During the period known as La Violencia in the 1940s and 1950s, at least 180,000 Colombians were killed in the bitter struggle for power between the Liberal and Conservative parties. A negotiated settlement was eventually reached in which the two parties shared power and alternated the presidency. This power-sharing agreement defined the Colombian political system for decades. The arrangement officially ended in 1974, yet the practice continued until 1986 when the Barco government appointed an all-Liberal cabinet.²⁰¹

In the 1960s, the two ruling parties failed to integrate increasingly organized opposition forces into the political process and were confronted by the rapid emergence of armed insurgency movements. Consequently, the state came to depend on the military to maintain order, which further expanded the already considerable power and autonomy of the armed forces. But despite intensified counter-insurgency efforts in the following decades, the conflict between the guerillas and the military remained at a bloody stalemate while popular pressures for social and political reform intensified.

When Belisario Betancur was elected president in 1982, he attempted to break the long cycle of violence in Colombia by initiating social reform, opening the political system, freeing hundreds of political prisoners, and giving amnesty to the guerillas. Despite the military's overt antagonism towards the peace process, in 1984 a peace accord was signed between the government and four guerilla groups.

However, growing numbers of amnestied insurgents were assassinated in 1983 and 1984. Members of the newly formed Patriotic Union (UP) party—created by amnestied guerillas and other leftists in response to Betancur's attempt to open the political process—were increasingly targeted for assassination. Over 1,000 of its leaders have been killed to date. As the number of death threats and political killings escalated, the peace process foundered. The military and the insurgents increasingly violated the cease-fire agreement.

When Virgilio Barco became president in 1986, the peace process had essentially collapsed. And despite continued attempts at negotiation, the violence escalated during the remainder of the decade.²⁰²

The emergence of major Colombian drug trafficking organizations as a formidable force in the 1980s must be viewed within this context of political violence. The surge in political assassinations which successfully undermined Betancur's peace process was attributed in large part to the growth of para-military death squads—most of which not only enjoyed direct or indirect assist-

²⁰⁰ See "Colombia Besieged," Washington Office on Latin America, 1989. Also, testimony of Alexander Wilde, House Subcommittee on Western Hemisphere Affairs, Committee on Foreign Affairs, June 6, 1990.

²⁰¹ *Ibid.*

²⁰² *Ibid.*

ance from members of the military, but were financed by drug traffickers.²⁰³

Cocaine wealth thus introduced a powerful new element to the political conflict in Colombia in the 1980s—the narco-financing of political violence. National and international human rights organizations charge that military collaboration and drug money have been behind the majority of political killings in Colombia in recent years.²⁰⁴

The involvement of drug traffickers in political killings is partly explained by their economic interests. As drug traffickers amassed enormous fortunes from the cocaine trade, they bought up large portions of the country's most productive land, much of it concentrated in huge cattle ranches in regions where guerilla insurgency movements were active. As these drug traffickers became the largest landowners in Colombia, they came into direct conflict with the guerillas, who were accustomed to extorting money from traditional large landowners.

Consequently, an alliance of convenience developed between drug traffickers, members of the Colombian security forces, and traditional large landowners against their common enemy—the insurgents and their alleged supporters. As one Colombian analyst had described it, when leftists are murdered, “the [drug] mafia supplies the money [to hire gunmen], the military the arms, and members of the local elites an air of legitimacy.”²⁰⁵

Donald Mabry, an expert on the military, told the Committee: “They [drug traffickers] have corrupted and compromised the Colombian military not only through monetary bribes but also by sharing intelligence data about their common enemy, leftist guerillas, and funding para-military groups to kill leftists. As the traffickers have purchased large landed estates, they have used these para-military groups to clear the area of leftist guerillas . . .”²⁰⁶

According to the Colombian government, there are some 140 para-military death squads operating in Colombia, most of which are organized and financed by major drug traffickers. Ranches owned by drug traffickers have become para-military training schools for death squads, often employing British and Israeli mercenaries as trainers.

The primary victims of the death squad attacks have been unarmed civilians accused of being guerilla sympathizers, including peasant organizers and union leaders pressuring for land reform and higher wages. In urban areas, these drug-financed assassins have directed their violence against intellectuals, journalists, leftist politicians, and labor organizers. The extent of the political violence was confirmed to the Committee delegation in meetings with Gustavo Gallon Giraldo, Director of the Colombian office of the Andean Commission of Jurists, and Maria Jimenez Duzan, a Co-

²⁰³ National and international human rights organizations, the Colombian Attorney General's office, and independent journalists have documented the extensive links between drug-financed para-military groups and members of the Colombian military. See for example, Americas Watch Report, “The Killings in Colombia,” April 1989, and “Colombia Besieged,” Washington Office on Latin America, 1989.

²⁰⁴ Ibid.

²⁰⁵ Quoted in Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

²⁰⁶ Testimony, October 18, 1989.

Colombian journalist who covers political violence for *El Espectador*, one of Colombia's leading newspapers.

Alongside the traffickers' violent campaign against the Colombian left is the more widely-known and equally complex conflict between the government and the traffickers. Colombian drug trafficking organizations have effectively paralyzed the criminal justice system and undermined the rule of law through the use of terror tactics, intimidation, and corruption to protect their business interests and avoid prosecution, especially extradition to the United States.

In the past few years, drug traffickers have been responsible for the murder of a justice minister, an attorney general, dozens of judges and journalists, and three presidential candidates. "Plomo o plata"—lead or money—are the only choices offered by drug traffickers to Colombian judges. Those who attempt to prosecute traffickers essentially choose lead, becoming assassination targets.

Of the approximately 4,800 judges in Colombia, about 1,000 of them have received death threats. In the last decade over 220 judicial employees have been killed. Since August 1989, judges have staged a number of short-term walk-outs in protest of inadequate security and more than 100 have resigned. The drug traffickers have threatened to kill ten judges for every trafficker extradited to the United States.

Major traffickers from the Medellin cartel have gone beyond simply protecting their immediate economic interests, attempting to directly influence not only local and regional politics but national politics as well. Traffickers have contributed to various political campaigns, intimidating and sometimes assassinating opposition candidates.

