

PRISM



The Changing Western Hemisphere

A JOURNAL OF THE CENTER OF COMPLEX OPERATIONS

PRISM

VOL. 5, NO. 4

EDITOR

Michael Miklaucic

DEPUTY EDITOR

Jacqueline Page

ASSOCIATE EDITOR

Jeffrey Listerman

EDITORIAL ASSISTANTS

Garrett Dodd

Samantha Fletcher

Riley Perkins

Cherish Zinn

COPY EDITORS

Dale Erickson

Rebecca Harper

Christoff Luehrs

DESIGN DIRECTOR

Carib Mendez

ADVISORY BOARD

Dr. Gordon Adams

Dr. Pauline Baker

Ambassador Rick Barton

Dr. Alain Bauer

Dr. Hans Binnendijk

Dr. Joseph J. Collins (ex officio)

Ambassador James Dobbins

Ambassador John Herbst

Dr. David Kilcullen

Ambassador Jacques Paul Klein

Dr. Roger B. Myerson

Dr. Moises Naim

MG William L. Nash, USA (Ret.)

Ambassador Thomas Pickering

Dr. William Reno

LtGen John F. Sattler, USMC (Ret.)

Dr. James A. Schear

Dr. Joanna Spear

Dr. Ruth Wedgwood

PUBLISHER

Dr. Joseph J. Collins

About

PRISM is published by the Center for Complex Operations. PRISM is a security studies journal chartered to inform members of U.S. Federal agencies, allies, and other partners on complex and integrated national security operations; reconstruction and state-building; relevant policy and strategy; lessons learned; and developments in training and education to transform America's security and development

Communications

Constructive comments and contributions are important to us. Direct communications to:

Editor, PRISM

260 Fifth Avenue (Building 64, Room 3605)

Fort Lesley J. McNair

Washington, DC 20319

Telephone:

(202) 685-3442

FAX:

(202) 685-3581

Email: prism@ndu.edu

Contributions

PRISM welcomes submission of scholarly, independent research from security policymakers and shapers, security analysts, academic specialists, and civilians from the United States and abroad. Submit articles for consideration to the address above or by email to prism@ndu.edu with "Attention Submissions Editor" in the subject line.

This is the authoritative, official U.S. Department of Defense edition of PRISM. Any copyrighted portions of this journal may not be reproduced or extracted without permission of the copyright proprietors. PRISM should be acknowledged whenever material is quoted from or based on its content.

The opinions, conclusions, and recommendations expressed or implied within are those of the contributors and do not necessarily reflect the views of the Department of Defense or any other agency of the Federal Government.

Cover art: *Presencia de America Latina*, by Jorge Gonzalez Camerena. It is located in the Casa del Arte of the University of Concepcion in Concepcion, Chile.

FEATURES

- 2** **Colombia Back from the Brink: From Failed State to Exporter of Security**
By Juan Carlos Pinzón
- 10** **Alliance for Prosperity in the Northern Triangle:
A Leap Towards Ensuring Regional Security**
By Juan Orlando Hernández
- 20** **Change and Adaptation: Changes in the Western Hemisphere and Beyond**
By Vicente Fox
- 26** **De-Militarizing Civilian Security in Mexico and the Northern Triangle**
By Tom Malinowski and Charles O. Blaha
- 34** **A Critical Juncture for Security and Human Rights**
By Leana D. Bresnahan
- 48** **Insecurity and Development in Latin America and the Caribbean**
By Inés Bustillo and Halvia Velloso
- 68** **United States policy in the Hemisphere: Influencing the State and Beyond**
By Frank O. Mora and Brian Fonesca
- 88** **After the Negotiations: How Reconstruction Teams Can Build a
Stronger Peace in Colombia**
By Agustin E. Dominguez
- 100** **Russia in Latin America: A Strategic Analysis**
By Douglas Farah and Liana Eustacia Reyes
- 118** **Iranian and Hezbollah Operation in South America: Then and Now**
By Matthew Levitt
- 134** **Transnational Organized Crime: An Insidious Threat to
US National Security Interests**
By Renee Novakoff
- 150** **Illicit Networks: Rethinking the Systemic Risk in Latin America**
By Ivan Briscoe and Pamela Kalkman
- 172** **The Rise of Militias in Mexico: Citizens' Security or Further Conflict Escalation?**
By Vanda Felbab-Brown
- 188** **The Evolving Transnational Crime-Terrorism Nexus in Peru and its
Strategic Relevance for the U.S. and the Region**
By R. Evan Ellis

INTERVIEW

- 206** **An Interview with General John Kelly**



Troops of the Colombian National Army's Second Infantry Brigade supply water to victims of heavy rain. These individuals lost their homes and were housed in temporary shelters.

Colombia Back from the Brink

From Failed State to Exporter of Security

BY JUAN CARLOS PINZÓN

For most of the world, the decade of the 1990's came to a close with Europe agreeing on a single currency, the movie *Titanic* earning the distinction of being the most financially successful picture in history, and the world holding its breath for the predicted chaos that would supposedly be brought on by the Y2K bug.

For Colombia, the 1990's were marked by mounting violence, as the government struggled to protect rural communities from ever increasing attacks by armed insurgents and drug traffickers. Some even considered the country on the verge of becoming a failed state; the economy was foundering, foreign investment had declined sharply, and security had deteriorated to the point where the majority of Colombians did not feel safe.¹ In fact, they felt like hostages in their own homes. The security environment was one of constant anguish due to the terrorist bombing campaign initiated by the drug cartels and continued by Colombia's various armed Marxist insurgent groups.²

Colombians, who are proudly individualistic, resolute, and courageous, began to say "nunca mas" (never again), and their government listened and acted. Between 1999 and 2006, the first "transformation" of the Colombian Public Forces (the Armed Forces and the National Police) took place.³ The overhaul included intense training, revised military doctrine and campaign strategies, and increased capability and capacity. International cooperation and the recognition of shared responsibility to confront this countrywide threat were crucial in generating the needed jumpstart.

Every president since 1982 has attempted some sort of peace accord with the Revolutionary Armed Forces of Colombia (the Spanish acronym is FARC). After the 2002 election and at the end of another failed peace process with the FARC – that demilitarized an area of land the size of Switzerland, granting the FARC a safe haven as a gesture of good will during that negotiation period – the Colombian electorate clamored for the government to go on the offensive. The FARC leadership's lack of good faith, especially notable during the negotiation process between the

Juan Carlos Pinzón is the Ambassador of Colombia to the United States. He served as Colombia's Minister of Defense, 2011-2015.

years 1998 and 2002, led to a public loss of faith in the peace negotiations. Colombia had to adopt a new strategy to confront the conflict: first, the Colombian government developed measures to regain the strategic initiative against these insurgent groups; second, it developed options and implemented a plan to bring the conflict to a close and consolidate security across the nation; and finally, it formulated an approach to transform the forces to face future security challenges.

Charting a Path to a New Colombia

In the latter half of the 1990s, the guerrillas were capable of conducting multi-battalion size conventional set piece battles, and controlled large swaths of coca crop growing areas and drug routes, where they forced the displacement of entire towns and plundered civilians' property and assets.

By the end of the 1990s, President Andrés Pastrana and his administration designed a multilayer strategy to address, in a comprehensive way, the security challenges the country was confronting. Plan Colombia became an effort to strengthen the armed forces and confront the drugs trade in a way that enabled the state to enlarge its presence in an integrated manner to restore territorial control and enhance the rule of law. The U.S. partnered with Colombia in this endeavor in a way that facilitated air mobility, special operations training, intelligence capabilities, professional standards on human rights, and resources for rapid response for projects in critical areas. The support became bipartisan and sustained, and, despite limited resources, the impact became substantial.

In 2002, the new Colombian administration under President Alvaro Uribe initiated a series of offensive military actions that led to

the gradual, systematic, and sustained recovery of territorial control. They also launched an extensive interdiction campaign against drug trafficking, as well as economic revitalization efforts that began to rebuild the trust of Colombian citizens in their Public Forces across the country.

After taking the offensive initiative and establishing minimal state presence, FARC, the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC) terrorist organizations went from being a nationwide threat to citizens and state sovereignty across 1,141,748 square kilometers of national territory, to isolated terrorist cells on the defensive in the most remote rural areas of the nation.

As security continued to improve and as the government expanded social services to outlying areas of the country, the illegal armed groups lost the ability to execute larger-scale operations. Now, the guerilla structures were forced to withdraw to their traditional base areas and scale down their tactics to harassment of security forces and attacks on economic infrastructure, as well as seeking new illegal sources of income.

Most importantly, because of stronger, modernized, and professional Armed Forces, Colombians gradually got their country back. For the first time in years, Colombians were able to move freely between cities and towns. With this recovered freedom came the reversal of the 1990s "brain drain," as both seasoned and skilled Colombian entrepreneurs, along with young energetic and resolute Colombians, came home. Another positive consequence of these initial successes was an increase in foreign investment and a more positive credit rating.

To fund the security effort, extraordinary appropriations were garnered through special war taxes and a reformed general tax system. The wealth tax was created in 2006 to fund the security campaign. Since then, this tax has raised approximately \$8 billion dollars for investments in assets to enhance security capabilities. U.S. support, which has been crucial for technology and know-how, has only accounted for an average 4 percent of defense budget; 96 percent or more has been funded by Colombians.

Increased domestic and international investments led to stronger and sustained budgets for the national security sector, enabling enhanced air mobility, improved training, increased manpower, and the creation of joint military task forces. By 2007, Colombia reached a turning point. The government forces were now almost wholly on the offensive, taking the fight to enemy, pursuing

decisive offensive engagements at the time and place of their choosing.

From 2007 to 2011, the Colombian Armed Forces inflicted debilitating blows on the FARC, ELN, and AUC. Their leaders were targeted; two of the seven members of the FARC Secretariat were killed in action. Adding to ongoing group demobilizations, individual demobilization and disarmament processes continued to increase. Leaders of the AUC who were not allowed to demobilize under these processes due to the nature of their crimes were either imprisoned or extradited to the United States. The statistical trends and indexes showed a huge reduction in the enemy's Order of Battle.

The consolidation policy's main objective was to achieve broader popular legitimacy through a "hearts and minds" campaign. The improved logistics capacity of the Armed Forces led to the construction of highways, bridges, parks, and indigenous villages.



Dixentoro / Flickr

Graffiti depicting FARC leaders Raul Reyes, Manuel Marulanda, and Ivan Rios

Following this mandate, in 2011, the National Defense Ministry, set out to enhance the last decade's achievements through a top to bottom review of the strategy. The result was the development of two new campaign plans: the military's "Sword of Honor" campaign, and a civilian security campaign, "Green Heart."

This new strategic vision emphasized the importance of flexibility and the ability to make "real-time" strategic adjustments, as the dynamic security battlespace in Colombia morphed and adapted. Emphasis was placed on innovation, interagency coordination, joint operations, and precision strikes. This approach of forward thinking and interagency collaboration was a way of maintaining the offensive initiative.

Twelve joint task forces were created and deployed against strategic FARC and ELN base areas of operation with specific missions of attacking the operational headquarters of both guerrilla organizations. Meanwhile in the cities, nine new metropolitan police commands were established and provided with their own respective security assets.

In 2012, President Santos announced that FARC had formally agreed to negotiate a peace deal based on a five-point agenda including land reform, political participation, drug trafficking, victims' rights, and the end of the internal armed conflict. The negotiations are being held in Havana, Cuba. As of this writing, substantial agreement has been reached on land reform, political participation, and drug trafficking. In recent days, further agreement has been reached on accountability for crimes committed during the civil war and on justice for victims. Concurrently, the National Defense Ministry's strategies aimed to conclusively dismantle all terrorist and criminal organizations, and bring justice where the illegal

groups continued to inflict indiscriminate violence against innocent men, women, and children.

Colombia's existential struggle against the twin threats of insurgency and powerful criminal organizations historically necessitated extensive cooperation between the military forces and the Colombia National Police. This collaborative relationship will be beneficial as the state continues to reclaim previously insurgent-controlled territory. Deepening the relationship with communities led to the creation of military liaisons for minorities and locals as well as the launching of police quadrant initiatives, dividing urban centers into 4,800 supervised blocks. As a result, terrorist and criminal groups were unable to undo the progress made by the Public Forces. Colombians began to enjoy the highest levels of security the country had experienced in over two decades.

The significant dismantling of the FARC's logistical, communications, and support networks, along with the decisive blocking of their transit and resupply corridors, further reduced their offensive capability and confined them to remote, difficult terrain areas.

Improved intelligence capabilities, improved land, air, and extensive riverine control, consecutive precision strikes, and advanced airmobile and combat capabilities further degraded and dispersed the terrorist groups geographically, and fragmented and eliminated main command and control structures. As a result, the number of individual FARC deserters increased dramatically. Demobilization of combatants reached an all-time high, further degrading the combat capabilities of FARC and ELN and decimating the enemy's Order of Battle. Further, FARC lost 54 of its most important leaders including two top commanders. During the same time, ELN

lost 21 of its leaders and the Criminal Bands (known as the Bacrim) 42 of theirs.

Since the implementation of Sword of Honor and Green Heart, security conditions have improved greatly. Criminal and terrorist actions continued to decline: the homicide rate declined, only eight percent of the population reported suffering from terrorist attacks, while kidnapping and murder rates plunged. Today, Colombia has reduced the homicide rate to its lowest level in 35 years. The perception of insecurity in Colombia's cities is similar to those of any peacetime large urban area around the world.

As the negotiations between the government and FARC continue in Havana, the Public Forces continue their offensive against FARC and ELN with an additional objective of degrading organized crime and smaller criminal groups active in Colombia's urban areas, thus making the cities safer.

Renewed emphasis has been placed on protecting the population, protecting infrastructure, and maintaining territorial control. Territorial control has expanded outwards to Colombia's borders. This significant change, restoring or establishing sovereignty, means the Public Force now controls enough internal territory to support activities that were once considered peacetime tasks. Such activities include: demining efforts, land restitution, designing the Armed Forces of the future through a transformation program, and social reinsertion of demilitarized insurgents, all now fully institutionalized programs on the national level. Concurrently, the Public Forces continue to play a vital role in protecting and defending human rights of all citizens and ensuring the security and reparation of conflict victims.

Despite the dramatic improvement in Colombia's circumstances over the past 15 years, Colombia still faces development and security challenges, most notably the lack of state presence in remote parts of the country and the likely evolution of the BACRIM and the drug trade. In the face of these challenges, the Armed Forces cannot be limited to strictly military operations. In the coming years, the National Defense Ministry anticipates that the Armed Forces will continue efforts to protect Colombia's citizens and sovereignty, support the development and improvement of infrastructure for rural economies, further international cooperation, and continue technological research and development - all components of the enduring mission to "Protect the Peace" and secure the Nation.

While the government of Colombia has made significant strides in reducing extreme poverty, many rural populations still lack basic services. Given the Public Forces' increasingly wide-reaching presence in remote rural areas, they are well positioned to assist other ministries and state agencies in the implementation of their social programs to help underserved and vulnerable populations. Additionally, Armed Forces as first responders have successfully mitigated the effects of recurrent natural disasters. There is a permanent Disaster and Emergency Battalion as part of the Engineering Brigade, which is an active asset within the National Environmental Risk Management System.

Recognizing the value of nested opportunities, the Defense Ministry aims to better integrate research and development efforts with those of the private sector and the academic community. To this end, the private and defense sectors are jointly developing technologies to gain self-sufficiency and improve

PINZÓN

parts and equipment replacement with domestically produced products. The current step involves developing an indigenous armaments and military hardware industry to increase self-reliance.

Only a decade ago, it was difficult to imagine that one day the Colombian Public Forces would be in a position to share their expertise, experience, and training capabilities to assist other nations in building security, peacekeeping, and transnational crime prevention programs, many of which have been launched by the United Nations or through a NATO mandate. Because of the sustained progress since the turn of the century, and their exceptional expertise and experience, the Colombian Armed Forces are well positioned to evolve into a regional leader in training, education, and actively participate in international peacekeeping, humanitarian assistance, and disaster

relief missions around the globe. Colombia's experience successfully combating insurgent groups, illicit facilitators, transnational criminal organizations, and drug trafficking organizations, makes it uniquely capable and qualified to assist other nations that today, or one day, may face similar threats. Over the past five years Colombian armed forces have trained almost 24,000 police and military from more than 60 nations, thus, making Colombia a consistent security partner for Central America, Caribbean, and other friendly nations.

A Colombia for Colombians

Though Colombia has made tremendous strides protecting and defending its nation, a signed peace agreement with FARC will not end all violence, drug trafficking, illegal mining, extortion, kidnapping, murders, or criminal acts against the civilian population, but it



Pedro Szekely/Flit

Rainbow over Guatavita, Colombia

will end a significant portion of it. With a signed agreement, as with any other significant change in the strategic scenario, the Public Forces must adapt, modernize, and strengthen themselves.

Not only will the Armed Forces play a key role in maintaining security so that whatever is agreed upon in Havana is enforced and executed in a secure, sustained, and legal manner, they will be tasked with the protection of Colombia's borders, natural resources, infrastructure, and citizen security. If FARC disarms and demobilizes, under-governed areas of the country will remain vulnerable to security threats posed by the remaining insurgent and criminal entities. Thus, the Public Forces will need to be and are prepared to fill this void.

The Colombian military and police have shown that they can successfully combat the tactics, techniques, and procedures of insurgents, terrorists, and criminal organizations. They must now maintain the momentum to be able to handle the future fluctuations of the security environment. They have proven that with bold decisions and a strong political will, combined with successful international relations and cooperation, institutional development, and joint and coordinated efforts, a troubled country can recover and turn the tide. To face future security challenges like transnational crime, they must now stand ready to build networks, capabilities, and capacities against new and emerging threats. Particularly, in the new age of cyber warfare, Colombia must be prepared to tackle 21st century threats while continuing to consolidate an enduring peace. Colombia, led by its Armed Forces is now poised to face any aggressor whether they are nation states, organizations, or even individuals, in any battlespace, to include cyber, at any time. As the last half a century has

illustrated, the Colombian people and the Public Forces who protect them are up to the task.

Thus, going forward, with honor, pride, and resolve, the Military and the National Police are ready, willing, and able to protect the peace against present and future threats.