Much of the Medellin cartel's violent struggle, a number of analysts suggest, is over political and social acceptance by Colombia's economic and political leaders—something that the traffickers have failed to achieve despite their enormous accumulation of wealth. They are attempting to force such acceptance and influence the political direction of Colombia through brute force. Conflict between the government and the traffickers thus appears to have as much to do with political power as with drug trafficking.

On August 18, 1989, Liberal party presidential candidate Luis Carlos Galan was assassinated. His murder represented a direct political challenge by the Medellin traffickers. Galan had been outspoken in his denouncement of the traffickers, and promoted major reforms within the Liberal party.

Galan's death sparked the most intense government offensive against the traffickers to date. A state of siege was declared as the Barco government began a massive crackdown not only on the production facilities and properties of the traffickers but against the traffickers themselves.

The Medellin cartel responded to the government's August 1989 offensive by declaring a "total war" against the state. Among the many killed by the cartel in the past year are more than 100 judges and judicial assistants and eleven journalists. The cartel has exploded more than 200 bombs in Bogota alone. More than 400 police officers have been killed this year, over 200 of which were in the city of Medellin.

On the government's part, the crackdown has led to record numbers of properties confiscated, drugs seized, labs destroyed, and traffickers arrested. Of those arrested, eleven have been extradited to the United States in 1990. In the first five months of 1990, thirty-eight metric tons of cocaine base, paste and HC1 were seized—surpassing the total for all of 1989. The cost of the offensive is estimated at \$1 billion.

But while the government has shown impressive resolve in confronting the traffickers (many of whom are either dead, on the run, or have been extradited), it is important to note that the latest anti-drug campaign, like others before it, has been highly selective, targeting almost exclusively the more notorious Medellin cartel.

Colombia's new president, Cesar Gaviria, has drawn a significant distinction between narco-terrorism (for which the Medellin cartel is primarily responsible) and narco-trafficking (which involves a number of other trafficking organizations such as the Cali cartel), emphasizing the former as Colombia's top priority problem. As Melvyn Levitsky, the Assistant Secretary of State for International Narcotics Matters, testified, "While Colombian forces have inflicted significant damage on the Medellin cartel, the Cali cartel as well as emerging new cartels have not yet been targeted as aggressively."²⁰⁷

There are indications that the Colombian government is de-escalating the drug war. Government efforts continue to concentrate primarily on capturing Medellin cartel leader Pablo Escobar and his close associates. The targeted Medellin traffickers, known as "the extraditables," declared a unilateral truce on July 27, 1990.

Numbers of arrests and extraditions by the government, as well as bombings and killings by the traffickers, have dropped off significantly in recent months. In a major departure from Barco's policy, Gaviria has announced that any trafficker who voluntarily surrenders will receive lighter sentencing and, most importantly, will not be extradited to the United States. Gaviria has de-emphasized extradition, stating that fewer extraditions will take place under his government.²⁰⁸

However, the kidnapping in September of seven Colombian journalists—including the daughter of a former president—by the Medellin cartel may mean the end of the truce. The traffickers' major concern is the possibility of extradition to the United States, and they appear unsatisfied with Gaviria's latest offer. They are clearly pushing for a negotiated settlement with the government, hoping the kidnappings will add pressure and improve their bargaining power.

Colombians seem ambivalent about the anti-drug campaign, and appear exhausted by the violence generated by the drug war. According to a poll conducted in August by the newspaper *El Espectador*, a leading Colombian daily, "terrorism and violence" is at the top of the list of public worries. "Unemployment" ranked second and "narcotics trafficking" ranked a distant third.²⁰⁹ Thus, like

²⁰⁷ Testimony before the House Foreign Affairs Committee, October 10, 1990.

²⁰⁸ Steven Gutkin, "Government Changes Tune, Says No Extradition for Drug Lords Who Surrender," *Associated Press*, September 6, 1990.

²⁰⁹ James Brooke, "Colombian Leader Emphasizes Anti-Terrorism," *New York Times*, August 12, 1990, p. A6.

the government, Colombian citizens make a clear distinction between narco-terrorism and narco-trafficking, and are primarily concerned about the former.

3. Assessing the impact of the Colombian offensive

Although the latest offensive against the Medellin cartel has had a serious disruptive effect on their operations, and led to an initial disruption in the cocaine supply, cocaine output has recovered to eighty percent of pre-August levels and U.S. officials estimate that the remaining twenty percent is compensated by greater output in other countries.²¹⁰

The Cali cartel may be gaining a greater share of the cocaine market as a direct result of the government's crackdown on its business rival, the Medellin cartel. Rather than a meaningful reduction in supply, the real effect of the current crackdown may be the redistribution of power within the cocaine industry, with the Medellin cartel playing a less prominent role.

Moreover, according to a recent Colombian police intelligence report, the cocaine industry has experienced an enormous geographic expansion. Cocaine-processing laboratories, the report says, have been discovered as far away as Spain, Italy, and France, as the European cocaine market has grown in importance.²¹¹ Colombian traffickers also appear to be establishing major new cocaine-processing facilities and shipping networks in neighboring countries such as Brazil and Ecuador in response to the crackdown in Colombia.

For example, there are reports that increasing amounts of cocaine are being shipped through the Ecuadorian port city of Guayaquil and that Colombians are buying vast tracts of land in Ecuador. According to one Ecuadorian businessman, the Colombian buyers "paid from thirty percent to 100 percent more than the market value, they paid in dollars or a dollar check, in one lump sum. The price was too good to turn down."²¹²

Furthermore, while new controls on the importation of U.S.-made processing chemicals, such as acetone and ether, have significantly reduced U.S. chemical exports to Colombia, these chemicals remain readily available due to a surge in chemical exports to Colombia from Europe. Prior to November of 1989, there were no controls in place to regulate the flow of U.S. chemical exports to Colombia. Consequently, as U.S. chemical exports to Colombia boomed in the 1980s, so did Colombian cocaine exports made with these very same chemicals. Efforts are currently underway to secure European cooperation in curbing the diversion of chemical exports to Colombian cocaine-processing facilities.

Also, there has been little success in halting the arms flow to Colombia's drug traffickers. The vast majority of the arms used by Colombian drug traffickers in their terror campaign continue to come from the United States. Most recently, press reports state

²¹⁰ Douglas Farah, "Colombians Boost Drug Production," Washington Post, May 13, 1990, p. A23.