PRISM

Notes

¹ Ann C. Mason. "Colombian State Failure: The Global Context of Eroding Domestic Authority," Paper presented at the Conference on Failed States, Florence, Italy (April 10-14, 2001). http://www.comm.ucsb.edu/faculty/mstohl/failed_states/2001/papers/mason.pdf.

² Colombia had two major communist insurgent groups active through the 1990s: the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). A reactionary paramilitary force also developed, the United Self-Defense [Groups] of Colombia (AUC), born out of the 1980's hitmen squads of the drug cartels, whose task initially was to protect relatives of cartel kingpins from being kidnapped by the leftist insurgents.

³ Though the Colombian National Police is distinct from the military forces of Colombia, it constitutes along with them the Public Force and is controlled by the Ministry of Defense.



The Beast carries half a million immigrants from Central America to the U.S. border each year.

Alliance for Prosperity in the Northern Triangle

A Leap Towards Ensuring Regional Security

BY JUAN ORLANDO HERNÁNDEZ

One year ago, Honduras, along with Guatemala, El Salvador, Mexico, and the United States, was shaken by one of the most severe and unexpected humanitarian crises ever witnessed in the Western Hemisphere. Tens of thousands of Honduran children had walked out of the country and embarked on a perilous journey to the United States. Reports were received throughout the Northern Triangle, of teenagers guiding children into the hands of human traffickers—“*coyotes*”—who charged thousands of dollars to lead them into the United States.

My immediate reaction was to set in motion an emergency task force to contain the exodus of unaccompanied minors, as well as to create a mechanism to receive and take care of the children that would be returning from the southern U.S. border. I deployed a special tactical force to our western border with Guatemala and deeply reformed our migration agency. By swiftly reacting to the situation, we prevented this from becoming an even larger humanitarian catastrophe. However, this was only the first of our actions in response to that silent cry for help from our children. In July of last year, I invited immigration experts, as well as representatives from countries in the region most affected by this phenomenon, to discuss probable causes as well as our corresponding reactions to the crisis. We soon identified three key push factors driving migration from the Northern Triangle towards the United States: our youth are plagued by insecurity, lack educational opportunities, and face daunting prospects for future employment.

In order to fully understand the origin of these factors in Honduras, it is necessary to revisit our recent history. For the past decade, Honduras and the Northern Triangle as a whole have suffered the unintended consequences of successful policies in closing Caribbean drug smuggling routes. As the eastern Caribbean maritime paths that had previously served as a direct link between Andean cocaine producers and North American consumer markets ceased to be an option,

Juan Orlando Hernández is the President of Honduras.

Honduras' Caribbean coast became one of the preferred transit points for northward bound aircraft transporting drugs. As a result, our homicide rates started climbing and drug cartels expanded their presence in our territory. The alliance between the cartels and criminal gangs ("maras") also continued to plague our neighborhoods, with the latter distributing drugs in urban centers, carrying out contract murders, and providing protection for ground drug shipments across the country. This not only put a strain on our law enforcement agents, but also swamped our justice system, with both a significant increase in judicial cases as well as the corrupting influence of drug proceeds in the public sector.

The homicide rate, which had been increasing dramatically since 2007, has been contained and decreased by 25 percent over the last four years from its peak in 2011

Had this downward spiral continued unabated, there existed the very real possibility that today Honduras would have fallen into the hands of narco-traffickers, with correspondingly grave security implications for all of Central America, Mexico, and the United States. We Hondurans refused to accept this fate for our country, setting out on a difficult but definitive path to regain our governability and ensure the safety of our citizens. Three years ago, during my predecessor's Presidential Administration and my tenure as President of Congress, we developed an integrated security and defense strategy precisely designed to this end: approving a complete overhaul of our legal framework, initiating a vetting process for the National Police, setting up a land, air, and sea military shield to prevent drugs from

coming into the country, and creating the National Security and Defense Council (NSDC)—integrated by the Presidents of the three branches of government, (Executive, Judicial and Legislative), the National Prosecutor, the Ministers of Defense and Security, the heads of the Armed Forces and the Police, as well as other relevant actors in the administration—to coordinate all citizen security and defense activities. Our initial actions successfully halted the rise in crime and set us on the right track for continued progress.

With these lessons in mind, upon taking office in January of last year, I revised and expanded this strategy. I also founded the FUSINA (the Interagency Security Force that executes the decisions taken by the NSDC), continued the police vetting process, strengthened the National Prosecutors Office and the State's criminal investigation capacities.

The success of our strategy is now palpable in every corner of Honduras. The homicide rate, which had been increasing dramatically since 2007, has been contained and decreased by 25 percent over the last four years from its peak in 2011. A climate of peace is gradually returning to many parts of our territory where lawlessness had ruled for too many years.¹ It is imperative to highlight that, beyond the brave efforts of our men and women in uniform, this success also owes much to the extraordinary assistance and unprecedented levels of cooperation between the Honduran, U.S., and Colombian Governments, as well as other regional actors—United States Southern Command has been particularly supportive of our efforts with the maritime interdiction of drugs. The results of what we can achieve when our countries work together towards a common goal are now self-evident.

It is true that we have made great progress, but a year ago Central America also received many harrowing reminders of how much more is yet to be done. In spite of significant investment and expansion of social services, our social and educational programs have not managed to keep up with our demographic boom. Similarly, our private sector and the rate of our economic growth have not been able to absorb a growing workforce—more so since it has lacked the educational and technical capacity to engage in value-added enterprises. Our infrastructure has suffered the same fate as our institutions—these were built for another age, and if we hope to take a leap into the next stage of our development they must be rebuilt and strengthened. It was this difficult introspection which led me to reach out to Presidents Otto Perez Molina of Guatemala and Salvador Sánchez Cerén of El Salvador. After frank discussions highlighting the similarities between the push factors driving away our youths, we concluded that, since the challenges we are facing arise in a regional context, our best chance of overcoming them lies with a regional solution.

Out of this revelation, the Alliance for the Prosperity of the Northern Triangle was born. As a first step in forging this joint commitment the Presidents of Guatemala and El Salvador and I, visited Washington D.C. in July 2014 to hold an initial dialogue with President Barack Obama about the unaccompanied migrant children crisis. During this meeting, both the countries of the Northern Triangle and the United States acknowledged that each country bears a share of the responsibility regarding the immigration crisis and some of the wider problems affecting Honduras, Guatemala, and El Salvador. It was also resolved that the three Northern Triangle countries would further

analyze the root causes of this phenomenon, and develop a joint diagnosis of the most pressing push factors causing the immigration crisis.

This sobering exercise provided a number of striking conclusions, of which I will only highlight a few here. Fifty-seven percent of the population in the Northern Triangle lives in poverty, of which a significant proportion lives on less than \$1.25 a day. Thirty percent of our youth aged 14-25 neither study nor work, and the pregnancy rate for girls aged between 15 and 19 is ninety-one per thousand—nearly twice the average for medium/low-income countries. As a consequence of being beset by drug cartels and criminal gangs, our homicide rate is three times higher than the rest of Central America. These facts all help explain a quantifiable reality that is being evidenced on the southern U.S. Border—nine percent of our population has chosen to migrate in recent years, a figure five times higher than in other Central American countries.

These numbers, especially when compared to other Central American countries, delegitimize the claim that Northern Triangle emigration is largely due to U.S. pull factors. Therefore, changes in immigration legislation and information campaigns will not put an end to the trend. If pull factors were the main cause, Belizeans, Costa Ricans, and Panamanians would be arriving at the Southern U.S. border at a similar rate as citizens of the Northern Triangle. This is not happening.

This analysis also helped us identify the enormous potential that the Northern Triangle has if it acts as one. Together, the three countries represent the ninth largest economy in the region; the fourth manufacturing exporter, and ninth overall exporter of Latin America;

HERNÁNDEZ

and our collective population of 30 million represents a huge untapped work force and import market for regional trade.

Taking into account both our deficiencies and our potential, we developed the Plan of the Alliance for the Prosperity of the Northern Triangle. It aims at the neutralization of the principal push factors driving our population's emigration, and beyond that, an ambitious and radical transformation of our justice systems, educational and healthcare services, labor markets, infrastructure, and most importantly, the transparency and efficiency of our public institutions.

In the case of Honduras, it is crucial to highlight two overarching principles that have framed our approach towards the Alliance.

Firstly, the actions proposed under these pillars are entirely aligned with our current Strategic Government Plan and multi-annual spending projections. This is to say that a vast share of our Government's budget is already allocated towards these needs. Additionally, in order to maximize the effect of our interventions, we also engaged in an exhaustive focusing exercise, taking into account homicide rates, emigration focal points, economic development potential, income levels, and drug trafficking hot spots in order to identify those areas where we can have an immediate and dramatic effect on the population's wellbeing.

With the Inter-American Development Bank acting in a supporting technical role, we classified our strategic action lines under four



Keith Dammiller

Construction of City Mall in Tegucigalpa, M.D.C. in Honduras. Upon completion, to become the largest shopping mall in Central America.

pillars: 1) Developing human capital, 2) Improving public safety and access to the justice system, 3) Fostering the productive sector, and 4) Strengthening public institutions.

Developing our human capital is essential for mitigating youth immigration. To this end, the Northern Triangle countries expect to expand our social protection systems and conditional transfer programs in order to incentivize children to stay in school, as well as expanding middle and secondary education coverage in prioritized areas from 73 to 92 percent over the next five years. Across the Northern Triangle, eight hundred thousand secondary school children could benefit from classroom construction and upgrades, and one million youths could take advantage of vocational training and specializations.

In order to neutralize the irreversible effects of malnutrition, 7.4 million people would benefit from expanded maternal and child healthcare and nutrition programs, and 260,000 children would benefit from alternative childcare and educational programs at the preschool level. Migrants returning from the U.S. would also enter strengthened reintegration programs, accessing vocational training and extended social protection programs.

With regards to the improvement of public safety and access to justice, our relentless persecution of criminal enterprises in all their forms will continue unchanged, but in order to consolidate our recent advances we must strengthen certain aspects of our judicial and security systems. Under the Alliance for Prosperity we will train 70,000 police officers under a revised curriculum with a strong emphasis on modern policing techniques, human rights and transparency, and vastly extended internal affairs operations. The Public Prosecutors' Offices will continue to be

modernized, and we will strengthen their technical, scientific, and forensic capabilities. Our Judicial Branch will be improved through the expansion and specialization of its human resources, streamlined judicial processes, and the promotion of alternative dispute settlement mechanisms—all aimed at reducing judicial case backlogs. These actions will all help consolidate our fight against street gangs, extortion, and drug and human trafficking employing the best international practices.

Past experience with reactive approaches to crime fighting in our countries has demonstrated the need to pair remedies with preventive measures. In Honduras, we have already expanded programs that have proven to be successful, such as the establishment of 15 Peace and Coexistence Observatories to analyze local crime statistics; the forty-six Outreach Centers we have opened, partly with support from the U.S. Government, which provide spaces for recreation, training, and entrepreneurship assistance that have directly benefited over 25,000 youth; the recovery of public spaces and opening of urban “mega parks”—built through a partnership with the private sector—in areas previously controlled by criminal gangs; and the promotion of organized outdoor activities across the country which draw many thousands to attend each week, demonstrating the yearning of our citizens to step out of their fenced houses and enjoy the everyday routines that had until recently been unavailable to them.

The expansion of programs such as these across the Northern Triangle will benefit 7.4 million people with improved community security programs, expanded violence monitoring centers, and upgraded public and community spaces.

The expected results of these joint actions will be central to our future national success, and it is perhaps the most important promise I made to the Honduran people upon taking office—to reduce the murder rate by 10 percent a year for the next five years. Beyond this statistic, our population will benefit from a complete overhauling of the security and judicial systems within the next decade, resulting in systems fully capable of addressing the region's needs both in criminal and civil matters.

Our efforts in improving the human capital and security of citizens in the Northern Triangle will not amount to much if we are unable to provide employment to our youth as they come of age. We are therefore placing an equal emphasis on jumpstarting our economy. This will be anchored on establishing a one-stop platform for registering foreign and national investment, the introduction of special economic zones (ZEDES) and the development of a regional trademark. In order to target our most migrant-prone population, 180,000 micro-, small-, and medium- sized enterprises will benefit from specialized development programs and be integrated into regional production chains. As well as strengthening their technical and logistical capabilities, they will have access to \$900 million in financing over the next five years, promoting economic development across both the urban and rural landscape. For that most vulnerable segment of our population living in subsistence, technical assistance will be provided for 500,000 families so that they may escape the vicious cycle of extreme rural poverty.

These focused actions are intended to have an immediate effect on a significant segment of the population currently forced to migrate both internally as well as to the United

States, not only in search of better jobs, but often simply as a means of survival. However, the long-term transformation of the Northern Triangle economies requires large-scale investments and structural reforms to catapult the region on to a more dynamic economic path. This includes reforming regulations, improving quality and sanitary control systems, streamlining and strengthening our tax collection, fully taking advantage of CAFTA-DR² and other existing trade agreements, and significant investment in the modernization of our customs controls.

Both the focused and general actions described above require a significant improvement in the Northern Triangle's energy matrix in order to produce globally competitive results. For this reason, the Alliance also contemplates the reform, expansion, and diversification of our energy sector through the expansion of the Regional Electricity Market (MER); the promotion of the region's gas connection with Mexico; and through doubling the capacity of the Electrical Interconnection System (SIEPAC), among other actions. This will achieve dramatic reductions in the region's energy costs as well as an increase in the stability of energy supplies throughout the entire territory.

The jumpstart to our productive sector also needs to be underpinned by a regional infrastructure upgrade, including 1,500 km of new and upgraded logistics corridors, 2,500 km of improved rural roads, and significant investments in border crossings, airports and seaports. The effect this unprecedented integrated economic approach will have on the Northern Triangle's development is difficult to overstate – youth will not have to turn to street gangs, extortion and common criminality as the only available occupations; rural localities

where drug trafficking has been a significant—if not the only—source of income will be able to achieve development within the bounds of legality; and contraband, drugs, arms, and human trafficking will be further curtailed through strengthened customs controls. It will amount to a wholesale transformation of the political economy of the region.

If they are to be irreversible, the foundations of our social, security, justice and economic reforms must be laid upon a strengthened institutional framework. Honduras and the rest of the Northern Triangle must repurpose our public institutions to become modern, efficient, and transparent administrations permanently safeguarded by the highest international standards in oversight and control. This requires the simplification of our tax codes, the expansion of tax evasion controls, the professionalization of our civil service, and the strengthening of local governments. In order to achieve this, we must upgrade our technical and planning capabilities as well as institutionalize accountability mechanisms in public spending, procurement, and public tenders.

The interdependent nature of these reforms cannot be stressed enough. The Alliance made a deliberate decision to embark on such an ambitious plan because the overhaul of our social sector, the reconstruction of our economies, the recuperation of our security, and the reform of our state institutions must all happen simultaneously if they are to be permanent. I believe these actions are a non-negotiable promise my administration has already made to all Hondurans, and we will pursue them regardless of the involvement of Central America, Mexico, or the United States. However, I am convinced that the effect of this plan will be exponentially greater on

the region's development and security if it is promoted by a concerted and integrated effort on the part of all the actors involved.

From the perspective of the security and immigration concerns that have placed such a heavy burden on all of our countries, the Alliance will have the simultaneous effect of mitigating the push factors that have fueled these phenomena as well as neutralizing the transnational actors that encourage them. Honduras has learned that the myopic and strictly reactive security approaches of the past do not encourage our citizenry as a whole to buy into our state efforts, and rather generate negative reactions among the populace that result in social tension. We have learned that

I hope that during the past decade, the United States has also seen that spending on border and immigration controls is in fact positively correlated to an increase in Honduran emigration

addressing the effects of crime and insecurity without rooting out their causes is an expensive and never-ending process that does not provide an exit from the cycle of violence. I hope that during the past decade, the United States has also seen that spending on border and immigration controls is in fact positively correlated to an increase in Honduran emigration. This time last year, the U.S. Congress had to allocate supplemental appropriations to various federal agencies in order to address the immigration crisis. These appropriations were far in excess of the money that is required to address the causes of the crisis; in this case, an ounce of prevention truly would have been worth a pound of cure. Following this, in 2015 there has been a 95 percent decrease in the number of unaccompanied Honduran minors

reaching the border, but the United States is still bearing the financial cost of this. U.S. funding of the “Frontera Sur” initiative, which provides the Mexican authorities with resources to increase their own migration controls, led to a 300 percent increase in apprehensions of Honduran citizens in Mexican territory in 2015. This cannot be a sustainable solution to the immigration phenomenon. The program simply replicates expensive U.S. border control activities even as it pushes them further south.

The Alliance for the Prosperity of the Northern Triangle represents the most cost-effective solution to a security and immigration phenomenon that deeply affects Guatemala, El Salvador, Honduras, and the United States

When analyzing this situation, we should take a cue from our recent joint successes in security and defense cooperation stemming from the U.S.-Honduran High Level Security Dialogue. I am convinced that the continued strengthening of the cooperation, respect, and friendship between Honduras and the U.S. is fundamental to furthering the cause of regional security and development. I am equally convinced that the Alliance for the Prosperity of the Northern Triangle represents the most cost-effective solution to a security and immigration phenomenon that deeply affects Guatemala, El Salvador, Honduras, and the United States. There is no end in sight to the money spent on reactive policies—and in that same vein of trust and friendship through which we have recently shaken organized crime and drug trafficking in Honduras, we should now take a next step through this plan to have the same effect on the immigration

phenomenon as a whole. This plan does not seek to contain or disguise the origins of our immigration and security problems—its aim is to uproot them.

The success of the Alliance will cripple the deep web between drugs, arms, and human trafficking, simultaneously wrenching the threads that exist between human traffickers and criminal gangs on both sides of the U.S. border, criminal gangs and drug traffickers in the Northern Triangle, and between drugs and arms trafficking, often carried out by the same criminal structures. Success in this endeavor would also free U.S. border security from what has morphed into a humanitarian mission rescuing and protecting vulnerable children, allowing them to fully focus on safeguarding the southern border from persons who represent a genuine threat to the national security of United States.

Such a path will require stringent oversight, constant revision, and continuous dialogue between all the parties involved. This is not a matter of ideology, but one of lessons learned and hard facts about an imminent problem that will not wait to be addressed. We may expect resistance from entrenched interests whose power bases will be compromised by such actions, but these must be met with our unwavering determination to propel the region and its citizens towards their full potential.