²¹¹ Stan Yarbro, "Europe Reportedly Becoming Drug Mafia's Main Cocaine Market," Associated Press, August 26, 1990.

²¹² Douglas Farah, "Ecuador Is Drawn Deeper Into Cocaine Trade," Washington Post, September 4, 1990.

that growing number of arms used by the U.S.-supported contras in Central America are ending up in the hands of Colombian drug traffickers.²¹³

4. U.S. anti-narcotics activities

U.S. officials consider Colombia the most important country in the drug control effort, with the greatest internal capacity to wage an anti-narcotics campaign in the Andean region. U.S. anti-narcotics objectives in Colombia are to curb drug production and processing, prosecute major traffickers, and disrupt the flow of narcotics and processing chemicals. The U.S. anti-drug program provides logistical and operational support for Colombia's security forces in order to pursue such goals.

To date, the Colombian National Police (CNP) is primarily responsible for drug control activities. In early 1987, a 2,500 person para-military unit, called the Directorate, was established. Two other organizations within the CNP participate in the anti-drug effort: an investigative unit (known as F-2) and an elite para-military unit established in April 1989. A critical non-CNP participant in drug control is the Directorate of Administrative Security (DAS), which is responsible for internal security investigations.

The U.S. provided \$65 million in emergency military aid to Colombia in August 1989. Under the Andean Initiative, the U.S. provided \$40.3 million in military aid and \$20 million in law enforcement aid in FY 1990. \$3.7 million in economic assistance was also provided in FY 1990. In addition, last year Congress directed the Export-Import Bank to make a \$200 million loan to the Colombian Defense Ministry for the purchase of U.S. military equipment for the anti-drug effort. An additional drawdown of \$20 million in U.S. military aid was provided in August 1990. Also, Colombia will receive \$30.9 million from the military aid package rejected by Peru.

For FY 1991, \$60.5 million has been requested in military assistance, \$50 million in economic assistance, and \$20 million in law enforcement assistance. With these substantial increases in military aid, Colombia may replace El Salvador as the top recipient of U.S. military assistance in Latin America.

Of the \$65 million in emergency U.S. aid to Colombia in August 1989, only sixteen percent went to the anti-narcotics police, even though the Colombian police have been responsible for approximately eighty percent of anti-narcotics operations. And of the \$20 million in additional military aid in August 1990, three-fourths went to the armed forces, with the rest allocated to the police.

The role of DOD has also grown significantly in Colombia in the last year under the Andean strategy. The Pentagon announced in September 1989 that the U.S. is prepared "to expand the training role" of American advisors in the Andean region, including Colombia.

President Bush signed a National Security Directive in August 1989 that created new "rules of engagement" for U.S. military personnel in the anti-drug effort, allowing U.S. Special Forces for the first time to accompany local forces in anti-narcotics training pa-

²¹³ Douglas Farah, "Traffickers Said to Buy Contras' Arms," Washington Post, September 18, 1990, p. A16.

trols. Office of National Drug Control Policy Director William Bennett also stated in September that the U.S. would consider deploying U.S. troops in Colombia if requested to do so by Colombian authorities.

A growing number of U.S. Special Forces personnel serve in an "advisory" capacity in Colombia. As of January 1990, there were reportedly sixty to one-hundred American military specialists and technicians in Colombia.²¹⁴ A dozen U.S. Marines have reportedly led Colombian troops on practice anti-drug patrols along the Putomayo River near the Peruvian border, an area of heavy narcotics trafficking.²¹⁵

5. Committee observations

a. U.S. drug control efforts do not prioritize the judicial system

The Committee is concerned that in "militarizing" the anti-drug campaign, the U.S. is virtually ignoring the weakest link in the drug control effort—the Colombian judicial system. According to both the Colombian government and the U.S. Department of State, the judicial system is the single greatest weakness in the Colombian anti-drug effort. Yet only a small fraction of total U.S. assistance targets this problem. The severity of the threat to the judicial process was emphasized to the Committee delegation by Beatriz Castano de Lopez, Magistrate of the Penal Court of the Bogota High Tribunal.

When then-Colombian Minister of Justice Monica De Greiff asked the U.S. for \$19 million in emergency judicial aid following the assassination of Galan in August 1989, the U.S. declined to provide the funding. Instead, the U.S. released \$2.5 million of the \$5 million earmarked for Colombian judicial assistance in the Anti-Drug Abuse Act of 1988. Most of this assistance is for a judicial protection training program. The other \$2.5 million is for communications equipment and personal protection equipment and training. While such aid is crucial, the small level of assistance is no match for the enormity of the problem.

Furthermore, some of the assistance provided has been inappropriate. For example, in August 1989, the Colombians asked for bullet-proof vests for judges that could be worn under clothing, but were given Vietnam-era infantry fragmentation vests that weighed over twenty pounds, were the size of life preservers, and were not bullet-proof. The problem has apparently been corrected: 398 bullet-proof vests have reportedly been supplied.²¹⁶

Although the judicial system has long suffered from corruption and bureaucratic inefficiency, it has now virtually ground to a halt in processing drug-related crimes. Already underfunded and understaffed, the escalation of violence in Colombia has paralyzed the judicial process. Yet the severity of the problem is not reflected in U.S. anti-narcotics funding priorities.

²¹⁴ Bernard Trainor, "Colombians Balk at Critical Part of U.S. Drug Plans," *New York Times*, January 7, 1990.

²¹⁵ Douglas Jehl, "GI's Escalate Attack on Drugs in South America," *Los Angeles Times*, July 2, 1990, p. A1.

²¹⁶ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

While the U.S. welcomed Barco's renewal of the extradition treaty in August 1989, Colombia expert Bruce Bagley has noted that "in reality extradition is only a stopgap measure at best, not a substitute for a functional Colombian judiciary. In the end, Colombians themselves must be able to enforce the law and administer justice in their own country in order to break the power of the drug mafias permanently."²¹⁷

The U.S. has relied heavily on the extradition treaty, but it may be reversed at any time, leaving both the United States and Colombia without the judicial mechanisms to prosecute Colombian drug traffickers. The extradition treaty lacks public support and is threatened by violence against its supporters. Gaviria has already indicated that fewer traffickers will be extradited than under Barco's administration. He also said that he will not extradite those traffickers who turn themselves in.²¹⁸

Until the Colombian judicial system is capable of overcoming corruption and intimidation, and can wield the power to convict drug traffickers and their accomplices, progress in the anti-drug effort will be minimal in Colombia. Rather than strengthening Colombia's judicial and investigative capacity, the U.S. has devoted the bulk of its resources toward a militarized anti-narcotics strategy.

b. The military approach to drug control is dangerously misguided

The military approach to anti-narcotics efforts in Colombia poses several problems of concern to the Committee: (1) the Colombian military is already plagued with drug-related corruption and a greater involvement in anti-drug activities threatens to deepen such corruption; (2) the military is primarily committed to the counter-insurgency campaign, not to the anti-narcotics campaign, and there is evidence that anti-narcotics military aid has been inappropriately used for counter-insurgency purposes; (3) much of U.S. military assistance is inappropriate for anti-narcotics purposes and is allocated to the wrong Colombian agencies; and (4) greater U.S. military assistance threatens to exacerbate Colombia's human rights crises, worsening the abysmal human rights record of the Colombian military and its extensive involvement in drug-financed para-military death squads.

(1) Corruption—in the form of bribes and direct collaboration with drug-financed para-military groups—remains an entrenched problem within the Colombian armed forces. For most of the 1980s, the Colombian military was deliberately excluded from anti-drug operations to avoid corruption. In the late 1970s the army was sent to northern Colombia to attack marijuana production and trafficking, but army forces were soon withdrawn when it was alleged that the operations had resulted in corruption within army ranks.²¹⁹ In late 1989, Colombia's Attorney General Alfonso Gomez Mendez publicly stated that it was a mistake for the army to be involved in the anti-drug campaign since drug money had infiltrated its ranks.

²¹⁷ Testimony before the Senate Permanent Subcommittee on Investigations, September 29, 1989.

²¹⁸ Steven Gutkin, "Government Changes Its Tune, Says No Extradition for Drug Lords Who Surrender," Associated Press, September 6, 1990.

²¹⁹ GAO, 1988, p. 18.

There is evidence of direct military protection of drug trafficking operations. In one well-publicized case in 1983, a Colombian special forces company helped relocate an entire cocaine processing operation. The operators of the cocaine processing complex reportedly turned to the Seventh Army Brigade in the town of Villavicencio for protection against guerillas demanding extortion money. The Colombian special forces were sent from Villavicencio to protect, dismantle, and move the processing facility to an area out of guerilla territory.

The operation took twenty-six days and involved 48 military personnel, including six officers. Each was paid between \$500 and \$2,500 by the traffickers. While the incident provoked an internal investigation by the Army, no one was jailed. The Chief of Staff of the Seventh Brigade was asked why he failed to confiscate the cocaine laboratory. He replied that "it is not the mission" of the army to battle drugs but rather to battle guerillas.²²⁰

(2) The Committee also observes with concern that the military's primary interest is counter-insurgency, not anti-narcotics. The Colombian Armed Forces have welcomed increases in U.S. military assistance for the anti-narcotics program, but there are no controls in place to ensure that such aid is not inappropriately used for counter-insurgency operations.

According to senior Colombian military officers, a significant percentage of U.S. military anti-narcotics aid for FY 1990 has been targeted for logistical support in a major counter-insurgency campaign, called Operation Tri-color 90. The operation began on April 1, 1990 with one-quarter of Colombia's army and a large portion of its air force in a counter-insurgency offensive in northeast Colombia. When asked how a large-scale military operation using anti-narcotics resources in an area not known for drug production or trafficking could aid the anti-drug effort, the military officials responded that if cocaine labs were found during the counter-insurgency offensive, they would be destroyed.²²¹

One refugee displaced as a result of a military counter-insurgency operation told an American reporter, "Everybody says the army is supposedly going after drug traffickers. But I don't understand this, because here in these areas, there's not any marijuana, not any coke. They say they're going after the drug traffickers, and they're really going after the civilian population. We're the ones that are being bombarded, not the drug traffickers."²²²

The evidence of inappropriate use of U.S. funds leaves the Committee skeptical of reports by the State Department and the Defense Security Assistance Agency to Congress that "The [Colombian] armed forces have shown they can use U.S. assistance efficiently. Much of the \$65 million emergency military assistance provided in late 1989 to support the Colombian crackdown is already being put to good use in the field."²²³

²²⁰ Lee, p. 217.

²²¹ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

²²² "Inside the Cartel," PBS Frontline, May 22, 1990.

²²³ State Department and Defense Security Assistance Agency, Congressional Presentation for Security Assistance Programs FY 1991.

When questioned about the use of anti-narcotics assistance for counter-insurgency purposes, the U.S. military attache in Bogota stated that the aid was actually intended for *both* anti-narcotics and counter-insurgency efforts.²²⁴ The State Department argues that there is necessarily some overlap between anti-narcotics and counter-insurgency efforts, as the guerrillas are allegedly linked to drug traffickers.

This "narco-guerrilla" thesis, originally articulated in 1984 by then-U.S. Ambassador to Colombia Lewis Tambs, is highly misleading, as it disregards both the extremely hostile relationship between the guerrillas and the traffickers and the often cooperative relationship between elements within the armed forces and the traffickers.²²⁵

Although drug traffickers and insurgents have collaborated on occasion in some parts of the country, and the insurgents have gained financial benefit by enforcing a "tax" on the drug trade in those areas in which they operate, the guerrillas' primary link to the drug trade is reflected in the protection and support they offer to peasant coca cultivators, not to drug traffickers. As previously discussed, it is the traffickers who have financed the para-military groups that were formed to eradicate guerrilla insurgencies.²²⁶

Rensselaer Lee, an expert on the drug trade, explains the relationship between drug traffickers and guerrillas in the following way: "Narcotics traffickers and subversives are not natural friends. They do not share a common political and ideological agenda. They pursue basically different goals. Guerillas attempt to overthrow the government and to transform society; traffickers, on the other hand, seek above all to be left alone, aspiring to a kind of quasi-legality within the political status quo . . . As landowners, ranchers, and owners of industrial property (including cocaine laboratories), dealers are far more closely aligned with the traditional power structure than with the revolutionary left—indeed, they are inclined to perceive the latter as a mortal threat."²²⁷

The evidence compiled by international and national human rights monitoring organizations, government investigators, the Colombian Attorney General's office, and independent journalists suggests therefore that the alliance that prevails unites elements within the military and drug traffickers in their common campaign against the insurgents.