Half a century ago, President John F. Kennedy spoke these words at his Inaugural Address, “To our sister republics south of our border, we offer a special pledge—to convert our good words into good deeds—in a new alliance for progress – to assist free men and free governments in casting off the chains of poverty.” During my interactions with President Obama, Vice-President Biden,

members of Congress and the U.S. Southern Command, I constantly hear echoes of that decades-old pledge. There is an entire generation of Hondurans who regard President Kennedy's Alliance for Progress as the reference point of a "before and after" in the country's modernization. To this day, tens of thousands of our citizens benefit from the schools and clinics that it provided. We are still reminded of the deep friendship that bonds our two countries by the seal of that program and the flag of the United States, which have not faded from the buildings that it bestowed.

Today we are faced with complex regional challenges that require unprecedented cooperation if we are to overcome them. Honduras has already embarked on the path laid out above—with the assistance of the United States, we may take an even greater leap towards the safeguarding of both American and Honduran citizens for years to come. Central America and the U.S. are deeply bound by their physical proximity. Let us therefore recognize that if our region is ravaged by drug-trafficking, violence and lack of economic opportunities, U.S. security will always be at stake. On the contrary, if the Northern Triangle is at peace, served by strengthened democratic institutions, and inclusive economic opportunities, both Central America and the U.S. will greatly benefit from having marked an irreversible turning point in the region's prosperity.

PRISM

Notes

¹ Homicide rate per 100,000, per year: 2007: 47.6, 2008: 57.8, 2009: 67, 2010: 77.5, 2011: 86.4, 2012: 85.5, 2013: 75.1, 2014: 67, Official July 2015: 64.5 2007-2014, National Violence Observatory, Universidad Nacional Autónoma de Honduras, 2014-2015, Statistics Unit at the Center of Police Strategy and Operations (COEPOL), figures that are reconciled and jointly published with the National Violence Observatory

² CAFTA-DR (Dominican Republic-Central America FTA)

Stuart Rankin



In this photo, Peruvian, Mexican, Chilean, Colombian, and U.S. naval ships sail together during the annual UNITAS (“unity”) multinational maritime exercise. Peace and prosperity are now, more than ever, dependent on nations working together.

Change and Adaptation

Challenges in the Western Hemisphere and Beyond

BY VICENTE FOX

The world we live in today is defined by rapid and constant change. Advances in communication, transportation, and trade have intensified global transnational exchange, and join all nations in the Western Hemisphere and the world with fates more tightly interlocked than ever. While some modern technologies have greatly benefitted the people of most every nation, other changes have been more problematic and present us with unprecedented challenges in the 21st Century. In such an environment security and stability must rely on concerted action and cooperation between nations across the hemisphere, and throughout the world.

Recent progress in technology has greatly intensified global interaction and continues to factor decisively in the development of countless millions of people, from Africa and Asia to the West and Latin America. As a result, many regions of the world are moving ahead at faster rates of growth and with dramatic increases in per capita income.

This is even more significant as we know that strong and steady economic growth can support a virtuous cycle of development, by increasing government revenue necessary for investment in health, education, and infrastructure. Economic prosperity has also been conclusively linked to reductions in societal violence and the likelihood of civil conflict. In the virtuous cycle that economic growth can create, the increased revenue available for health and education, roads and power-grids, steadily creates greater and greater opportunity for people and enables them to help themselves grow and prosper and contribute to the economic growth of their neighborhoods, towns, and countries. We need to bring this opportunity to every citizen and family around the world.

This is why our global institutions need to redouble their efforts to help disenfranchised people gain access to credit, finance, and financial markets. Bringing such access is the most

President Vicente Fox was the President of Mexico from 2000 – 2006. He now resides in his home state of Guanajuato where he has founded the Vicente Fox Center of Studies, Library and Museum.

effective strategy for poverty-reduction and the prevention of violence and armed conflict in the world, and specifically in Latin America today.

...it is time we consider dramatically restructuring some of our global intergovernmental institutions – such as the United Nations – so that they can be more responsive and effective in conflict negotiation and peace building in smaller, regional conflicts, or even local conflicts

The Western Hemisphere has been mercifully free of major warfare between states for several generations. Yet neither stability nor security can be taken for granted. Hostile blocs have emerged within the hemisphere embracing competing and conflicting worldviews and making the specter of interstate conflict more imaginable than in generations. Moreover, crime has become the most commonly identified problem and source of human insecurity in the hemisphere. As we promote economic opportunity, we must recognize that accelerated change, such as we have experienced in recent decades, can also be traumatic and destabilizing.

The geopolitical changes experienced in the post-World War II period, and particularly over the last 25 years since the collapse of the Soviet Union, have been enormous and sweeping. Armed conflict between great powers has largely been supplanted worldwide by a proliferation of smaller regional conflicts, driven by ethnic, religious, identity, and interest group concerns. Many of these civil conflicts are fueled by complex webs of illicit activity and transnational criminal finance. This new reality demands a departure from Cold War

thinking and strategies, and requires that we continuously struggle to improve our understanding of emerging and evolving security challenges in today's rapidly changing world.

We must tirelessly explore new solutions to these new security challenges. For example, in an era characterized by fewer interstate conflicts, it is time we consider dramatically restructuring some of our global intergovernmental institutions – such as the United Nations – so that they can be more responsive and effective in conflict negotiation and peace building in smaller, regional conflicts, or even local conflicts. In order to achieve this more dynamic and effective global posture, it is also essential that the UN bureaucracy be significantly overhauled and reduced.

Unfortunately, while modern technological advancements have furthered legitimate societal development and progress, they have also been a boon to criminal enterprises, organizations, and networks. The last few decades have seen an explosive growth of transnational crime, criminal organizations, and networks of illicit organizations that have excelled at rapid adaptation and effective exploitation of new communication, transportation, and banking technologies. We must endeavor to be as nimble and innovative as they are in our efforts to contain and eliminate these dangerous criminals who represent a burgeoning security challenge for us throughout Latin America, as well as the greater Western Hemisphere.

Similarly, we must pursue new and innovative approaches to stem the flow of weapons and ammunition from the United States into Mexico and Central America. This pipeline of guns and ammunition has empowered the narco-trafficking cartels and street gangs throughout the region for far too long, enabling them to overwhelm under-equipped law

enforcement, and produce carnage in the civilian populations. Confrontation between different narco-trafficking organizations, and their battles with Mexican police and military, resulted in an extended period of catastrophic violence and loss of life in Mexico. Further, this issue is not only a Mexican concern as major Mexican criminal organizations have expanded into Guatemala, Honduras, and El Salvador. What will be or should be the security strategy in Mexico going forward? What if any messages can Mexico learn from Colombia? What lessons can others learn from Mexico's experience? And what are the options for a joint security strategy between the U.S., Mexico, the states of the Northern Triangle, and the coca-growing nations of the Andean Region?

The violence has slowed or even reversed in some regions, yet the overwhelming, coercive capability derived from easy access to weapons and ammunition enables criminals to accrue greater power and wealth. In order to turn the tide, the United States must acknowledge the gun problem and stop the widespread proliferation of small arms and assault weapons into Latin America once and for all.

The vast sums of money the cartels use to buy these weapons, employ mercenary armies, corrupt politicians and public officials, and finance vast criminal operations comes mainly from the sale of illegal drugs. Trafficking in illegal narcotics generates hundreds of billions of dollars worldwide, every year. The failure of the longstanding War on Drugs policy and the prohibition regime is openly acknowledged in most quarters in Latin America. As demand for



M & R Glasgow

Gun show, Houston, Texas. Easily accessible small arms and high-tech weapons from the U.S. saturate Mexico and Central America, equipping criminals and gangs with overwhelming firepower.

drugs in some locales subsides, new consumer markets for cocaine and heroin continue to develop and grow around the world, fueling spikes in murder, vice, and corruption. Despite shifting demographics, massive profits continue to flow to the cartels and throughout the criminal networks. Moreover, the annual devotion of colossal sums of government revenue to fighting the War on Drugs has been a terrible drain on national governments throughout Latin America, and often results in insufficient funding of other important priorities, such as

...a new and progressive paradigm to deal with narcotrafficking and illegal drugs should devote resources toward a better understanding of illegal drug use as a health issue and not primarily a criminal issue to be prohibited and punished

health, education, and infrastructure development. The time has come for fresh and innovative approaches to the growing security challenges presented by drug trafficking networks and the widespread violence and corruption that accompany them. We desperately need a change.

There is a way out of this debilitating situation. The way is to move from a regime based on prohibition to one of regulation. This process has already begun in different parts of the world, including the states of Washington and Colorado in the U.S. There have also been some successes and encouraging lessons to be learned from alternative drug policies in Portugal and Holland, as well as Uruguay in South America. There is also a fast-growing trend to move away from penalizing the consumer, to focus predominantly on fighting

production, distribution, and sales of illegal drugs. This transition has proven successful in reducing income to criminal organizations and cartels and has the added benefit of increasing government revenue through taxation and asset seizure. It is not yet clear whether the new law enforcement priorities will translate to a reduction in illegal drug consumption. In any event, a new and progressive paradigm to deal with narcotrafficking and illegal drugs should devote resources toward a better understanding of illegal drug use as a health issue and not primarily a criminal issue to be prohibited and punished.

We need to accept the reality of our past failures to eliminate drug use and drug trafficking, and accept that prohibition itself creates the lucrative black market for banned drugs and is the foundation upon which the cartels' power, money, and violence find a firm foothold. Regulation and alternative drug policy is the way of the future and after many decades of bloody Drug War violence and turmoil, the transitional process is irreversible in Latin America. We all need to accept this fact and bravely devote our energies and resources to devising smart and sophisticated regulatory strategies. We should resist the temptation to cling to the familiar, but failed mindsets and procedures of the past.

In the meantime, consumer demand for illicit drugs will continue to greatly enrich and empower criminal operators and the unprecedented money generated will continue to drive the most pressing security challenges in the West. These security challenges are manifest in various dangerous ways. The profits from criminal enterprises, especially drug trafficking have contributed to pervasive corruption of politicians, police, judges, and other public officials. Meanwhile, many of the cartels

have diversified their investments and activities and now engage in several other odious enterprises including mass kidnapping, human trafficking, sex slavery, and counterfeiting.

We all share security challenges caused by the proliferation of transnational criminal organizations, illicit networks, drug producers, and drug traffickers throughout the hemisphere. There is some evidence that the most powerful cartels and criminal organizations in the hemisphere have also diversified their business contacts and greatly expanded their logistical network contacts in recent years. This is an ominous development that has, at times, evidently resulted in certain dark alliances. In some cases, these criminal entities have partnered with international terrorist organizations such as Hezbollah or al-Qaeda in the Islamic Maghreb (AQIM).

Finally, again, the spread of the Zeta organization and others into the Northern Triangle is continuing to brutalize those fragile societies and destabilize those governments. For these many reasons, there can be no doubt that transnational criminal organizations and illicit networks, and the money and power that they wield, represent a growing security challenge in the Western Hemisphere that urgently deserves substantial resources and deliberate action. As technology and trade have advanced and the interaction between nations has intensified and become more complex, the fates of all nations of the world have become more tightly interwoven.

Today in the Western Hemisphere, our security, like our economic well-being, is quite interdependent – and as we journey into the future our fortunes will only become more entwined. We are all partners in the quest to meet the challenges of this young century and counter the threats to our security here in Latin

America and the Western Hemisphere. With diligence to energetically understand and accept day-to-day changes in our fast-paced world, and courage to seek out and try bold new solutions to new challenges, together we can go forth and continue to prosper in the future. If we muster the intelligence and the will to work together to meet and best the 21st century's daunting challenges, the Western Hemisphere can become a beacon to those fighting for survival in the 21st century everywhere. **PRISM**

Photo courtesy of © Louie Palu/ZUMA Press



In this photo, a Mexican soldier watches over a car in which two men were killed by cartel members. Plagued by intense violence, many Latin American states – and Mexico and the Northern Triangle nations, in particular – have turned to their militaries to help maintain internal state security.

De-Militarizing Civilian Security in Mexico and the Northern Triangle

BY TOM MALINOWSKI AND CHARLES O. BLAHA

"None of us got into the armed forces to do this. We are not comfortable, we didn't ask for this, we didn't study for this, but apart from obeying the president's order, society is asking us to do this."

– Mexican Secretary of National Security Gen. Salvador Cienfuegos, on the military's role in fighting drug cartels and other criminals.

Responding to some of the highest murder rates in the world, and ever-more audacious abuses by transnational criminal organizations (TCOs) and gangs, Mexico and the countries of the Northern Triangle (Guatemala, El Salvador, and Honduras) have turned to their militaries to bolster weak and easily corruptible civilian police forces. Why? Because police forces, especially local forces, currently do not have the numbers, resources, skills, or institutional cultures to face these threats. However, militaries are, at best, blunt instruments for police work. They face legal and constitutional quandaries and, in the long run, will not provide a solution leading to stable, law abiding democracies. Further, their protracted involvement creates opportunities for abuse and are latent, long term threats to democracy and human rights.

At the U.S. Department of State, we see this turn to the military as a stopgap measure at best. We aim to assist countries in moving away from this practice by helping them promote police reform: professionalizing police; helping police win back the communities they serve; and ensuring accountability for police who engage in human rights abuses and corruption.

In response to the underlying causes for growing criminality, our new strategy for engagement with Central America focuses not only on security, but also on good governance and economic prosperity, both necessary to engage populations, provide alternatives to youth, and allow for stability as the countries strengthen their law enforcement and judicial institutions. Mexico has

Tom Malinowski is the Assistant Secretary of State for Democracy, Human Rights, and Labor and Charles O. Blaha is the Director for Western Hemisphere Affairs, Bureau of Democracy, Human Rights, and Labor in the U.S. State Department.

long worked closely with us on security issues through the Merida Initiative, and now the governments of the Northern Triangle have recently formally re-committed themselves through their Alliance for Prosperity (often called A4P).

The region is at a crucial juncture. There is no short-term fix to this problem, but we believe that with the deep commitment of our partners and the continued support of the American people, we can assist our neighbors, helping them to develop their legal institutions, putting their military back in their barracks and moving towards security, better governance, and greater prosperity throughout the region.

However crucial they have been to temporarily increasing citizen security in at-risk communities, ultimately, militaries are ill-suited for police work

It is not hard to understand how things got to this point. In the face of rising crime led by powerful gangs and TCOs flush with narcocash, underpaid, under-trained, and out-gunned police were easily compromised and corrupted. Overwhelmed judicial systems suffered much the same fate. Non-transparent government practices provided little support, the public quickly lost faith, and impunity for human rights violations and criminal acts followed. Slowly developing economies and the lack of opportunity proved fertile ground for those susceptible to turning toward crime.

Faced with rising crime rates, shortfalls in their civilian police, and limited budgets, these governments deployed their militaries into the field to provide the manpower and enforcement the police could not. Mexico's military

has been in the field for years, moving from one hot spot to another. Guatemala and El Salvador's militaries frequently accompany their police on operations, and in 2013 when its homicide rate spiked, Honduras began to rely heavily on its Military Police for Public Order (PMOP). Well-armed and generally respected by the public, the military are usually not local to their deployments, and therefore, for a time, less vulnerable to corruption and threats. On the streets, they provide a quick solution, giving the public a visible sign of order, often leading to short-term falls in crime.

However crucial they have been to temporarily increasing citizen security in at-risk communities, ultimately, militaries are ill-suited for police work. First, they are generally not trained in basic police investigative techniques and do not know how to preserve crime scenes, interrogate witnesses, or gather evidence. Nor do they have constitutional powers to arrest or detain civilians. The regional public is demanding an end to impunity for criminal acts, and proper police practices are an imperative to constitutionally backed arrests and convictions that are the backbone of highly evolved, open, and fair justice systems. Second, once exposed to communities, militaries quickly fall prey to the same vulnerabilities as the police forces. Third, if rotated in and out of communities to protect them from this vulnerability, they do not develop the relationships necessary for community cooperation and crime prevention that good police work depends upon for success. And lack of relations with the people they serve increases the likelihood of human rights violations.

To their credit, these governments have pledged to end the use of military forces for domestic law enforcement. Much of this credit

goes to senior military officials in these militaries. As General Cienfuegos states in the opening quote of this piece, they recognize their limited capacities to address these problems and the dangers of this involvement to their institutions the longer they participate in them. Despite these good intentions, phasing out military involvement in civilian security matters has proved difficult, and none of these governments have been successful so far.

Police Reform is the Key to Change

The reason none have been successful is simple: they must have qualified civilian police to replace the soldiers. As governments have dedicated scarce resources to military efforts, they have left fewer resources for civilian police. Putting qualified police on the streets requires resources for reform in order to develop a cadre of vetted, trained, and effective police working for a community that supports their efforts and bolsters them against the effects of the gangs and TCOs. Police reform requires professionalization, improving links between the police and the communities they serve, and holding police accountable.

For starters, police reform means treating police like real professionals: increasing pay and benefits, creating a career track with job security and merit-based promotions, vetting entry-level officers, and improving equipment and training. Human rights training, while not a panacea, provides a baseline education to officers, many of whom are poorly-educated to begin with.

Equally important is technical training in crime-scene preservation, evidence collection, and witness interviews. These are the essential building blocks of a larger justice system that moves away from a heavy reliance on confessions – a reliance that, all too often,

encourages abuses by the police to produce those confessions. Of course, this must be coupled with the forensic capabilities to turn what officers preserve and collect into admissible evidence.

Winning Back the Community

Police cannot do their job without community support. Members of the community know the bad actors and the persistent problems. They are witnesses to and victims of crimes; without them cases cannot be pursued. They are privy to information about the inside operation of local gangs and TCOs operating in their neighborhoods. Yet, in much of the region, community members shun police and do not report crimes, because experience shows them police are incapable of arresting perpetrators and reporting a crime will endanger them and may well result in their being targeted by the criminals.

Winning back the community requires police to get to know the people they serve: where they live, where they work, who their families are. Community police get out and about in the streets, they do not remain in the station, or staff checkpoints, or sit in squad cars. And the community gets a voice in and power to influence police operations via regular meetings and viable, consequential complaint procedures. These are the same elements many U.S. cities employ under the rubric of “community policing.” What we are recommending for regional governments are many of the same things we are trying to develop at home.