Yet the State Department continues to emphasize a narco-guerrilla link while virtually ignoring the narco-military link, in order to justify the overlap between counter-insurgency and anti-narcotics efforts. Melvyn Levitsky, the Assistant Secretary of State for International Narcotics Matters testified: "We are focusing our efforts on counter-narcotics not on counter-insurgency, but we cannot lose site of the fact that it is the insurgents who have become involved in narcotics and, along with the traffickers, created a militarized situation."²²⁸

²²⁴ Report on Operation Snowcap, Committee on Government Operations, August 14, 1990.

²²⁵ See Americas Watch Report, "The Killings in Colombia," April 1989, p. 20-22. Also, Washington Office on Latin America, "Colombia Besieged," pp. 111-112.

²²⁶ *Ibid.*

²²⁷ Lee, p. 157.

²²⁸ Testimony before the House Subcommittee on Western Hemisphere Affairs, Committee on Foreign Affairs, June 20, 1990.

(3) An additional problem is that any U.S. assistance to the Colombian National Police for anti-narcotics purposes must be channeled through the military, since the police are part of the Ministry of Defense. This may limit the effectiveness of the Colombian anti-narcotics police, who are responsible for most anti-narcotics operations to date.

For example, when the Colombian military approved the August 1989 \$65 million emergency U.S. anti-narcotics military aid package, seventy-seven percent of that aid was allocated to the military even though the police have been responsible for carrying out about eighty percent of anti-drug operations. The police received only sixteen percent of the total aid package.

Also, much of the aid provided under the military package was inappropriate for anti-narcotics purposes. According to the Colombian Chief of National Police, "The total package [of aid] is more suitable for conventional warfare than the kind of struggle we are waging here against narcotics traffickers."²²⁹ The Colombian police were especially frustrated by the lack of intelligence-gathering equipment and tracking devices.

As Colombia scholar Bruce Bagley testified: "The aid package itself . . . has proven to be primarily symbolic. Not only did the package not respond to Colombia's express needs for conducting its war, but it was directed to the wrong sector. The preponderance of conventional military equipment for the Colombian armed forces, such as the A-37 jets, was not suitable for an unconventional war against the narcoterrorists."²³⁰

A percentage breakdown of the military aid package shows that the Colombian Air Force was the single largest recipient of the aid (31.6 percent), even though the air force's involvement in anti-drug efforts is minimal. In terms of military participation in anti-drug operations, the army has been most involved, with the navy ranking a distant second and the air force third.

The \$20 million in drawdown military aid allocated for Colombia in August 1990 shares some of the same basic flaws of the previous aid package: Seventy-five percent was allocated for the military and only twenty-five percent for the anti-narcotics police. Of the portion allocated for the military, by far the largest recipient is the air force, despite its minimal role in the anti-drug effort.

The air force has, however, been centrally involved in the counter-insurgency campaign, as is the case in Operation Tri-Color 90. Since November 1989, human rights organizations report a major increase in aerial bombardments of rural areas. According to the Colombian research center CINEP, A-37 airplanes and helicopters strafed the town of Llana Fria in San Vicente de Chucuri with artillery fire, forcing over 1,400 peasants to evacuate.²³¹

Similar bombings using A-37's have been reported in other regions as well. The Committee notes that eight A-37's were included in the U.S. emergency military anti-narcotics package in August 1989.

²²⁹ Joseph Treaster, "U.S. Sending Wrong Equipment to Fight Drugs, Colombians Say," *New York Times*, September 12, 1989, p. A1.

²³⁰ Testimony before the Permanent Subcommittee on Investigations on September 29, 1989.

²³¹ Cited in testimony of Alexander Wilde, Director, Washington Office on Latin America, before the House Subcommittee on Western Hemisphere Affairs, June 6, 1990.

(4) The Committee is deeply concerned that U.S. military aid may exacerbate human rights abuses in Colombia, in the context of the military's counter-insurgency campaign and the extensive links between members of the Colombian military and drug-financed para-military death squads.

Human rights organizations document a clear pattern of human rights abuses by the Colombian military, in the counter-insurgency campaign as well as through the unofficial involvement of military elements with para-military death squads.²³²

For example, while the Colombian military often releases the names of those guerrillas killed in combat, the alleged guerrillas frequently turn out to be local peasants killed during torture. Human rights organizations have documented numerous cases in which the bodies of alleged guerrillas killed during combat showed signs of suffocation and mutilation. In a case widely documented by Colombian human rights organizations, the bodies of twelve peasants were found hacked to death by chainsaws—yet the military listed them as killed in combat.

Of equal concern to the Committee is the relationship between members of the military and drug-financed death squads. As the State Department's Human Rights Report on Colombia notes: "rural-based local military commanders have sometimes assisted right-wing groups, seeing them as allies against the guerrillas. Some of these same groups have been linked to narco-traffickers. In past years little was done to stop such actions. Military officers have attempted repeatedly to obstruct prosecution of military personnel who committed human rights abuses."²³³

One of the first para-military groups, "Death to Kidnappers," or MAS, was created in 1981 by members of the Medellin drug cartel. Following a government investigation in the early 1980s, Attorney General Carlos Jimenez Gomez reported the involvement of local ranchers and members of the Barbula army battalion in MAS. In February 1983 he claimed that fifty-nine members of the military, including eleven officers, were directly involved with MAS. Charges were not brought against members of the military in MAS for alleged lack of proof, and many of those implicated were eventually promoted.

In 1986, the Attorney General told Congress, "MAS was an authentic para-military movement . . . The perverse habit of the military of relying on private citizens to carry out its counter-insurgency activities is spreading. In this way the military hoped to make up for its own limitations . . . What we are talking about purely and simply are officers who break all bounds when presented with the temptation to multiply their capacity for action, and who make use of private citizens whom they initially take as 'guides' and 'informants,' collaborators and auxiliaries in general, and end up using them as a hidden arm and as contract killers who can do unofficially what cannot be done officially."²³⁴

²³² See "The Killings in Colombia," Americas Watch Report, April 1989. Also, Washington, Office on Latin America, "Colombia Besieged," 1989.

²³³ State Department 1989 Country Report on Colombia, p. 511.

²³⁴ Quoted in Amnesty International, "Colombia Human Rights Developments—'Death Squads' on the Defensive?," London, September 1989.

Diego Viafara Salinas, a defector from a drug-financed para-military group testified: "The Barbula Battalion . . . has been an accomplice of the [para-military] organization . . . Many peasants, many labor union members were assassinated with the complicity of the Barbula Battalion."²³⁵

Viafara also testified that "Life in this [para-military] organization could be, and usually was, quite brutal. I was present when many tortures and executions were carried out. I saw people sawed up, bit by bit, with a chain saw, and I saw women tortured, pregnant women, even. Other people were cut up in to small pieces and dumped into the river after their execution so that no trace would be found of the bodies. On several occasions I took part in wholesale slaughters of supporters of leftist sympathizers, workers, and peasants."²³⁶

According to Viafara, Gonzalo Rodriguez Gacha was the main drug trafficker who provided financial support to the para-military organization. According to one news report, bank records found after the slaying of Medellin cartel trafficker Gonzalo Rodriguez Gacha detailed multi-million dollar pay-offs to entire brigades of the Colombian military.²³⁷

A well-publicized case of para-military activity involving military collaboration involved the massacre of twenty-two union leaders on a banana plantation in the Uraba region in March 1988. Two major drug traffickers (Pablo Escobar and Gonzalo Rodriguez Gacha), three military officers, a police lieutenant, and a local mayor, among others, were indicted for planning or carrying out the massacre. The judge who issued arrest warrants in the case was forced to leave the country after receiving death threats. The judge who took over the case was assassinated in Medellin in late July 1989.

Military commanders have shown a general unwillingness to confront para-military organizations in rural areas. For example, in April 1989 a mass grave where perhaps 100 people were murdered and buried by para-military groups was discovered in the northern Santander department. The report of the Attorney General's office on these discoveries noted that regional army commanders were aware of the activities of the death squads and knew who their leaders were but chose not to stop them. Not only were no charges brought against the military commanders, but one of them was promoted in May 1989 to the post of Assistant Commander of the Armed Forces Joint Command.²³⁸

The military justice system has proven incapable of effectively prosecuting those members of the armed forces who have engaged in gross violations of human rights and are linked to para-military groups. While senior Colombian military officers have made assurances that abuses will be fully punished, actual convictions are extremely rare.

According to the 1989 State Department Human Rights Report, Colombia's security forces did begin to dismiss some officers and

²³⁵ Testimony before the Permanent Subcommittee on Investigations on September 13, 1989.

²³⁶ Ibid.

²³⁷ Frontline, May 22, 1990.

²³⁸ "Colombia Besieged," Washington Office on Latin America, 1989.

enlisted men for such violations. But as the State Department Report notes, "Punishment for human rights abuses within the military judicial system seldom extends beyond dismissal from the service."²³⁹

The Andean Commission of Jurists has reported that in Colombia, "the general opinion—except among government authorities who were careful in addressing the issue—is that the military justice system is not only partial in its judgment, but its actions provide a true guarantee for impunity for para-military groups, which are, at least in part according to various sources, comprised of members of the military."²⁴⁰

The Committee notes that U.S. foreign assistance legislation bans military aid to countries that have shown a consistent pattern of gross violations of internationally-recognized human rights. Given the human rights record of the Colombian military and its links to para-military death squads, the Committee questions whether military aid to Colombia can be legally sanctioned.

VI. RECOMMENDATIONS

(1) A mechanism and process must be developed for accurately assessing the effectiveness of source-country supply reduction programs of eradication, interdiction and enforcement. An objective measure of the impact of such programs on: (a) overall coca production levels in source countries; (b) dismantling trafficking cartels; and (c) availability and consumption of cocaine in the United States is necessary to accurately determine the effectiveness of the Andean strategy in addressing the drug problem in the U.S.

If source-country efforts are not effective in significantly reducing availability and consumption of cocaine in the U.S., then such programs should be re-evaluated and resources re-directed to programs with a proven impact on the drug problem at home.

(2) Strategies that undermine the long-term interests of the United States in the region for short-term gains in the drug war should be discontinued. The shared interests of the United States and the Andean nations for the region are: (a) reduced coca dependency; (b) strong democratic governments; and (c) sustained and balanced economic growth.

The weakening of already imperiled Andean economies or the collapse of fragile civilian governments to military control serves neither the counter-narcotics objectives nor the security interests of the U.S. In order to serve broader U.S. interests in the region and establish an environment for long-term narcotics control efforts, U.S. anti-drug strategies should: (a) encourage economic growth, and in particular development strategies that reduce coca dependency; and (b) strengthen the authority and institutions of democratic civilian governments best able to confront the region's drug problem and cooperate with international counter-narcotics efforts.

(3) The needs and constraints of the Andean nations must be accorded serious respect; in the rush to resolve the drug crisis, the

²³⁹ State Department Human Rights Country Report, 1989, p. 514.

²⁴⁰ Quoted in "Colombia Besieged," p. 103.

U.S. should not impose unwanted or unworkable solutions on the nations of the region. Repeated requests for judicial assistance should not be answered with military assistance. Reluctance to involve powerful and/or unaccountable military forces in an economic and law enforcement effort must be respected.

(4) U.S. counter-narcotics strategies in the Andean region should be re-directed to emphasize economic solutions. All three nations need economic assistance, with varying degrees of urgency; the region's economic problems simultaneously fuel the drug trade and hinder host country narcotics control efforts. Economic assistance should not be conditioned on "progress" in counter-narcotics efforts.

Economic assistance requires not only immediate aid to meet fiscal obligations, but targeted development assistance, favorable trade policies, and debt relief. In the effort to meet staggering debt obligations, the Andean governments accept revenues from any source—including drug dollars—into their financial systems. Debt payments also divert scarce resources from the development of economic alternatives to coca production.