Ensuring Police Accountability

With increased professionalization and resources must come accountability. It is crucial to both maintaining a non-corrupt police

force and to regaining community confidence. Vetting, including background checks, psychological evaluations, drug testing, and conducting polygraph examinations, as Mexico has done, is one tool. However, Mexico's experience with vetting shows that to be successful, vetting must be well-resourced and staffed by well-trained, independent personnel.

Internal affairs units, like those in U.S. police departments, are key safeguards. Unlike periodic vetting, internal affairs units provide continuous, information-driven oversight, and a safe harbor for whistleblowers. However, the regional record with police internal affairs units is mixed and underlines the need for such units to be independent, adequately resourced, and strongly supported at the highest levels of government. Ultimately, the goal is a police culture that rejects misconduct, values internal discipline, and safeguards witnesses.

Civilian courts are the ultimate bastion of police accountability. Impunity for criminals is bad enough, but impunity for police criminal misconduct, including human rights violations and corruption, is one of the biggest factors undermining community confidence in police. This can only be reversed if citizens see that police are as subject to the law as anyone else. However, there has been little accountability for security forces in the region. Too often, judges and prosecutors lack training and resources. Cases take years to resolve, decisions are opaque, and corruption reaches into the courtroom.

Fragile Successes, In Need of Support

Amid what seems to be a challenging security and political landscape, there are some advances; however, they are few, fragile, and not easily replicated. In Ciudad Juarez, Mexico,

violence began to climb in 2008 after one criminal organization attacked the police who were enforcers for a rival group. The government brought in the military, then the federal police. Neither worked. Finally, under national leadership, concerned local government and citizen leaders formed a "Security Roundtable" (Mesa de Seguridad) that brought together police, prosecutors, business leaders, local government officials, and NGOs. Together, they helped reform the local police into a more professional, better-paid, more rights-respecting force. Replicating Ciudad Juarez in the rest of Mexico will not be easy. The city enjoys relative prosperity not found in many other parts of the country. As well, the city received sustained and intensive attention from the U.S. and Mexican governments under the Merida Initiative and there is some evidence the decreased violence resulted partially from a peace between feuding gangs.

In Guatemala City, there are a number of model police precincts that operate on community policing principles and the government has a timetable for drawing down the military's involvement in citizen security starting in 2016. However, Guatemala is in the middle of a political transition and it remains to be seen whether the incoming President will hew to the timetable.

The Honduran government is committed to reforming the Honduran National Police and has a police reform plan emphasizing, among other things, a career path and increased police capacity. However, resources and expertise for police reform are uncertain. There is currently no concrete exit strategy for the military police (PMOP), on which the government continues to rely heavily.

In El Salvador, with the 2015 homicide rate on a path to top 90 per 100,000, the

military routinely accompanies police to provide, according to the government, perimeter security, and only with a civilian prosecutor present. In January, the government published an ambitious, exhaustive 124-point “Safe El Salvador Plan” (Plan El Salvador Seguro) that emphasizes community policing and police respect for human rights. But here again, resources are uncertain.

These modest examples suggest what might be done with the right combination of political will and adequate resources. But all require support.

Combining Security with Governance and Prosperity

Starting in 2013, the State Department began to lead an interagency effort to re-think the U.S. approach to Central America, especially Guatemala, El Salvador, and Honduras. The new approach recognized that better security was inextricably linked to good governance and economic prosperity, and aimed to integrate all three lines of effort. It gained momentum in summer 2014 when a surge of unaccompanied minors appeared at the U.S.-Mexico border, almost all of them fleeing violence and lack of economic opportunity at home. This was a wake-up call, convincing many policymakers, members of Congress, NGOs, and the public of the connection between security at home and economic conditions in the region. In 2015, President Obama issued the U.S. Strategy for Engagement in Central America, which lays out the U.S. plan for partnering with host country governments and civil societies to tie together efforts for strengthening security, good governance, and prosperity throughout the region.

The governments of El Salvador, Guatemala, and Honduras also announced their own plan for their region, the “Alliance for Prosperity in the Northern Triangle”. While most of A4P’s goals address what its authors call the region’s “low and not-very-inclusive economic growth,” they also recognize that they must strengthen the institutions responsible for public safety and modernize their judicial systems. The United States, working through the Strategy, is committed to working with our partners, helping them help themselves in these areas.

The new approach recognized that better security was inextricably linked to good governance and economic prosperity, and aimed to integrate all three lines of effort

Both the Central American Strategy and the Merida Initiative in Mexico envision and incorporate into policy the new mechanisms mentioned above: de-militarized community policing, police professionalization and accountability, and justice system reform. In addition, both envision a significant role for civil society in interacting with and overseeing police.

The State Department’s Bureau of International Narcotics and Law Enforcement (INL) plays a major role in assisting regional governments’ police reform efforts. In all these countries, INL is already operating programs that train individual officers in human rights, proper use of force, crime scene preservation, and evidence collection, to name just a few areas. These are the techniques that will make officers more rights-respecting, reduce impunity for those who are not, and reduce incentives for police to abuse their powers.

INL is also working to professionalize local law enforcement by assisting law enforcement entities, including enforceable career standards, conducting pre-employment and periodic vetting and background investigations, providing basic training and continuing education for law enforcement officials, offering leadership and supervision training and development, ensuring accountability and oversight through internal affairs departments, and offering specialized training such as teaching experts how to process forensic evidence. These initiatives are designed to help transform police into professionals, reduce police corruption, and find those ill-suited for the job and vulnerable to corruption.

INL is also working to improve regional court systems. This is a major effort under the Merida Initiative in Mexico, where the federal government and all 31 states and the Federal District are working to transition from the old, paper-based, inquisitorial system to an oral/accusatorial system that promises to increase transparency through open trials. INL is educating tens of thousands of Mexican police about the chain of custody required for admissible evidence and how to testify in a live trial. The Government of Mexico hopes that an oral/accusatorial system will reduce pre-trial detention, the source of most abuse allegations, as well as make case resolution faster and more transparent. An improved court system that the



Mexican Government

At the Baja California State Justice Center in Mexicali, B.C., Mexico, Public Defenders are working alongside judges to implement the various innovative reforms of the New Criminal Justice System, such as international best practices and informative communication with the accused which were supported by training and technical assistance from the USAID under the program “Mexico Rule of Law III: Justice and Security Program (JASP).” In this photo, an accused defendant in an auto theft case is counseled by his court-appointed defense attorney during a preliminary hearing in the court of Judge Gustavo Medina.

public trusts will improve police performance by making victims more likely to come forward, nudging police to employ better practices in the field, and holding police accountable when they are accused of human rights violations.

The Department's Bureau of Democracy, Human Rights, and Labor (DRL), is also already playing a key role in working with regional NGOs and other civil society actors, providing training and other types of capacity building. That includes programs that teach civil society how to interact constructively and effectively with police, and programs to educate the public about the justice system. DRL also manages a central policy that fosters police accountability: vetting police officers and units who receive U.S. assistance. Under the so-called Leahy Law, U.S. training and assistance may not go to security forces whose members have committed gross human rights violations until the perpetrators have been brought to justice. This is designed to support those in regional governments and civil society who demand accountability for gross human rights violations. Embassies and DRL expend thousands of hours a year checking to make sure that U.S. assistance flows only to human rights-respecting, accountable units and individuals.

The U.S. as a Partner: Now is the Time

The region is at a crucial juncture. Recent events in Mexico, such as the case of 43 students allegedly kidnapped and presumably murdered at the hands of corrupt local police, have produced Mexican government commitments to action and energized civil society around, among other issues, police reform. The 2014 surge in unaccompanied children, the resultant publicity, and the consensus

around the new Central American Strategy and A4P have led the governments of El Salvador, Guatemala, and Honduras to produce their own blueprints for police reform, all of which need resources beyond what those governments can provide.

We know police reform will be the work of at least a generation. We know there will be setbacks – some police will continue to commit human rights abuses and corruption will continue to be a problem. We know that getting the military out of internal security will not solve all the region's problems. And we know that police reform alone will not transform these countries. The interconnectedness of reform throughout the Merida Initiative in Mexico and the Central America Strategy is their essential strategic insight, and police reform cannot be complete in the absence of simultaneous progress in other areas, notably the court systems, good governance, and economic opportunity. We know there will still be a need for military-type capabilities for some operations, including takedowns of heavily-armed suspects in fortified locations. And we know that the U.S. cannot impose solutions – much depends on the political will of regional governments and on the determination of regional civil society. But, if police reform and de-militarization succeed, the region will be safer, more stable, and more prosperous. This is not the time to turn away from the region, but to press forward, embracing the good will and the efforts of our close partners in both government and civil society. We have the plans and we have our partners' commitment. The only other question to ask is, "If not now, when?" **PRISM**

Sandra Sebastián



Former military dictator José Efraín Ríos Montt stands before a packed room at Guatemala's High Risk Court. He was tried for genocide and crimes against humanity against the indigenous Mayan Ixil population during Guatemala's Civil War.

A Critical Juncture for Security and Human Rights

BY LEANA D. BRESNAHAN

“Freedom means the supremacy of human rights everywhere,”
– President Franklin D. Roosevelt

In mid-April 2013, U.S. Southern Command (SOUTHCOM) sponsored a human rights seminar for Guatemalan military personnel. The seminar was one in a series of workshops, subject-matter expert exchanges, dialogues, and events that SOUTHCOM had sponsored in Guatemala since 2004, all under the auspices of a SOUTHCOM-sponsored regional process known as the Human Rights Initiative (HRI).¹ HRI events focused on strengthening the Guatemalan military’s human rights performance in the areas of doctrine, education and training, cooperation with civilian authorities, and internal control mechanisms. Unlike previous HRI events, participation in the April seminar by local human rights activists, an indispensable component of all SOUTHCOM’s human rights promotion efforts, was minimal, but for a surprising reason.

That week many of the human rights activists were instead at the Palace of Justice, the seat of the country’s highest court, to witness an historic event: the trial of a former dictator who had both risen to and fallen from power by coup d’état. Guatemalan General Efraín Ríos Montt had come to symbolize one of the darkest eras in the country’s history. Now a frail-looking octogenarian, Ríos Montt had spent years benefitting from prosecutorial immunity due to his status as a member of Congress. But his place at the defendant’s table that April had come to signify one of the greatest human rights victories for Guatemala – and the hemisphere – in recent history. The trial represented the first time that a former Head of State was tried for the crime of genocide by his own country’s judicial system. It exemplified how rule of law was slowly taking hold in a country where impunity had reigned for decades. It also sent a powerful message to the international community that nobody is above the law in the commission of grave violations of human rights. The trial of Ríos Montt and the active participation of the Guatemalan military in HRI are

Leana D Bresnahan is the Chief, Human Rights office at the U.S. Southern Command.

two among other positive changes that have taken place in the past decades in a country with a troubled history.²

Guatemala does not stand alone as it grapples with a legacy of human rights violations against its citizens. Much of Latin America's modern history involves decades of internal conflict, military dictatorships, and guerrilla warfare. Left in its wake were countless victims of kidnappings, forced disappearances, acts of torture, and massacres, the vast majority of whom have not seen justice delivered. As the internal conflicts and political violence came to an end in the final years of the 20th century, a process of democratization has taken hold. This transition to democracy

...our own concept of human rights and the role it should play in shaping our foreign policy has evolved—and progressed greatly—in the last half-century

brought with it the hope that respect for human rights would be institutionalized and protected in a comprehensive fashion. While the transition has brought with it greater political and economic stability for many countries, it did not automatically elevate respect for human rights to a national priority. The construction of a democratic state based on the rule of law and respect for human rights remains a work in progress in many countries. Democracy may be a necessary condition for the promotion of human rights, but it is not always enough to ensure their protection.³

United States Human Rights Policy: Promoting Human Rights

For the United States, the advent of trials against former dictators highlights our own

attempts to balance human rights concerns with national security interests and foreign policy objectives in the Western Hemisphere. Much as Guatemala and other countries in the region are demonstrating support to the rule of law and respect for human rights, our own concept of human rights and the role it should play in shaping our foreign policy has evolved—and progressed greatly—in the last half-century.

This policy shift was years in the making. With the post-World War II emergence of the international human rights movement, which the U.S. played a leading role in creating, and the end of the Cold War, the U.S. Congress passed laws that led to significant changes in how we engage with, and provide assistance to, our partners around the world. These changes elevated the observance of and respect for human rights to a pre-condition for military and security assistance. One of the most far-reaching changes is the Leahy Law, first passed in 1997, which prohibits assistance to foreign military and security force units if there is credible information that a member of the unit has committed a gross violation of human rights with impunity. The law, which is written to apply globally to recipients of U.S. military and security assistance, is a culmination of efforts by successive U.S. Congresses since the 1970s to keep U.S. security and military assistance from supporting repressive regimes. The law directly impacts how the United States does business in the international security arena. It helps ensure that U.S. taxpayer dollars are not used to provide assistance to human rights violators and abusive regimes; that the United States not become complicit in those abuses; but also to give our diplomats a tool that can be leveraged to encourage respect for

human rights in countries receiving U.S. security assistance.

Despite its reach and scope, the Leahy Law has not proven to be a panacea for all human rights woes. In 2013, the Government Accountability Office recommended the crafting of additional guidance to better define how the United States might encourage accountability and assist foreign governments in bringing those responsible for the human rights violations to justice. Just in 2015, the Department of Defense and Department of State first issued policy guidance outlining the specific steps a government might take in order for an ineligible unit to regain access to U.S. assistance, once credibly alleged human rights violations have been investigated and

prosecuted. Furthermore, some security experts argue that cutting off assistance to a unit for human rights abuses does not necessarily bring about the desired change in human rights performance. Others note that denying U.S. assistance merely opens up the door for less scrupulous nations, who themselves have abysmal human rights records, to fill the void thereby handing them the opportunity to promote their own lack of regard for human rights protections.

The Leahy Law is complemented by Congressional conditions on security assistance for specific countries with problematic human rights records. These conditions have played an important role in advancing U.S. human rights goals in the region. Still,



Official signing of the HRI Memorandum of Cooperation in Asunción between the Paraguayan Military Forces and the Center for Human Rights Training (CECADH) on March 17, 2015. Pictured in the photo from left to right: Dr. Amalia Quintana, Human Rights Director, Paraguayan Ministry of Defense; Mr. Daniel Baldizon, Director of CECADH; General Luis Gonzaga Garcete Espinola, Commander of the Paraguayan Military Forces; and the Honorable Leslie Bassett, US Ambassador to Paraguay.

conditions that are overly onerous or that have no connection to the human rights performance of a military can generate resentment among local leaders and be counterproductive to our human rights agenda.

There is recognition within the U.S. government and Congress that the Leahy Law alone cannot curb or prevent all human rights abuses. Our foreign policy and bilateral engagement also play major parts – the “carrots” to the Leahy “stick.” Over the past two decades, engagement by the U.S. military has aimed to support the development of professional military and security forces and to encourage greater regional cooperation. Today, the U.S. government, including the Department of Defense, openly champions

Democratic transition has brought stability, basic freedoms, and greater protection of human rights to the citizens of most countries of the region. As a United Nations report recently noted, despite improvements, Latin America remains the most unequal and insecure region in the world.

respect for human rights as we work with Latin American partners to support their efforts to further professionalize their military and police forces. We likewise champion military subordination to civilian authority and encourage limiting military missions to external threats as part of our foreign policy aims in this hemisphere.

SOUTHCOM’s goal is to be the military partner of choice for defense and security forces within the hemisphere. We believe that in the long run our national values and adherence to and promotion of human rights and

rule of law, through such programs as the Human Rights Initiative, will play an important role in our being considered as such, particularly as long as democratic governance continues to be the norm in the region.

At SOUTHCOM we are conscious as well that advocating strongly for human rights places a huge responsibility on our shoulders, to not only talk the talk, but also to walk the walk. To that end, SOUTHCOM maintains an office dedicated entirely to human rights promotion, requires annual human rights awareness education of all of its personnel, and integrates human rights into its activities, including its operational planning teams, strategy and planning documents, key leader engagements, and exercise program.

We believe that this sustained engagement, coupled with the critical commitment of regional political and military leaders, builds increasingly capable and accountable regional militaries, which are consistently ranked among their countries’ most trusted institutions. They serve honorably, including in United Nations peacekeeping and stabilization missions, where they are generally regarded as high quality, well-trained troops.⁵ There remains much work to be done, however, especially in the face of new challenges to human rights in the region.

Emerging Challenges to Human Rights in Latin America

Democratic transition has brought stability, basic freedoms, and greater protection of human rights to the citizens of most countries of the region. As a United Nations report recently noted, despite improvements, Latin America remains the most unequal and insecure region in the world.⁶

Throughout Latin America, the major threats to human rights no longer emanate from military dictatorships nor are they produced as the unfortunate by-product of brutal internal conflicts. Rather, the threats to human rights stem from new sources, particularly in certain countries and sub-regions.

On the one hand, there is a troubling renewed trend toward authoritarianism: elected civilian governments that once in power, and under the guise of democracy, shun democratic standards, abuse basic human rights, primarily freedom of the press, expression, and due process, criminalize peaceful protest in order to suppress the political opposition, and consistently aggressively verbalize rejection of the admonitions of international and regional human rights bodies.

On the other hand, sky-rocketing violence and the spread of powerful criminal organizations pose severe challenges to regional stability and are major sources of human rights abuse. Transnational criminal organizations threaten citizen security, undermine basic human rights, cripple rule of law through corruption, erode good governance, and hinder economic development.⁷

Although no country is totally immune, Central America – specifically the “Northern Triangle” of Honduras, El Salvador, and Guatemala – is at the epicenter of the citizen security crisis. Murder rates in these countries are among the highest in the world.⁸ The Northern Triangle offers a unique case study in the intersection of citizen safety, the use of regional militaries in domestic security missions, and the role the U.S. can play in protecting the region’s hard-won progress.

The sub-region is awash in weapons and street gangs and has been a primary corridor for U.S.-bound cocaine since around 2006. It

is fair to say that the right of the individual to security⁹ – a fundamental and universal human right – is under full-fledged attack in these specific countries. In many cases, justice systems and police forces are incapable of reigning in the violence. Central American police forces, particularly in the Northern Triangle, are outmanned, outgunned, and out-financed not by petty criminals, but by sophisticated business-savvy entities. In desperation, to protect their children from the violence, tens of thousands of parents in the Northern Triangle entrust their children to strangers to undertake a perilous journey in the hope of their reaching a new life of safety in the United States. In desperation as well, democratic governments have deployed their militaries to support overwhelmed and largely corrupt police forces, in an effort to provide protection to their citizens. The effectiveness of these efforts has yet to be determined, but in the meantime, the decision to employ militaries in domestic security roles has many critics.

The Militarism Issue and its Criticisms

The concern about security in Latin America is so widespread that 23 of 31 countries in the SOUTHCOM area of responsibility (AOR) have ordered their armed forces to support law enforcement agencies, including in the fight against transnational organized crime.¹⁰ There is real cause for concern when the military of any country is deployed domestically to carry out law enforcement activities. In the United States, we have a long tradition and strict laws to prevent the employment of the military to provide law enforcement except under certain well defined conditions. However, there are times of emergency even in the U.S. when defense support to civilian authorities is necessary, legitimate, and appropriate, always on a

temporary basis. We have only to think of the presence of the military in U.S. streets and airports immediately after September 11, 2001, to remember the security and the *sense* of security their presence provided. Nor is this phenomenon unique to the Americas. As an example, the French government deployed 10,000 troops in the streets of France's large cities after the January 2015 terrorist attacks on satire magazine Charlie Hebdo, and plans to keep 7,000 troops on the streets indefinitely according to news reports.¹¹

Given the sheer magnitude of security challenges in Central America, it is at least understandable that governments turn to their militaries to help curb the rising tide of violence. Even if statistics show that this hardline approach has historically not had the desired effect, it offers Central American governments

time to strengthen civilian law enforcement forces and fortify judicial reforms.¹²

The use of the military in domestic law enforcement, particularly in a region that has only recently succeeded in transitioning away from military dictatorships and internal conflicts, is not a viable, permanent solution. It evokes strong concerns and passionate responses among many observers and regional experts alike. The only long-term solution to criminal violence that threatens much of the region is through the creation of effective, responsive police forces, accompanied by reforms to promote economic development and good governance.

U.S. government policy in the region has focused for years has on supporting governmental efforts to build effective, well-trained, adequately armed, ethical police forces. It is



Sgt. Kim Browne, 366th MPAD - U.S. Army

A U.S. Army soldier discusses crowd control and organization with two Salvadoran soldiers during the Beyond the Horizon El Salvador humanitarian exercise in May 2015. U.S. Southern Command attempts to incorporate advocacy for respect for human rights across its partner capacity building programs.

hoped that the mix of security, governance, and economic reforms outlined in the Alliance for Prosperity program announced by the presidents of Guatemala, El Salvador, and Honduras in March will provide the right blueprint for effectively addressing these countries' ills. Their political will as well as their willingness to work together are critical components to the success of their plan, which should not be underestimated.

Still, citizens' legitimate demands for improved security now mean that governments are likely to continue to use their militaries to help address domestic security threats as they take the time required to build more transparent, respectful police forces and to implement other institutional reforms.¹³

The support to law enforcement comes with new responsibilities for the military forces, as they must adapt to a new operating environment while ensuring that human rights remain the center of gravity in their mission. Failure to do this will put at risk continued popular support and trust, and therefore the legitimacy, of military institutions.¹⁴

The sharp differences between the military and police in terms of training, functions, power, and mindset will make this a challenging task. The military is trained to confront and defeat an enemy with force, but the foundation of police work lies elsewhere – in the prevention of crime, arrest and detention of suspects for prosecution, and maintaining public order and safety. Soldiers carrying out public security functions must therefore fundamentally “shift” their way of thinking in carrying out these new missions,¹⁵ something that, without proper training, clear rules of engagement, well-defined military and civilian functions, and accountability to civilian legal

authorities will bring with it a greater risk of human rights violations.

The role of military leaders and commanders in constantly re-enforcing the message that human rights is at the center of their mission cannot be overestimated. Soldiers need to hear that message clearly and unequivocally stated over and over again to ensure the message sticks.

Numerous human rights groups and members of Congress fear that increased U.S. assistance to Central American armed forces will encourage governments to “militarize” domestic security, undermining the still-developing democracies, and “walking back” progress made in the period of democratic transition.¹⁶ As Congress debates the Administration's one billion dollar assistance request for Central America, it will consider how to help the countries confront these violent security threats within a strengthened human rights framework.

From the perspective of SOUTHCOM, there is no appetite within the Command for its partner nation militaries to remain in the streets. SOUTHCOM will support the U.S. inter-agency community in any way requested to improve security in the region and it will continue to do everything in its power, given the resources available, to build strong partnerships and strong military human rights programs in those countries that choose to partner with us.

The Military and Human Rights: A Contradiction in Terms?

Given today's security realities, continued discussion and introspection are needed to ensure U.S. policy – and the advocacy efforts that help shape that policy – is not only consistent, but also supportive of the broadening and

deepening of respect for human rights with its military partners in the region. At SOUTHCOM, a unique effort began in 1997 with the establishment of the first-ever Department of Defense initiative specifically aimed at strengthening the human rights performance of militaries in a Command's AOR. Neither a carrot nor a stick approach to influencing change, the Human Rights Initiative (HRI) was envisioned by SOUTHCOM's then-commander General Wesley Clark USA, as an appeal to common values shared by all democratic governments and their institutions, and as an offer to support their efforts to live up to those common values.

HRI has been supported and developed by every subsequent SOUTHCOM commander to the present day. In fact, current SOUTHCOM commander, General John Kelly, USMC, has

made human rights a centerpiece of the Command. General Kelly regularly meets with human rights groups in Washington, D.C. and in the countries of the region when he travels, and includes a discussion of human rights in meetings with his regional counterparts. He has become known for his oft-repeated phrase within DOD circles and events with partner nation military forces alike: "Everything we do at SOUTHCOM begins and ends with human rights."

HRI began as a regional process that brought together military and security force officers from 34 nations of the hemisphere to develop the Consensus Document, a document that outlines a model human rights program for military forces serving democracies. Academics, NGOs, and representatives of regional and international organizations



Mass Communication Specialist 3rd Class Andrew Schneider - U.S. Navy

U.S. Marines lead a discussion with Guatemalan service members about human rights in Puerto Barrios, Guatemala, during the 2014 Southern Partnership Station (SPS), an annual deployment of U.S. ships to the U.S. Southern Command's area of responsibility in the Caribbean and Latin America.

provided their expertise and advised throughout the process. Writing the Consensus Document required six hemispheric conferences over six years (1997-2002).

Once completed, participants requested that SOUTHCOM support their implementation efforts, so that the Consensus Document “didn’t become just another report on the shelf” as one participant expressed. So, beginning in 2004, SOUTHCOM worked bilaterally through HRI conferences to support the efforts of military forces whose governments had chosen to implement the Consensus Document. Each HRI conference brings together representatives of military, security forces, civilian government, and civil society, including NGOs, in a particular country to develop action plans for that country’s military forces focused on four areas: doctrine, education and training, effective internal control systems, and cooperation with civilian authorities. Periodic follow-up events are sponsored during which the same participants evaluate accomplishment of the action plans and develop new ones.

Currently, eleven Partner Nations have made the formal commitment to implement HRI. By joining the initiative, a partner nation military receives direct support from SOUTHCOM through a series of implementation conferences, follow-up seminars, subject matter expert exchanges in human rights, train the trainer programs, and other HRI implementation events. Since 2004, SOUTHCOM has conducted close to 200 HRI events, involving thousands of participants, in 19 different countries.

HRI engagements often attempt to answer the questions of how and why protecting the inherent dignity of the individual is central to protecting national security. From SOUTHCOM’s perspective, there is no greater

gift to hand to a criminal or illegal actor than an act that erodes the public’s faith in government institutions, in particular the institution with the monopoly on the lawful use of force. Exploiting violations, such as extra-judicial killings and sexual assaults by state actors, is a tactic and technique employed by the adversary that helps to fill its ranks. It also helps to justify its own acts of violence against innocent civilians.

From SOUTHCOM’s perspective, there is no greater gift to hand to a criminal or illegal actor than an act that erodes the public’s faith in government institutions, in particular the institution with the monopoly on the lawful use of force

No human institution is perfect, despite serious efforts to prevent misconduct or criminal actions. When human rights violations by state actors do occur, how the institution responds – whether with transparency and accountability, or by “circling the wagons” and defending the conduct of the individual rather than the honor of institution – will ultimately define its legitimacy in the eyes of the public. And, as witnessed throughout the region today, history will ensure that misconduct or extra-legal actions taken in the name of defeating an enemy are not forgotten.

Through HRI, SOUTHCOM advocates for institutions to acknowledge and address abuses of human rights, whether committed long in the past or more recently. Some HRI partners struggle to shed the darkness left by the reprehensible acts committed decades prior. These partners are often still judged in the international community and by advocacy groups for the sins of their predecessors,

without recognition of the progress that has been made to improve their human rights performance. Other partners, in particular those who have been ordered to support police in public security missions, fear that a mistake during a mission will subject them to a judicial system that has proven itself too weak – or too corrupt – to provide true justice. As such, some HRI members have shared the perception that human rights and rule of law protect only the “bad guys,” and that those who defend the cause of human rights are their enablers. This line of thinking not only underscores the urgent need to accelerate police and judicial reform efforts in the region, but also the importance of re-doubling efforts to bridge the divide between human rights groups and militaries.

While much work remains, the dialogues have demonstrated that a strong will exists on both sides to improve civil-military cooperation efforts on human rights

To build confidence and trust between the civil and military sectors of society, HRI seeks to incorporate local civil society groups and human rights activists in all HRI engagements. Their participation unlocks opportunities for collaboration, and helps to foster a better working relationship on issues related to citizen security and human rights. Most recently, SOUTHCOM supported a series of dialogues in a number of countries between human rights groups and partner nation military leaders aimed at re-initiating direct and constructive dialogue, reconciling long-standing divisive issues due to past abuses, and addressing

grave security concerns that confront these countries. While much work remains, the dialogues have demonstrated that a strong will exists on both sides to improve civil-military cooperation efforts on human rights, and that they share common values and objectives to improve citizen security efforts.

What have been some of the concrete human rights advances achieved by military and security forces in the region? First of all, including all of the Western Hemisphere, and as noted previously, 34 nations contributed to the Consensus Document. While eleven nations have formally committed to implement HRI, many more participate in hemispheric and regional HRI conferences. In those events, there is widespread acceptance of military responsibilities to respect human rights. Other nations have implemented human rights training, doctrine, and institutional structures independent of HRI. Across the hemisphere, ministries of defense and military services have established human rights offices. Human rights doctrine has been developed and soldiers and officers receive human rights training. Three countries have established military human rights schools, and all of them (Colombia, Peru, and the Dominican Republic) offer themselves as regional training centers, welcoming students from their neighboring countries, often tuition free. Under the United States Colombia Action Plan (USCAP), the Colombian military offers human rights training to Central American militaries. As the lead on human rights for the Conference of Central American Armed Forces (CFAC), the Dominican Republic sends mobile human rights training teams annually to its Central American counterparts. The Western Hemisphere Institute of Security Cooperation (WHINSEC) and the Perry Center for

Hemispheric Defense Studies both offer human rights courses which fill up immediately and place would-be students on long waiting lists. Neither can meet the demand for human rights training, due to resource constraints. In the same way, SOUTHCOM cannot come close to meeting all the demand signals from partner nation militaries for support on human rights, again due to resource constraints.

Conclusion

We may be at a critical juncture for security and human rights in the hemisphere. General Rios Montt has been tried. Military officers and NGOs sit down to dialogue respectfully about the past, present, and future. In the recent cases when partner nation soldiers have been accused of illegal acts, military forces have generally turned the accused soldiers over to civilian authorities for investigation and prosecution. High-ranking officers and soldiers convicted of human rights violations from earlier years are serving prison sentences. SOUTHCOM, WHINSEC, and the Perry Center struggle and fail to keep up with the demand for military human rights education and training.

And yet there are critical needs that are going unmet. There are tremendous backlogs in human rights cases languishing in inefficient judicial systems, in which alleged perpetrators can wait a decade or more for a final sentence. Many cases still end in impunity. Violence is rampant; stability, progress, and democracy itself may be threatened. And of this there is no doubt: thousands of innocent people are suffering horrific abuse, almost always at the hands of gang members, drug traffickers, and violent criminals, and,

importantly, fewer and fewer at the hands of soldiers and the police.

Reinforcing the regions' progress on human rights over the last two decades – and preventing the evolving security threats in the region from undermining these advances – will require a continued commitment from governments in the region as well as from the United States. Programs like HRI can help to support continued progress by militaries on human rights, but it must adapt to the changing realities and threats facing the hemisphere today and it must be expanded. Paradoxically, human rights may be one of the issues that can unite the hemisphere, or at least its militaries, once again under one banner. Police and security forces need added support and assistance on human rights, including a parallel Human Rights Initiative. Likewise, both policy and advocacy aimed at supporting the implementation of human rights ideals must not only acknowledge the security realities the region faces today, but also be careful to ensure the tools at governments' disposal are intelligently and consistently applied. As General Kelly stresses, the true measure of the region's security successes must begin and end with human rights. **PRISM**

Notes

¹ Begun in 1997, the Human Rights Initiative is a means by which SOUTHCOM conducts conferences, exchanges and dialogue events to support the strengthening of military human rights programs in the SOUTHCOM Area of Responsibility (AOR).

² Rios Montt was convicted of genocide and crimes against humanity in 2013, and was sentenced to 80 years in prison. Just days after the ruling, the conviction was annulled by the Constitutional Court on procedural grounds. In January 2015, the trial re-opened, only again to be suspended on procedural grounds. In August 2015, a Guatemalan court ruled that Rios Montt must stand trial, but that if found guilty, he will not receive a prison sentence due to his failing health.

³ Leonardo Vivas. "Latin America: A Backlash in Human Rights?" *Harvard International Review*, Fall 2014/Winter 2015.

⁴ Latin American Public Opinion Project (LAPOP): 2014 *AmericasBarometer*, Vanderbilt University.

⁵ International Peace Institute. "Beyond Haiti: Enhancing Latin American Military and Police Support to UN Peacekeeping," April 2014.

⁶ United Nations Development Programme (UNDP). *Human Development Report for Latin America 2013-2014*.

⁷ Director of National Intelligence, James R. Clapper. *Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community*. Senate Select Committee on Intelligence, March 12, 2013.

⁸ With a homicide rate of 66.4 per 100,000 in 2014, Honduras – once the most violent country on the planet – has now been surpassed by El Salvador. If current trends continue, El Salvador's homicide rate may reach 90 per 100,000 people by the end of 2015. August was the most violent month in its history, with 911 murders, and the murder total for the first 8 months of the year (4,246) is greater than the total for all of 2014 (3,942). Sources: official government figures from Honduras and El Salvador.

⁹ The right to security of the individual is an internationally recognized human right, included, for instance in the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights, and the American Convention on Human Rights, among others.

¹⁰ Seven of the remaining eight countries do not have armed forces.

¹¹ Ewen MacAskill. "British army reluctant to post troops on UK streets after terror attacks," *The Guardian*, July 27, 2015. <http://www.theguardian.com/uk-news/2015/jul/26/british-army-reluctant-post-troops-uk-terror-attack>.

¹² See for example Rodgers, Muggah, and Stevenson, "Gangs of Central America: Causes, Costs, and Interventions." *Small Arms Survey Occasional Paper 23*, May 2009; and J. Aguilar. "Los efectos contraproducentes de los Planes Mano Dura," *Quorum*, 16 (Winter 2006): 84-94.

¹³ Police reform, a long-standing U.S. government priority in Latin America, is an extremely complicated and long-term process, in part due to high levels of corruption present in many police forces throughout the region. Political will and functioning judicial systems are an essential part for any meaningful reform to succeed. Also see Johnson, Stephen, et al, "Police Reform in Latin America: Implications for U.S. Policy," Center for Strategic and International Studies (February 2012) http://csis.org/files/publication/120228_Johnson_PoliceReform_web.pdf.

¹⁴ Gomez, Juan Carlos, "Twenty-First Century Challenges: The Use of Military Forces to Combat Criminal Threats," *International Law Studies*, U.S. Naval War College 88 (2012): 279-291.

¹⁵ International Committee of the Red Cross. "To Serve and to Protect: Human Rights and Humanitarian Law for Police and Security Forces," March 2014. <https://www.icrc.org/eng/assets/files/publications/icrc-002-0698.pdf>.

¹⁶ David Gange. "The Siren Call of Militarization in Latin America," *InSight Crime*, August 19, 2015.

LESSONS ENCOUNTERED

LEARNING FROM THE LONG WAR



Edited by Richard D. Hooker, Jr., and Joseph J. Collins

Now available from NDU Press, <http://ndupress.ndu.edu/Books/LessonsEncountered.aspx>



Open sewer in Cidade Estrutural, a popular neighborhood in Brazil's capital city

Insecurity and Development in Latin America and the Caribbean

BY INÉS BUSTILLO AND HELVIA VELLOSO

In the last decades, the concept of security has come to acquire new dimensions. A new vision of security relating to the nation-state now incorporates dimensions of security centered on individuals, a concept that has come to be known as human security. Chronic threats like hunger, disease, and repression, or protection from sudden and painful changes in daily life, be it in the workplace or in the community, today form part of this new vision of security.

Since the term was introduced in the 1994 Human Development Report, focusing on freedom from fear and freedom from want, its reach has expanded. A 2012 United Nations Resolution described human security as “the right of people to live in freedom and dignity, free from poverty and despair.”¹ While important efforts have been undertaken by the international community to identify and define the main components of human security, given its multidimensional nature, no single accepted operational definition exists. Security encompasses economic, social, political, and safety components allowing for a life free from fear and risk.²

Over the last decade Latin America and the Caribbean have made considerable progress in the economic and social development dimensions of human security, with important gains in poverty and inequality reduction. However, vulnerability to crime and violence increased, to such an extent that opinion polls identify them among the region’s top problems. Crime and violence are increasingly recognized as serious obstacles to social and human capital formation and sustainable economic development.³ Insecurity has become a shared challenge that hampers development in Latin America and the Caribbean.⁴

This article looks at the economic dimensions of security – with a focus on the economic impact of crime and violence – and how it contributes to and feeds from inequality in the region. It argues that building more equitable and inclusive societies is key to facing the threat that violence and crime increasingly pose to wellbeing. After an overview of the economics of crime and

Inés Bustillo is the Director of the Washington Office of the Economic Commission for Latin America and the Caribbean. Helvia Velloso is an Economic Affairs Officer at the Washington Office of the Economic Commission for Latin America and the Caribbean.

violence in Latin America and the Caribbean, the article assesses the region's recent economic and social performance and links to crime and violence, as well as the costs of rising insecurity. It suggests that progress in addressing crime demands more sustainable growth with greater equality and social inclusion. It demands, as well, investing in youth, so as to take advantage of the opportunity offered by the demographic dividend.⁵ Effective government policies, mobilization of resources, strengthening of institutions, and collaboration and input from civil society and the private sector will be necessary.