Economic strategies in Peru and Bolivia should focus primarily on balanced and sustainable rural development. Peasant coca growers must be offered viable alternatives to coca production. Stop-gap crop substitution schemes are inadequate without a broader framework of economic reform. This means developing long-term economic strategies that support peasant agriculture, providing adequate infrastructure, credit, technical assistance, agricultural price supports, income subsidies, and access to the U.S. market through preferential U.S. trade status for legal crops.

(5) Enforcement strategies should be used selectively and strategically, where they will have the greatest impact and generate the fewest negative effects. Enforcement efforts should target large-scale trafficking organizations, rather than peasant coca producers. In this effort, a clear distinction must be made between coca production and cocaine trafficking. While Colombian traffickers reap the profits and generate the violence of the cocaine trade, the coca growers are the producers of the raw material, drawing subsistence incomes and wielding no control over the trade.

Enforcement assistance should focus on strengthening judicial and prosecutorial capacity, particularly in Colombia, and on providing the investigative and intelligence-gathering equipment requested by host country law enforcement authorities. The U.S. should provide assistance in asset forfeiture, the control of money-laundering and other law enforcement techniques for controlling drug trafficking.

(6) Effective controls must be developed to ensure that counter-narcotics assistance is not used for counter-insurgency purposes. In particular, U.S. assistance to those Andean militaries whose primary objective is counter-insurgency may be misused; the Committee has evidence of the use of counter-narcotics funds to fight insurgencies in Colombia. Absent effective mechanisms to monitor and control the use of counter-narcotics assistance, no assistance should be granted to host country military forces whose mission is to wage counter-insurgency campaigns.

(7) U.S. policies of providing counter-narcotics assistance to the Andean region must be re-formulated to reflect the human rights provisions set out in existing legislation and international accords. Of particular concern are policies granting or proposing assistance to the military forces of Colombia and Peru, whose records of human rights abuses have been documented in State Department Country Reports and elsewhere.

The *Document of Cartagena*, signed by the President and the Andean nations in February 1990, states "that the parties act within the framework for human rights, they re-affirm that nothing would do more to undermine the war on drugs than disregard for human rights by participants in the effort;" Section 502(b) of the Foreign Assistance Act, states that a government may not receive assistance if it "engages in a consistent pattern of gross violations of internationally-recognized human rights."

(8) Proposals to use chemical herbicides for aerial eradication of coca crops should be rejected in light of the potentially serious ecological consequences, long-term ineffectiveness, and strong host country resistance to such efforts.

The environmental effects of (a) coca cultivation and processing, and (b) crop eradication and other counter-narcotics measures must be weighed carefully in determining a long-term narcotics control strategy for the Andean region, especially in areas in or near the fragile Amazon basin.

(9) The implementation and operational problems plaguing U.S. source-country narcotics control programs must be addressed by the appropriate federal agencies. In particular:

(a) As lead agency for source-country programs, the Bureau for International Narcotics Matters of the Department of State must address reports of mismanagement, inefficiency and poor inter-agency coordination. INM must develop adequate mechanisms for accountability, control, and coordination of the various law enforcement and U.S. military efforts in the region.

(b) The role of U.S. personnel in Andean source-country programs should be re-assessed by INM and the Office of National Drug Control Policy. The presence of U.S. personnel in the region, particularly under dangerous and hostile conditions, should be re-assessed in terms of (i) the effectiveness, and (ii) the increasing risks of wider military escalation and of personal injury or death to individual personnel.

(c) In particular, the enforcement operations of DEA, Border Patrol, Coast Guard and law enforcement agencies should reflect tasks appropriate to law enforcement agencies, such as assistance and training in investigation, intelligence-gathering, security, and asset forfeiture techniques, to the degree that these are effective. Law enforcement operations should not be para-military in nature.

(d) The role of DOD, similarly, should be re-assessed to determine whether the costs of a U.S. military presence in the region may outweigh the potential benefits. Strict accountability and control mechanisms should be in place in the interim, to ensure that DOD personnel do not assume law enforcement tasks or any operational role in counter-narcotics activities in the region, as specified under the current guidelines.

(10) Greater care must be taken to ensure that U.S. policies in the region are not working at cross-purposes.

(a) Specific U.S. trade policies, such as allowing the expiration of the International Coffee Agreement, have undermined the legal economies of the Andean nations, undercutting anti-narcotics efforts. Similarly, U.S. pressure to ensure debt payments by Andean nations, through the Treasury Department and multi-lateral lending institutions such as the World Bank and the International Monetary Fund, have led to the unspoken acceptance of drug revenues by the governments of Peru, Colombia, and Bolivia. U.S. trade and debt policies should be re-directed to encourage economic stability and equitable growth.

(b) Export controls on U.S.-manufactured chemicals used in cocaine processing have only recently been implemented. The regulation of these chemicals should be strengthened, and resources devoted to enforcement. In addition, the U.S. must encourage the adoption of similar controls by European chemical-exporting nations.

(c) An estimated two-thirds of the assault weapons used by traffickers in Colombia are manufactured in the United States. Current legislation now restricts foreign imports of assault weapons, but permits the domestic manufacture and export of these weapons. Immediate steps must be taken to impose similar domestic controls.

SEPARATE VIEWS OF HON. FRANK HORTON, HON. AL McCANDLESS, HON. RICHARD K. ARMEY, HON. J. DENNIS HASTERT, HON. JON L. KYL, HON. CHRISTOPHER SHAYS, HON. PETER SMITH, HON. STEVEN SCHIFF, HON. CHUCK DOUGLAS, AND HON. C. CHRISTOPHER COX

Although we share many of the views expressed in this report, we find ourselves in disagreement with three conclusions that the Committee has reached: (1) that economic assistance to the Andean nations should not be conditioned on "progress" in counter-narcotic efforts (recommendation number 4); (2) that counter-narcotics money must never be used for counter-insurgency purposes (recommendation number 6); and (3) that domestic controls must be imposed upon the manufacture and export of domestic assault weapons (recommendation number 10). In addition, we feel that Colombia, which has made tremendous progress against narco-traffickers at great personal sacrifice, has not been given sufficient credit in the report for its efforts. Our reasons for these beliefs are set forth below.