By diverting public and private resources away from promoting economic activity and wellbeing, crime and insecurity undermine economic and social prosperity. Physical and human capital accumulation can be adversely affected, jeopardizing long-term development as a result.

An Economic Perspective on Security

From an economic perspective, crime and insecurity can be a development challenge. By diverting public and private resources away from promoting economic activity and wellbeing, crime and insecurity undermine economic and social prosperity. Physical and human capital accumulation can be adversely affected, jeopardizing long-term development as a result.⁶ There is a vast economics literature on crime and violence that goes back many decades, following on Gary Becker's 1968 seminal work.⁷ This literature suggests a strong correlation between insecurity and income inequality, unemployment, institutional weakness, and lack of progress in social

development. Eleanor Sohnen has noted a global correlation between relatively high rates of homicidal violence and failure to achieve progress on certain Millennium Development Goals, namely eradicating extreme poverty, youth unemployment, and hunger, improving primary school enrollment ratios, and reducing infant mortality and adolescent birth rates. During the 1990-2008 period, countries with lower average homicide rates had an 11 percent higher chance of improving their standing in the United Nations' Human Development Index – a composite measure of social and economic development – than those with higher homicide rates.⁸

The literature on the economics of crime and violence in Latin America and the Caribbean is also extensive. The more recent work, which for the most part has a regional rather than a country focus, suggests that the causes and drivers of violence are multiple and vary among and within countries. Drivers identified in the literature include drug trafficking, availability of firearms, gangs, and weak rule of law, among others. Socioeconomic drivers, the focus of this article, include factors such as income inequality, lack of economic opportunities and social mobility, and chaotic urbanization. Studies conclude that the causes are both complex and multifaceted and no single driver can explain the increase in crime and violence in the region.

The 2013-2014 UNDP Regional Human Development Report (RHD) highlights the multidimensional nature of the growth of crime and violence.⁹ Its principal dimensions include: an economic-structural dimension, involving low quality jobs and insufficient social mobility; a social dimension, reflecting structural changes in families (such as the significant increase in single parent households),

dropout rates and accelerated urban growth that erodes the social fabric; crime-drivers, such as weapons, alcohol and drugs; and, the lack of capacity of the state – police forces, judges, prosecutors, and prisons – to adequately address security challenges. According to the report, although organized crime, especially drug trafficking, is often associated with the rise in insecurity in the region, the causes for this rise are multiple, with the local, national, and regional dynamics pointing to a much more diverse reality.

Given the multifaceted nature of the growth in crime and violence, it is difficult to properly identify the variables at play, the interactions among them, and how much each contributes to the problem. The boundaries between different dimensions of the growth in crime and violence can be blurred as a result. For example, the transformations that took place in the region during the 2000-2010 period, which included progress in poverty reduction, improvement in income distribution, and an increase in the level and quality of employment, were also accompanied by rapid and disorganized urban growth. Chaotic urbanization, combined with changes in family structure and school system deficiencies, has influenced crime in the region.

This influence is highlighted in the RHD report, which points to a direct correlation between urban growth and crime. Most countries with an urban population growth above two percent per year (the natural population growth) also reported increases in homicide rates.¹⁰ The problem is not necessarily the size of the city, however, but the institutional capacity to include groups in marginal conditions. The report's findings indicate that crime and violence have a significant local dimension. Homicide concentration, for example,

not only varies from country to country and from city to city, but also between neighborhoods and streets, suggesting that the local causes and drivers of crime and violence should serve as the basis for the formulation of public policies.

CAF Development Bank of Latin America highlights as well both the multifaceted nature of the drivers of crime and the importance of local dynamics.¹¹ The report analyzes what leads up to a criminal event including an individual's characteristics and personal circumstances, but also his/her physical and social environment. From this perspective, policies and actions towards reducing crime involve a wide range of dimensions such as family, school, neighborhood, community, urban infrastructure, economic regulations, police, justice, and prisons.

Casas-Zamora and Dammert also suggest that one must take into account several factors, namely highly unequal income distribution, youth marginalization, widespread urbanization, proliferation of guns, pervasive presence of organized crime, and weakness of law enforcement institutions.¹²

Most importantly, recent studies note the complexity of the rise in insecurity, suggesting that the region faces a vicious cycle: while high inequality and insufficient development have contributed to the deterioration in public safety, the growth in insecurity and violence has further aggravated inequality and delayed progress in economic development. According to CAF, "insecurity affects first and foremost the most disadvantaged, aggravating the already-critical development challenges of segregation and inequality."¹³

Several works in the literature of crime and violence in Latin America and the Caribbean have stressed this vicious cycle.

Lederman, Loayza, and Menéndez suggest in fact that the relationship between social capital and crime is all the more complex given that the causality between the two run in both directions – crime also affects social capital.¹⁴

Berkman discusses how social exclusion and violence interact in a vicious circle, leaving the socially excluded in a very hostile environment where the borders between legal and illegal are often fuzzy and uncertain. Social exclusion is a contributing factor to violent outcomes, while violence eats away at the delicate social fabric that holds communities together and further saps scarce resources away from more productive uses, deepening development challenges.¹⁵ The Economic Commission for Latin America and the Caribbean (ECLAC) in turn notes that “given today’s situations of violence, there is a need to look into the existence of a close relationship with social exclusion processes, where violence and context feed upon and into each other, so that social, territorial, and family settings can end up encouraging the young to seek violent situations.”¹⁶

In addition to research with a region-wide focus, various recent studies focusing on Mexico and Central America also address the links between insecurity and socioeconomic factors. Sohnen indicates that the poor quality of education and low returns to schooling, as well as slow job creation and scarce decent employment opportunities – which affect the youth especially – facilitate insecurity and violence. This is aggravated by the culture of impunity, weak rule of law, diversion of scarce public security and justice resources toward drug-related activity, as well as low levels of development. In turn, higher levels of insecurity and violence further weaken institutions

and the rule of law, holding back development.

Moreover, insecurity decreases labor market participation, reduces productivity (as the private sector spends time and resources on protection and security rather than on productive uses), earnings, tourism, foreign and domestic investment, and domestic savings, and spurs capital flight, negatively impacting economic growth. Violence thus may have long-term negative economic effects by hampering investment in specific sectors.¹⁷

A 2011 World Bank report focused on violence in Central America suggests that crime drags economic growth down, not only because of the victims’ lost wages and labor, but also because it pollutes the investment climate and diverts scarce governmental resources to strengthen law enforcement rather than promote economic activity.¹⁸ Robles et.al. in turn estimate the effect of the increased violence (through the number of homicides) on economic activity and employment in Mexico at the municipal level. The authors find that an increase in the levels of violence has significant, negative effects on labor force participation and employment.¹⁹ While low economic activity and lower employment can stir up violence, violence can lead to lower economic activity and employment.

In sum, insecurity contributes to and feeds from inequality, social exclusion, and insufficient development. The magnitude of the public security challenge differs from country to country, however. It also differs between and within cities and neighborhoods.

Economic and Social Progress, but Insecurity on the Rise

In the past decade homicide rates increased in Latin America but declined or stabilized in

other regions of the world. This higher incidence of crime came at a time of important social progress. In fact, in an apparent paradox, the region experienced economic growth, social improvements, and increased crime rates during the past decade. Opinion polls consistently show that crime and violence are the primary concern of citizens in the region. According to the Latinobarómetro poll in 2013, 24 percent identified crime as the most important problem, up from five percent in 1995, with unemployment coming in second

place, dropping from 23 to 16 percent during the same period.²⁰

Favorable global economic conditions, ample access to financing, and improvements in terms of trade significantly favored many countries, mostly exporters of natural resources, such that between 2003 and 2011, economic growth in Latin America and the Caribbean was the fastest since the sixties. The combination of economic growth and improvements in the labor market with strong job creation were key to substantial gains in poverty reduction. The poverty rate dropped

Figure 1: Latin America: poverty and indigence, 1980-2014 –Percentages and Millions of people)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America (2014):16. *Projections

from 43.9 percent in 2002 to 28 percent in 2014, meaning that about 58 million people in the region moved above the poverty line in just over a decade. Extreme poverty also decreased considerably from 19.3 percent in 2002 to 12.0 percent in 2014. Still 167 million are poor and 71 million indigent (see figure 1).

As millions of people were lifted out of poverty, a significant expansion of the middle class took place. The middle class increased in all countries of the region, but with wide differences. In Guatemala and Nicaragua, less than 10 percent of the population belongs to the middle class, while in other countries, such as Uruguay, the figure is 60 percent.²¹ Similarly, the level and trends in poverty reduction varied widely across countries, with

significant reductions in poverty in the countries of the Southern Cone and Andean region (see table 1). In many countries, however, poverty remains a pressing challenge. As ECLAC has cautioned, much of the population remains vulnerable. Over 50 percent of the population in many countries is vulnerable, with monthly income between 1.2 and 1.8 times the poverty line. Lack of savings and access to social security and low levels of education suggest they are vulnerable to falling back into poverty.

Alongside progress with poverty reduction, inequality began to decline in many countries. Between 2002 and 2013, the Gini coefficient (the most commonly used measure of inequality) fell by almost 10 percent from

Table 1: Latin America (18 countries): persons living in poverty and indigence around 2005, 2012, and 2013 (Percentages)

Country	Around 2005			Around 2012			2013		
	Year	Poverty	Indigence	Year	Poverty	Indigence	Year	Poverty	Indigence
Argentina ^a	2006	24.8	9.6	2012	4.3	1.7	...	...	...
Bolivia (Plurinational State of)	2004	63.9	34.7	2011	36.3	18.7	...	...	...
Brazil	2005	36.4	10.7	2012	18.6	5.4	2013	18.0	5.9
Chile	2006	13.7	3.2	2011	10.9	3.1	2013	7.8	2.5
Colombia ^b	2005	45.2	13.9	2012	32.9	10.4	2013	30.7	9.1
Costa Rica ^c	2005	21.1	7.0	2012	17.8	7.3	2013	17.7	7.2
Dominican Republic	2005	47.5	24.6	2012	41.2	20.0	2013	40.7	20.2
Ecuador	2005	48.3	21.2	2011	35.3	13.8	2013	33.6	12.0
El Salvador	2004	47.5	19.0	2012	45.3	13.5	2013	40.9	12.5
Guatemala	2002	60.2	30.9	2006	54.8	29.1	...	...	...
Honduras	2007	68.9	45.6	2010	69.2	45.6	...	...	...
Mexico	2006	31.7	8.7	2012	37.1	14.2	...	...	...
Nicaragua	2005	61.9	31.9	2009	58.3	29.5	...	...	...
Panama	2005	31.0	14.1	2011	24.0	11.3	2013	23.3	12.2
Paraguay	2005	56.9	27.6	2011	49.6	28.0	2013	40.7	19.2
Peru ^d	2003	52.5	21.4	2012	25.8	6.0	2013	23.9	4.7
Uruguay ^a	2005	18.8	4.1	2012	6.1	1.2	2013	5.7	0.9
Venezuela (Bolivarian Republic of)	2005	37.1	15.9	2012 ^e	25.4	7.1	2013 ^e	32.1	9.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America* (2014): 17. On the basis of special tabulations of data from household surveys conducted in the respective countries.

Notes:

^a Urban areas.

^b Figures from the National Administrative Department of Statistics (DANE) of Colombia.

^c Figures for 2012 and 2013 are not strictly comparable with data from previous years.

^d Figures from the National Institute of Statistics and Informatics (INEI) of Peru.

^e Figures from the National Institute of Statistics (INE) of the Bolivarian Republic of Venezuela. Figures for 2012 and 2013 are not comparable with those for earlier years.

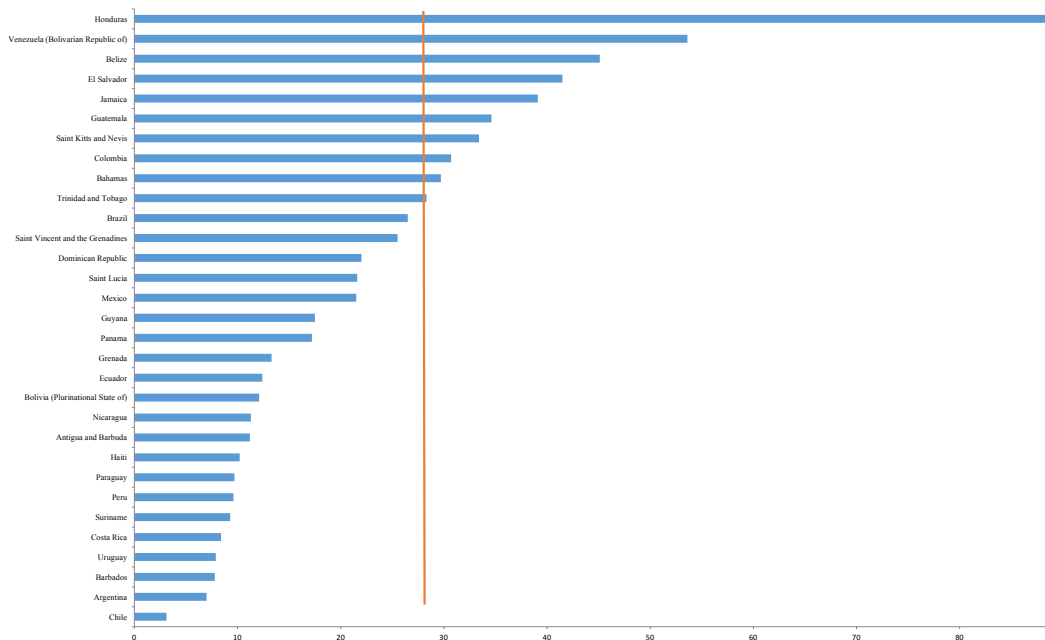
0.542 to 0.486, a noteworthy achievement in a region that is the most unequal in the world, and especially considering that the improvement took place in a global context of increasing inequality.²³

Smaller gaps in labor earnings contributed to the improvement in income distribution. The unemployment rate fell from 11.2 to 6.0 percent between 2002 and 2014, and the overall employment rate increased from 52 to 56 percent.²⁴ Public policies, increases in the minimum wage and in labor formalization, including increases in social security coverage in most countries were also instrumental in contributing to this improvement.²⁵ Inequality though remains very high with wide variations across countries. In 2013 the Gini coefficient ranged from 0.383 in Uruguay to 0.575 in Honduras.²⁶ As in the case of poverty

reduction, most of the progress during this period took place in the countries of the Southern Cone and in the Andean region. Despite improvements, average per capita income of the highest decile in Central America – where the prevalence of violence has become a serious concern – is between 10 and 22 times higher than the average for the population in the four poorest deciles.

Social gains materialized, but violence increased. Between 2000 and 2010 the homicide rate rose by 11 percent in the region even as it fell or stabilized in most other regions in the world.²⁷ In 2012, the average homicide rate in Latin America and the Caribbean (LAC) was around 23 per 100,000 inhabitants according to the United Nations Office on Drugs and Crime, while the world average stood at around eight per 100,000.²⁸ This is the second

Figure 2: Homicide Rate per 100,000 inhabitants in LAC by country, 2012



Source: UNODC statistics online <https://data.unodc.org/#state:0>. Data were updated on April 13, 2015 and supersede data published in the Global Study on Homicide 2013. The red line marks a homicide rate higher than 10 murders per 100,000 inhabitants which is considered an epidemic level by the World Health Organization.

highest in the world, behind only Africa. Homicide rates vary considerably among sub-regions – homicide rates stood at 34 for Central America and Mexico in 2012, and 17 for South America – and countries. Honduras, the Bolivarian Republic of Venezuela, Belize, El Salvador, Jamaica, Guatemala, and Colombia are seven of the 14 most violent countries in the world (see figure 2). Similarly, they vary considerably within countries.

Murder figures thus point to a heterogeneous reality. Moreover, violence not only affects the countries in the region in different ways, but its impact is also diverse across the various socio-demographic groups. For example, there is a high concentration of regional homicide victims among men between 15 and 29 years of age, with the homicide rate for this group reaching 89.7 per 100,000, nearly five times higher than the global figure (19.4 per 100,000).²⁹ Large scale violence among young people prevails in many countries such that increases in youth violence, in which young people are both victims and perpetrators has become a top priority for policymakers. Crime and violence is the number one concern among youth in the Caribbean Community.³⁰

The regional data of victimization is quite homogeneous, on the other hand. In 2010, the proportion of households where someone was the victim of a criminal offense in the previous year was over 25 percent in nearly all Latin American countries. In any given year, over one-third of Latin Americans – 200 million people – are victims of a criminal offense either directly or in their immediate household.³¹

Robberies, for example, have increased in the majority of countries in recent years, affecting even those countries with low homicide rates.³² As the 2013-2014 UNDP RHD reports,

robberies have become one of the most significant threats to citizens; six in ten robberies in Latin America are violent. However, robbery reported to the authorities is substantially lower than that recorded through victimization surveys. Under-reporting is a significant problem in that more than six million incidents went unreported, reflecting that there are obstacles involved in reporting, as well as the lack of citizen confidence in the justice system.³³

How can the apparent paradox of rising crime and improvements in social gains (particularly better income distribution) be explained?

Motivated by the region's apparent paradox of experiencing an economic boom at the same time as violence and crime increased, Enamorado, López-Calva, Rodríguez-Castelán, and Winkler looked into this puzzle by focusing on local dynamics.³⁴ The authors found that crime and violence have an important local dimension. The premise that better economic conditions result in less crime is indeed correct at the municipal level: municipalities with lower inequality saw lower rates of crime. Although the overall national data reveals an apparent paradox, broken down by smaller geographical regions, the paradox does not hold. According to the authors, their results suggest that the rise in violence might have been even greater if inequality had not declined in the region.

These results confirm the need for more economic growth with greater equality and social inclusion as an essential step towards a long-term and sustainable solution to the challenges posed by the rise in crime. Given their perverse impact on poverty, equality, and development, however, crime and violence impose very high costs on the region.

Costs of Insecurity

Regardless of the various methodologies used by the empirical literature, the cost of violence is high for society as a whole. Crime drains economic activity through loss of life and destruction of property. In addition, researchers have more recently identified a broader set of direct and indirect costs, as well. Crime and violence impose multiple, diverse, and significant costs to individuals, firms, and society. As crime and violence divert resources away from other presumably more productive purposes, they have a direct impact and a direct monetary cost, but also indirect (non-monetary)

costs, as well as economic and social multiplier effects (see figure 3).

Numerous studies have attempted to quantify the costs of violence for countries in Latin America and the Caribbean, suggesting that the costs of crime and violence represent a significant share of aggregate production. In 1999, Londoño and Guerrero estimated the net costs of violence to be about 12 percent of the region’s gross domestic product.

More recently, a World Bank report on violence in Central America showed that crime and violence carry staggering economic costs at the national level, with estimates close to eight percent of regional GDP if citizen security, law enforcement, and health care are

Figure 3: Direct and Indirect Costs of Insecurity

	Direct Costs	Indirect Costs
Individuals	<ul style="list-style-type: none"> • Immediate loss of productivity due to death or injury • Ransom payments • Cost to repair or replace damaged or destroyed property • Medical care • Legal services • Insurance 	<ul style="list-style-type: none"> • Preventive private security • Bribes • Lost investment in human capital • Effects of psychological harm of victimization • Compounded losses of lower productivity over a lifetime
Firms	<ul style="list-style-type: none"> • Cost to repair or replace property • Ransom payments • Legal services • Insurance 	<ul style="list-style-type: none"> • Preventive private security • Bribes • Lost investment in human capital of employees • Lost potential customer base (for public outings) • Lost potential investment (domestic and foreign) due to poor business climate
Governments	<ul style="list-style-type: none"> • Medical spending • Spending on public security, law enforcement, and criminal justice • Repair and replacement of infrastructure 	<ul style="list-style-type: none"> • Lost investment in human capital (via public health, education, and training programs) • Diminished productivity of citizens • Foregone tax revenues from individuals and businesses

Source: Eleanor Sohnen, “Paying for Crime: A Review of the Relationships between Insecurity and Development in Mexico and Central America,” *Migration Policy Institute*, (Dec 2012): 10.

included; 16 percent of these costs were due to lost life and disability. Estimates presented in the report “suggest that a ten percent reduction in violence levels in those Central American countries with the highest murder rates could boost annual economic growth per capita by as much as a full one percent.”³⁵

A joint study conducted by the Inter-American Development Bank (IDB) and UNDP, analyzing costs in five Latin American countries, showed significant and differentiated costs in terms of GDP ranging from three percent in Chile and Uruguay, up to over 10 percent in Honduras.³⁶ In the case of Mexico, the total cost of insecurity was estimated to reach 8.9 percent of GDP in 2009, 80 percent of which was paid for by individuals and firms.³⁷

...just as more crime may generate less investment and employment, less investment and employment can generate more crime

Direct costs to governments include spending on security, justice, and law enforcement. According to ECLAC, between 2007 and 2010, public expenditures on defense, security, and justice in Central America grew slightly both in nominal terms as well as a percentage of GDP.³⁸ By 2010, expenditures on defense, security, and justice fluctuated between 1.7 percent and 3.3 percent of GDP. Based on the case studies of five cities (Caracas, Cali, El Salvador, Lima, Mexico City, and Rio de Janeiro), Londoño, and Guerrero estimated the total direct cost of crime in the region to be roughly five percent of GDP: two percent due to medical care and the loss of life and three percent due to public and private expenses on security and the judiciary.

The indirect costs of crime and violence are hard to estimate. Several potential consequences of crime go beyond the immediate costs related to victimization, expenditures on prevention and punishment, and include costs associated with the effects of a violent environment on decisions affecting human capital accumulation, investment, entrepreneurship, urban development, and, ultimately, economic growth. Most of these are essentially indirect or long-term effects of the crime itself.³⁹ Londoño and Guerrero offer an estimate of about seven percent of GDP for the indirect costs of crime and violence in Latin America.

Also, indirect costs typically suffer from identification problems. For example, just as more crime may generate less investment and employment, less investment and employment can generate more crime, which brings us back to the vicious cycle mentioned earlier.⁴⁰ However, the evidence suggests that crime and violence do have a negative impact on labor participation and wages, as well as on the investment decisions of firms.⁴¹ Moreover, surveys indicate that firms in the region consistently perceive crime as one of their major obstacles to growth, higher than the global average.⁴²

Other indirect costs include the impact on social capital and increasing social fragmentation.⁴³ An example is the privatization of security that has been taking place throughout the region. The increase in crime has forced the private sector to turn to private security firms to protect physical property and business executives, diverting resources from productive endeavors such as worker training or capital investments.⁴⁴ The region now has almost 50 percent more private security guards (3,811,302) than police officers (2,616,753) and Latin American private security agents are

the most armed in the world, with rates of gun possession per employee ten times larger than in Europe.⁴⁵ This situation further increases inequality and social exclusion, as social groups have different capacities to deal with crime, reinforcing the vicious cycle of growth in crime and violence contributing to greater inequality and slow economic development. Also, as private security firms fill the gaps left by the public sector, governments lose both capacity and legitimacy. In turn, their diminished capacity to reassert authority undermines the legitimacy and relevance of public programs and even laws, risking destabilization.⁴⁶

As several studies point out, rising insecurity has had a negative impact on trust in government institutions, particularly police and judicial systems, a key component of social capital. The erosion of trust in institutions has deleterious consequences for the functioning of democracies.⁴⁷ Moreover, perceptions of government effectiveness vary considerably, but overall there is increasing skepticism regarding the capacity of governments to deal with crime and violence. In Guatemala and Honduras – countries with the highest inequality and violence – less than 40 percent of the population believes that the government can solve this problem.⁴⁸

In sum, the direct costs of insecurity are high, but the more difficult to quantify indirect costs and the multiplier effects on the economy – such as lower savings, investments, productivity, labor market participation, and ultimately lower growth – make them even higher.

Insecurity: A Development Challenge

After significant social gains, the pace of poverty reduction has slowed down and even reversed in the early years of the present

decade, a situation that has led to a rise in the number of people living in extreme poverty in the region.⁴⁹ Prospects of tepid economic growth in the years ahead may compromise further the sustainability of social gains and pose additional challenges to the fight against crime and violence.

Finding sustainable sources of economic growth, preserving and further improving social conditions are a priority in the years to come. This will require a structural transformation of output and employment to diversify the economy and improve its positioning in the global economy.

Finding sustainable sources of economic growth, preserving and further improving social conditions are a priority in the years to come

It bears recalling that the strongest driver of the region's recent growth phase has been exports of raw materials and assembled manufactures with little value added. A virtuous structural change would lead to increasing participation in global value chains by generating more value added and high quality jobs and forging linkages between exports and high growth markets. The structural changes entail absorbing technology, learning, increasing value added, diversifying, and entering into new markets drawing labor from informal and low productive sectors towards formal, modern, knowledge intensive jobs which pay better wages. It entails as well strengthening linkages with small and medium-sized enterprises, particularly given their role in creating jobs. Without quality employment and income

generation opportunities it will not be possible to reduce inequality and exclusion.

In particular, it is important to expand employment and opportunities for youth. Studies by ECLAC and the Ibero-American Youth Organization (OIJ) have shown that among the features that most often give rise to situations of violence in youth are urban marginalization, lack of social mobility and of economic opportunities.⁵⁰ Better employment for youth is key. Unemployment rates are considerably higher for the population aged 15 to 24 than for the total population (between 2.3 times and 5.5 times higher than for adults), exceeding 30 percent in some English-speaking Caribbean countries. Moreover, wide differences persist in unemployment rates broken down by socioeconomic status. For instance, young people aged 15 to 29 from households

in the first quintile (bottom 20 percent) had an unemployment rate almost four times as high as the richest quintile (top 20 percent),⁵¹ thus facing serious obstacles in breaking the barrier of exclusion and social mobility.

Better employment opportunities go hand in hand with better skills and education. Though in the past two decades significant progress has been made in improving education levels of young people the situation is quite heterogeneous across and within countries. On average, the secondary school completion rate is 60 percent in the region; Chile and Peru have rates in excess of 80 percent while Honduras (36 percent), Nicaragua (36 percent), and Guatemala (25 percent) have the lowest secondary completion rate attainment.

A complete secondary education (about 12 years of study) is the minimum required to

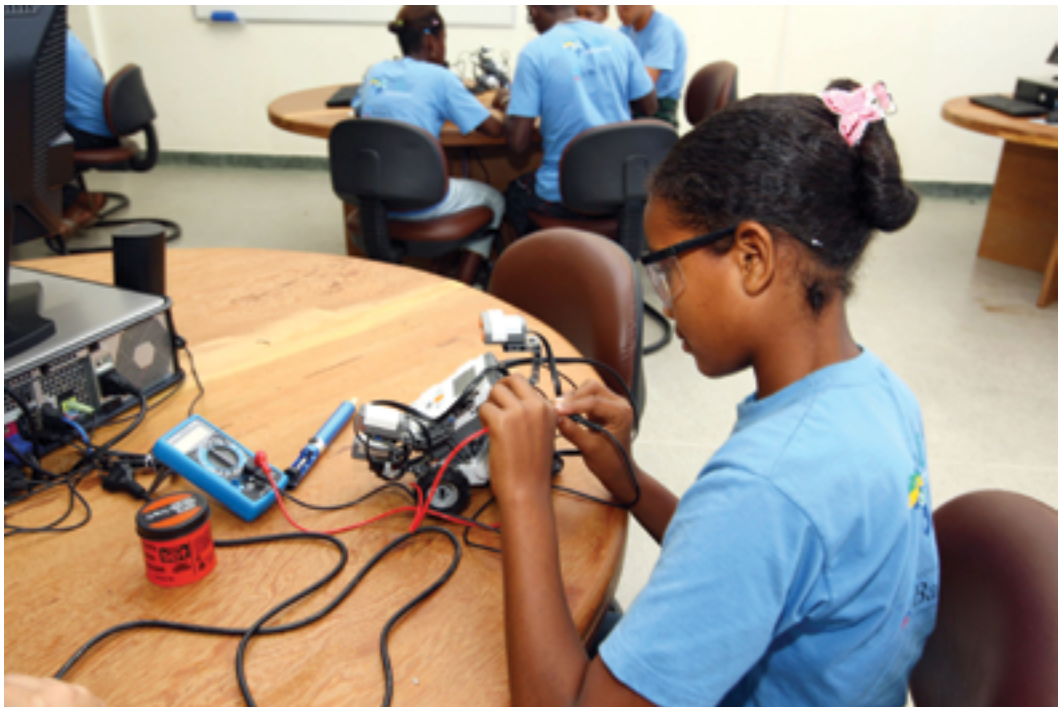


Foto: Manu Das/ASECOM

The Serrinha Center for Scientific Education (Centro de Educação Científica de Serrinha) in the Central Region of Brazil

reduce the likelihood of remaining in poverty. However, many young people do not have this chance, since in all countries completion of secondary education varies considerably depending on income level, ethnic origin, and rural residence. For example, while 84 percent of people ages 20 to 29 with income levels in the highest 20 percent of the population had completed secondary education (2012), only 32 percent in the lowest 20 percent had done so. Honduras and Guatemala present the largest gaps with only 5.9 percent and 1.8 percent, respectively, of the bottom 20 percent having finished secondary education relative to 62.7 percent and 60.4 percent of the top 20.

In addition, around 30 million of Latin America's young people between the ages of 15 and 29 (22 percent of the total), did not study or have paid work according to 2012 figures. Of that total, 55 percent is in unpaid domestic or care work, 25 percent is unemployed or looking for paid work for the first time, and five percent has some kind of disability. The remaining 15 percent of young people who are neither studying nor in paid work is the "hard core" of social exclusion and probably the most socially marginalized.⁵³

Investing in youth's education and employment is crucial to addressing violence. As Imbusch, Misse, and Carrión note, persistent violence has a perverse impact on youth:

Children and youth are heavily affected by violence, since childhood and adolescence are critical stages of personal development and for the accumulation of assets. The fewer assets an individual has, the more likely they are to turn to alternative means of survival, including violence.⁵⁴

Investing in youth becomes even more important at a time when all countries of the

region, although at different stages, are experiencing a demographic dividend, a time when the share of the working age population increases relative to that of children and older persons (see figure 4). This is a particularly favorable period for economic growth as a larger proportion of workers combined with a lower level of expenditures on economically dependent persons (especially children) would tend to accelerate the accumulation of capital. As Paulo Saad notes, the combination of a large pool of young workers with good job skills and a relatively small population of dependent older persons created a situation highly favorable for economic growth in many Southeast Asian countries. It brought about increases in productivity largely due to important investments in the education of young people during the time of the demographic dividend.⁵⁵

As Paulo Saad notes, the combination of a large pool of young workers with good job skills and a relatively small population of dependent older persons created a situation highly favorable for economic growth in many Southeast Asian countries

The countries of Latin America and the Caribbean find themselves in different situations regarding the extent and duration of the demographic dividend. Countries further along in the demographic transition have a shorter period of dividend left relative to countries that are behind in the process. For example, in Cuba and Chile the dividend is expected to end sometime in the first quarter of the century. In Brazil and Costa Rica, it is

Figure 4: Youth Population (Ages 15 to 29) in Latin America – (In millions)

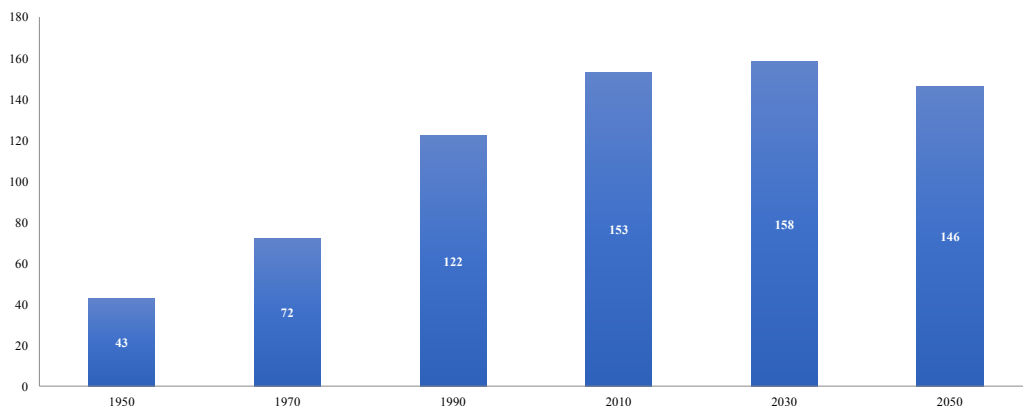
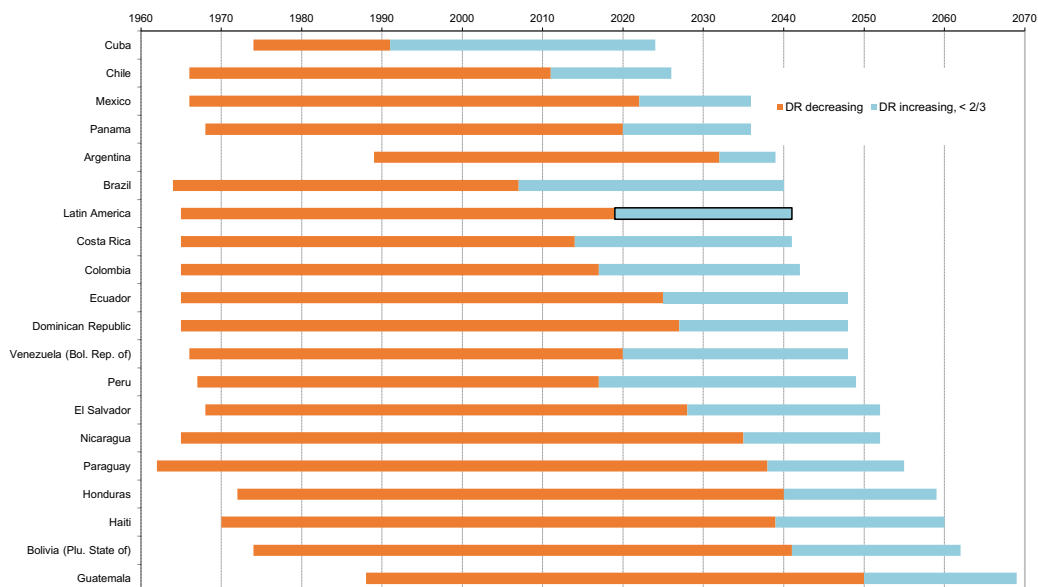


Figure 5: Stages of Demographic Bonus in LAC

(Periods in which the Dependency Ratio (DR) is decreasing or increasing, but below 2 in inactive ages for every 3 active labor force individuals)



Source for figures 4 and 5: América Latina: Centro Latinoamericano y Caribeño de Demografía (CELADE) - División de Población de la CEPAL, Estimaciones y proyecciones de población (2007).

expected to last until the beginning of the 2040s; in Ecuador and Peru around 2050; and beyond 2050 in El Salvador, Nicaragua, Paraguay, Honduras, and Haiti. The extreme cases are Bolivia and Guatemala where it is expected to last beyond 2060 and, in the case of the latter, close to 2070 (see figure 5).⁵⁶

The benefits of the demographic dividend won't accrue automatically. It will require the adoption of policies to ensure that young people acquire the basic skills and training to enter the world of work. Efforts must concentrate on better access to good-quality education and training for young people particularly from low resource households. Those countries that have yet to enter this demographic stage (most of the Central American countries) will have in the next decades a unique opportunity to capitalize on the productive potential of youth by investing in improvements in education and labor markets.⁵⁷ Moreover, these investments are required as well to generate the necessary savings and productive conditions needed to deal with the exponential increase in costs expected to come with society's aging. By 2050, the region will have five adults of 60 years of age and older for every four young people. This compares to an estimated five young people for every adult of 60 years or older in 1959.⁵⁸

Conclusions

Crime and violence undermine human potential and social capital, disproportionately affecting youth and the most vulnerable, eroding their livelihood and assets, and undermining development efforts. The concomitant increase in violence during the years of economic boom in the region suggest that in order to be successful, policy actions and efforts to hold back crime should be made at

all levels – local, state, national, and regional – and should bring about broad alliances, including the participation of communities and businesses, as well as municipal, state and federal government officials.