1. It is appropriate to condition economic assistance on counter-narcotic progress

The report recommends that "economic assistance to the Andean nations should not be conditioned on 'progress' in counter-narcotic efforts" (recommendation number 4). We disagree. It is critical to recall that we are committing over \$2 billion to the Andean region to accomplish a specific goal—to reduce the availability of cocaine in the United States. Since virtually all the cocaine which enters the United States originates in either Colombia, Bolivia or Peru, an integral part of our national drug strategy relies on international efforts to disrupt and dismantle the multi-national criminal organizations that support the production, processing, transportation and distribution of drugs to the United States and elsewhere. Only through a broad, cooperative international effort can we achieve the objectives of reducing the foreign supply of drugs.

To strengthen the will of countries such as Peru and Bolivia to work with us in disrupting the lucrative cocaine business, we have conditioned substantial economic assistance on their willingness to cooperate with us. While it is true that Bolivia and Peru are facing severe economic crises, it does not make sense in this age of budget deficits to give substantial sums of money to these countries without some reasonable assurance that these countries are providing the United States with assistance on a matter of critical national security. Where a recipient of economic aid is capable of providing the United States with assistance such as is the case with drug interdiction, there is every reason to seek such assistance from the recipient and to condition our aid on the receipt of such assistance.

2. *Although we are against providing assistance for counter-insurgency purposes, we recognize that in certain instances the traffickers and the insurgents are so intertwined that separating the two will not always be possible*

The report recommends that effective controls must be developed to ensure that counter-narcotics assistance never be used for counter-insurgency purposes. While we agree that United States counter-narcotics assistance should not be used to fight insurgents in the Andean nations, we also recognize that in many of these countries, drug cartels and insurgents have joined forces and are thus hard to separate. In Peru, for example, violent guerrillas known as Sendero Luminoso, or the Shining Path, have become increasingly active in the Upper Huallaga Valley (UHV) where over 75 percent of the coca cultivated in Peru is grown. The Shining Path acts as an intermediary between Peruvian coca growers, small coca lab owners and Colombian traffickers in order to negotiate higher prices, provide protection, and exact a tax on narcotics production. As long as they control the region, no progress either against the cocaine traffickers or in favor of alternative economic development is possible. As such, if we continue to support anti-drug efforts in Peru, we will not be able to allow the Shining Path to obstruct those efforts by hiding behind a cloak of insurgency.

Similarly, in the Amazonian area of southeastern Colombia, violent guerrillas known as the FARC often provide protection to traffickers or actively engage in trafficking themselves. As in Peru, these guerrillas are a professional and tight knit group whose record of human rights abuses, indiscriminate bombings of civilian targets, the use of torture, terrorism, and barbaric brutality make them a force to reckon with. By aligning themselves with drug traffickers, they make it difficult, if not impossible, for the Colombian army to fight the war against drugs without also engaging FARC at the same time. While our efforts should be directed to counter-narcotics trafficking, the reality is that where insurgents have become closely involved with narcotics trafficking, host country efforts to eliminate traffickers will involve battling insurgents at some points as well. While we vehemently oppose becoming involved in counter-insurgency efforts, we must nonetheless recognize that if we pursue our present international anti-narcotics strategy, some of the money and the training which we provide to host countries might be used by them to attack insurgents who are engaging in trafficking or providing protection for drug traffickers. If we believe that our anti-drug strategy in the Andean region can succeed, then we must not allow this fact to subvert our overall battle against narcotics trafficking, although it is a situation that deserves watching.

3. *There is no basis for concluding that more stringent controls should be placed on the manufacture and export of domestic assault weapons*

While we understand and appreciate concerns raised in the report regarding the use of assault weapons by the narco-traffickers, this issue was not examined during the course of our hearings or during the Committee's fact-finding tour of Colombia, Peru and

Bolivia. Thus, even assuming the report's statement is correct as to the extent to which traffickers use United States made weapons—and neither the United States government nor a South American government supplied or confirmed any figures—the fact would remain that we have no evidence upon which to base recommendations as to how to restrict assault weapons so as to avoid their falling into the hands of traffickers. At a minimum, before making any recommendations, we believe it important to hear from experts within our government and from Colombia, Peru and Bolivia as to their recommendations regarding the nature of appropriate export controls.

4. Colombia has been a true ally in the war against drugs. Their efforts deserve our support

Although there may be reason to question whether either Peru or Bolivia have the political will to eliminate drug trafficking in their nations, this is not the case with Colombia. Since August 17, 1989, both the police and the military of Colombia have deployed all available forces in an all-out effort to destroy the narco-traffickers. Since that time, fifteen narco-traffickers have been extradited to the United States; drug kingpin Gonzalo Rodriguez Gacha has been killed, the cartel leaders are reported to be fighting amongst themselves, and an extraordinary number of arrests and seizures have disrupted the Colombian drug trade.

These successful Colombian law enforcement efforts have had ramifications not just in Colombia, but also in neighboring Bolivia and Peru. It is believed that the drop in the price of coca leaf in Bolivia and Peru at the end of 1989 and the beginning of this year can be directly attributed to the disruption that occurred among the Colombian druglords due to the crackdown imposed upon them by the Colombian government. There is also speculation that this crackdown is responsible, at least in part, for the higher prices and more diluted cocaine products that we are now seeing in American cities. If this trend is sustained for any length of time, it will be an encouraging sign that we are making some progress in our efforts against the invasion of drugs.

The Colombians have demonstrated great courage in taking on the well-armed and violent narco-traffickers. President Barco made the traffickers understand that they are nothing more than common criminals, murderers and profiteers. The Colombian people must have agreed, for on May 27, 1990, they elected Cesar Gaviria, the candidate who campaigned on the toughest anti-drug platform, as their president. The courage of the Colombian people, and their efforts in combatting drugs, deserve our encouragement and our support.

FRANK HORTON.
AL McCANDLESS.
DICK ARMEY.
J. DENNIS HASTERT.
JON L. KYL.
CHRISTOPHER SHAYS.
PETER SMITH.
STEVEN SCHIFF.
CHUCK DOUGLAS.
CHRIS COX.