Cooperation and consensus building is key. Security is the responsibility of governments. However, tackling insecurity will depend on a shared agenda and on partnerships. Clearly, governments have to respond better in addressing weaknesses in the institutions of the rule of law and in gaining the trust of citizens, but crime and violence won't be solved just on the basis of public action. Policies or strategies of "*mano dura*" (overcriminalization and repression) have proved counterproductive as levels of violence have kept on rising.

Innovative approaches combine policing and law enforcement with local and community programs in crime and violence prevention, but also in education and economic opportunities. These approaches rely on effective coordination and cooperation between governments and multiple stakeholders. Successful crime reduction experiences (Cali, Medellín, and São Paulo, among others) attest to the importance of forging partnerships, working at the local community level, and implementing integrated responses. The coordination of initiatives from various political and social actors and a focus on community cooperation within high-risk areas was very important to crime reduction efforts.⁵⁹ Several partnerships between local governments, private sector, community groups, and faith-based institutions have sought to improve socioeconomic conditions and reintegrate young people into the labor force and into communities. Private sector participation in the prevention of crime and violence has been

increasing, but still falls short. Challenges to its participation in crime and violence prevention include the lack of knowledge about community safety, expectations of immediate results, reluctance to be associated with perceived negative causes, and the lack of incentives.⁶⁰

In addition to bringing together multiple stakeholders in crime reduction experiences, it is necessary to build consensus on mobilizing resources. Improving security demands resources and a strengthening of public finances that, to some extent, depends on the political will of various key actors. With an average tax burden of 18 percent of GDP, the region collects little, and poorly. Narrow tax bases and high levels of non-compliance prevail throughout the region. For example, in Central America and the Dominican Republic, tax revenues as a percentage of GDP are among the lowest in the world, thus limiting the government's capacity to implement public policies.⁶¹

Cases where governments compel the wealthiest sectors of society to pay higher taxes are not that common. However, an interesting experience was Colombia's adoption of a wealth tax, the "Democratic Security Tax," to finance its security effort against drug trafficking and guerrilla and paramilitary groups. Between 2002 and 2010, the tax accounted for about five percent of tax revenue or about one percent of GDP. Its contribution to funding the country's security effort was considered significant, accounting for about 20 percent of the defense and security sector's total budget.⁶²

In addition, as noted earlier, progress in addressing crime demands sustainable growth with equality. Such an agenda should be based on a virtuous structural change to diversify the economy and improve its positioning in global

markets. Science, technology, and innovation are essential factors in an economy's potential to grow and compete in the global economy. Alongside national efforts, strengthening regional and hemispheric cooperation on science, technology, innovation, and education can be instrumental in developing more competitive and inclusive knowledge-based economies.⁶³ **PRISM**

Notes

⁰ This document was prepared by Inés Bustillo, Director, and Helvia Velloso, Economic Affairs Officer, of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), Washington D.C. Office. The authors would like to thank Juan Muñoz for his valuable research assistance. The views expressed in this article are those of the authors and do not necessarily reflect those of the Organization.

¹ UN General Assembly Resolution 66/290, "Follow-up to paragraph 143 on human security of the 2005 World Summit Outcome," A/RES/66/290 (Oct 25, 2012). <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N11/476/22/PDF/N1147622.pdf?OpenElement>.

² United Nations Development Program (UNDP), "Human Development Report," (1994). In addition to economic security, there are various other parts of this new vision of human security, including: food, health, environmental and personal, within community, as well as political security.

³ Hugo Noé Pino. "Gasto público en seguridad y justicia en Centroamérica," Serie estudios y perspectivas, *Sede Subregional de la CEPAL en México* n132, (October 2011).

⁴ Insecurity as a shared challenge that thwarts the region's development is an important message of the UNDP, "Citizen Security with a Human Face: evidence and proposals for Latin America," *Regional Human Development Report*, (2013-2014).

⁵ Demographic dividend, as defined by the United Nations Population Fund (UNFPA) means "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)." In other words, it is "a boost in economic productivity that occurs when there are growing numbers of people in the workforce relative to the number of dependents." <http://www.unfpa.org/demographic-dividend>.

⁶ For example: Ayres (1988); Gaviria, Guerrero and Londoño (2000); Imbusch, Misse and Carrión (2011); Londoño and Guerrero (1999); McIlwaine (1999); Skaperdas et al. (2009); Solimano (2004); WHO (2004), among others, indicate that violence is a key obstacle to development.

⁷ Gary S. Becker, "Crime and Punishment: An Economic Approach," *Journal of Political Economy* 76, (1968).

⁸ Eleanor Sohnen, "Paying for Crime: A Review of the Relationships between Insecurity and Development in Mexico and Central America," *Migration Policy Institute*, (Dec 2012): 2.

⁹ UNDP, "Citizen Security with a Human Face: Evidence and Proposals for Latin America," *Regional Human Development Report 2013-2014*.

¹⁰ According to ECLAC (2014), "La Nueva era Demográfica en América Latina y El Caribe," Latin America and the Caribbean is the most urbanized region in the developing world, and its level of urbanization is only surpassed by that of the United States and Canada. Eighty percent of the regional population resides in urban areas. In 1950, there were 8 cities in the region with a population of more than 1 million. In 2010, the number of cities with more than 1 million people had jumped to 62, with Mexico and São Paulo boasting a population of about 20 million. ECLAC projects that by 2030 there will be 90 cities in the region with more than 1 million people; in six of them, the population is expected to be higher than 10 million.

¹¹ CAF Development Bank of Latin America, "Towards a safer Latin America: A new perspective to prevent and control crime," (2014).

¹² Kevin Casas-Zamora and Lucía Dammert. "Public Security Challenges in the Americas," in *The Road to Hemisphere Cooperation: Beyond the Cartagena Summit of the Americas*, The Brookings Institution | Latin America Initiative (Washington DC, July 2012).

¹³ CAF Development Bank of Latin America (2014): 20.

¹⁴ Daniel Lederman, Norman Loayza, and Ana María Menéndez, "Does Social Capital Matter?" *Economic Development and Cultural Change* 50, no.3 (April 2002): 510.

¹⁵ Heather Berkman, "Social Exclusion and Violence in Latin America and the Caribbean," Inter-American Development Bank, Research Department, *Working Paper* #613 (October 2007).

¹⁶ ECLAC, *Social Panorama of Latin America* (2014): 29.

¹⁷ Sohnen, 15-16.

¹⁸ World Bank, "Crime and Violence in Central America," Sustainable Development Department and Poverty Reduction and Economic Management Unit (2011): ii.

¹⁹ Gustavo Robles, Gabriela Calderón, and Beatriz Magaloni, "The Costs of Crime and Violence

in Latin America and the Caribbean," Inter-American Development Bank, *Working Document # IDB-WP-426* (November 2013).

²⁰ Latinobarómetro, *Informe* (Santiago de Chile: November 2013)

²¹ ECLAC, "CELAC-European Union, Reinforcing production cooperation and dialogue: the role of SMEs," *Biregional economic perspectives*, LC/L.4020 (May 2015): 11.

²² The Gini coefficient measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Gini coefficient of 0 represents perfect equality, while a coefficient of 1 implies perfect inequality (for example, where only one person has all the income or consumption, and all others have none).

²³ Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America* (2014): 119-120.

²⁴ ECLAC/ILO, *Employment Situation in Latin America and the Caribbean*, no 12 (May 2015) and previous issues.

²⁵ ECLAC, "Compacts for Equality: Towards a Sustainable Future," Thirty-fifth Session of ECLAC, Lima (May 2014): 46.

²⁶ For comparison, statistics from The World Factbook produced by the U.S. Central Intelligence Agency cite a range from about 0.25 to 0.60 for the world. Europe generally posts relatively low numbers. The United Kingdom came in at around 0.34 (2005), the United States at 0.45 (2007).

²⁷ ECLAC, *Social Panorama of Latin America* (2014): 135.

²⁸ UNODC statistics online, data as of April 13, 2015; world average based on data for 219 countries. <https://data.unodc.org/#state:0>.

²⁹ United Nations Office on Drugs and Crime (UNODC), *Global Study on Homicide: Trends, Context, Data* (Vienna, 2011). <http://www.unodc.org/unodc/en/data-and-analysis/homicide.html>.

³⁰ CARICOM Commission on Youth Development, "Eye on the Future, Investing in Youth Now for Tomorrow's Community," Draft Report (January 2010).

³¹ Casas-Zamora and Dammert, 62.

³² UNODC statistics online (data updated on April 13, 2015). <https://data.unodc.org/#state:0>.

³³ UNDP, *Regional Human Development Report 2013-2014*: 3-4.

³⁴ Ted Enamorado, Luis-Felipe López-Calva, Carlos Rodríguez-Castelán and Hernán Winkler, "Income Inequality and Violent Crime: Evidence from Mexico's Drug War," *Policy Research Working Paper 6935*, The World Bank (June 2014).

³⁵ World Bank, "Crime and Violence in Central America," ii and 5- 6.

³⁶ UNDP, *Regional Human Development Report 2013-2014*: 6.

³⁷ Sohnen, 9.

³⁸ Pino, 21 (table 5).

³⁹ Skaperdas, Stergios et al. "The Costs of Violence," World Bank Group, Social Development Department (Washington DC, March 2009): 41.

⁴⁰ CAF Development Bank of Latin America (2014): 37.

⁴¹ *Ibid.*, 37-38.

⁴² World Bank, "Enterprise Surveys, 2006 and 2011," <http://www.enterprisesurveys.org>.

⁴³ See ECLAC, "Social Cohesion: Inclusion and a Sense of Belonging in Latin America and the Caribbean," (2007).

⁴⁴ William C. Prillaman, "Crime, Democracy, and Development in Latin America," *Policy Papers on the Americas XIV*, Study 6, (June 2003): 7.

⁴⁵ UNDP, *Regional Human Development Report 2013-2014*:10.

⁴⁶ Mark Ungar, "The Privatization of Citizen Security in Latin America: From Elite Guards to Neighborhood Vigilantes," *Social Justice* 34, no. 3/4 (2007-08): 34.

⁴⁷ See Inter-American Development Bank, "Citizen Security: Conceptual Framework and Empirical Evidence," *Discussion Paper No.IDB-DP-232*, (September 2012): 13, on the relationship between individual experiences of victimization and personal trust in public institutions.

⁴⁸ Latinobarómetro, *Informe* (Santiago de Chile, November 2013).

⁴⁹ ECLAC, *Social Panorama of Latin America 2014*: 16-17.

⁵⁰ *Ibid.*, 137.

⁵¹ *Ibid.*, 128.

⁵² *Ibid.*, 124.

⁵³ *Ibid.*: 130-132.

⁵⁴ Peter Imbusch, Michel Misse and Fernando Carrión, "Violence Research in Latin America and the Caribbean: A Literature review," *International Journal of Conflict and Violence* 5, no. 1 (2011): 122.

⁵⁵ Paulo Saad, "Demographic Trends in Latin America and the Caribbean." Workshop on Demographic Change and Social Policy organized by

the World Bank, Washington DC (July 14-15, 2009): 16.

⁵⁶ Ibid., 17.

⁵⁷ Hugo E. Beteta and Juan C. Brid, "Structural Change and Growth in Central America and the Dominican Republic: An Overview of Two Decades, 1990-2011." Economic Commission for Latin America and the Caribbean (ECLAC), (Santiago, Chile, 2014): 103.

⁵⁸ ECLAC, "Youth and Social Cohesion in Ibero-America. A model in the making," (2008): 39.

⁵⁹ See Rodrigo R. Soares and Joana Naritomi, "Understanding High Crimes Rates in Latin America: The Role of Social and Policy Factors," *The Economics of Crime: Lessons for and from Latin America*, Rafael Di Tella, Sebastian Edwards, and Ernesto Scharfrodsky, eds, (University of Chicago Press, 2007): 50-53.

⁶⁰ See World Bank and the Bogota Chamber of Commerce, "The Public-Private Partnerships and Community Safety: Guide to Action." International Center for the Prevention of Crime, 2011. The Guide highlights the important role of the private sector in helping to generate safer communities, describing possible ways in which the business and commercial sectors can collaborate in community safety matters.

⁶¹ Beteta and Brid, 253.

⁶² Gustavo Flores-Macias, "Financing Security Through Elite Taxation: The Case of Colombia's "Democratic Security Taxes," (Ithaca, NY: Cornell University, 2013): 2.

⁶³ See Inés Bustillo, "Fostering a Culture of Innovation in the Americas," in "The Road to Hemispheric Cooperation: beyond the Cartagena Summit of the Americas, The Brookings Institution, Washington D.C., July 2012 and ECLAC, "Areas for Cooperation in the Americas. Building opportunities for inclusive development," VII Summit of the Americas, LC/L.3986 (March 2015).



By 2022, the Obama administration hopes to finish off an electrical grid that will connect all of the Americas, from northern Canada down through the Caribbean and ending at the southern tip of South America.

United States Policy in the Hemisphere

Influencing the State and Beyond

BY FRANK O. MORA AND BRIAN FONSECA

United States—Latin American and Caribbean (LAC) relations are strong, and more importantly, built on a broad base of sophisticated, organic relationships that extend well beyond state-to-state engagements. Furthermore, U.S.-LAC relations encompass far more than what is often covered in the commentariat—like the number of presidential visits, the emergence of extra-hemispheric actors, problems related to drugs and immigration, or when compared to the visibility of U.S. engagements in others parts of the world. These outdated measures fail to truly appreciate the complexity and depth of U.S.-LAC relations today, all of which are the result of our persistent and deliberate engagement with the Americas. As former Secretary of State Hillary Clinton argues, “the United States needs to build on the ‘power of proximity.’ It’s not just geography—it’s common values, common culture, and common heritage. Its shared interests that could power a new era of partnership and prosperity.”¹ This article argues that in this context the role of the U.S. government must evolve from that of primary actor, to designer/ implementer of the enabling environment most conducive to the continued growth of organic, non-state relationships throughout the hemisphere, and offers a new set of measures that better reflects the strength of relations between the U.S. and its hemispheric partners.

Deepening democratic principles, improving human security, and creating opportunities for economic growth and integration continue to be central to ensuring regional stability and advancing our interests in the hemisphere. This is not a departure from the national interests articulated by previous U.S. administrations, nor should it be. The difference lies in our capacity to expand influence in the increasingly interconnected global context in which U.S.-LAC relations take place. On this increasingly crowded global stage, the U.S. Government must be competitive; we must offer a vision of universal values that is unifying, compelling, and appealing, to citizens across

Dr. Frank Mora is the Director of the Kimberly Green Latin American and Caribbean Center and a Professor in the Steven J. Green School of Public and International Affairs at Florida International University. Mr. Brian Fonseca is the Director of the Jack D. Gordon Institute for Public Policy and Citizenship Studies at the Florida International University.

the world. Given our shared history, similar cultures, increasing economic and social ties, this message will resonate strongly in this hemisphere. Globalization continues to force the region to rapidly adapt to political, economic and social currents, and improvements in access to information provide individual citizens with better connectivity and, in many cases, greater influence over their respective governments. Differences in adapting to globalization are producing a region more differentiated than ever before. Thus, U.S. policy must be recalibrated to match the evolving strategic environment, tailored to the increasingly pronounced differences among countries in the region, and inclusive of the full range of actors populating the hemisphere (states, non-state actors, and individual citizens).

The Strategic Environment

U.S. policy must be built on a strong understanding of the strategic environment in which U.S.-LAC relations take place. It is only in the last few decades that U.S. policy towards the region began to take into consideration key elements influencing these relations, such as the increasing global integration of the Americas, growing differentiation among nations of the Americas, “including their willingness to partner with the U.S., and the multiplicity and diversity of relations within and beyond the hemisphere.”² The dynamic strategic environment that characterizes hemispheric relations today is often not clearly understood by many who continue to have a very state-centric understanding of the region and of U.S. policy. The need for policy to reflect and respond to this rapidly evolving context is paramount if Washington is to continue deepening ties and strengthening its influence in the region.

In world politics the state remains the most important actor, particularly in the area of security and the establishment and maintenance of international norms and practices. Bilateralism and multilateralism remain critical in exerting influence. Policymakers have yet to truly appreciate the impact of non-state actors beyond the often-mentioned terrorist and transnational criminal organizations. Businesses, religious organizations, and social movements and their structured networks across borders, are impacting international politics; transnational ties between these groups have tangible effects on the politics of their “home countries.” In terms of U.S.-LAC relations, dense interactions among non-state actors have become the true determinants of hemispheric relations. In fact, the complex network of inter-American non-state relations, particularly in the social and commercial spheres, has grown exponentially in the last few decades. Chris Sabatini argues that these interactions and exchanges “have often outstripped formal state relations and helped move governments in directions that state bureaucracies would not normally steer themselves.”³ For example, non-state actors continue to drive many states to acknowledge and address endemic corruption, human rights violations, and a wide range of socioeconomic inequalities.

The distribution and diffusion of power from the traditional centers of political and economic authority has heightened the capability of non-state actors and individuals to shape and influence global affairs. With regard to U.S.-LAC relations, states continue to play a dominant role but other actors and their networks also enhance interconnectivity leading to more complex and dynamic inter-American relationships. For this reason, the United

States government should lead and coordinate a whole of nation effort that leverages existing and potential engagements along the three levels of U.S.-LAC interaction: state, non-government and individual. The connections are fluid and dynamic, allowing states to engage and collaborate with non-state actors to achieve mutual objectives. For instance, the public-private partnership programs in the economic and social realms (e.g. “100,000 Strong in the Americas” education initiative and the “Connecting the Americas 2022” electricity generation program) in which Washington works with the private sector and community leaders in the U.S. and across the hemisphere to meet important needs while helping to deepen inter-American connectivity are the most dynamic kinds of contacts occurring today.⁴ The U.S. government must leverage and coordinate these actors and opportunities since these types of interactions offer the most effective means of advancing U.S. interests and influence in the new inter-American strategic context.

Converging Hemispheric Interests

A key characteristic of hemispheric relations today is the growing convergence on key issues and concerns—and subsequently, interests—facing the hemisphere. For instance, the 2003 Declaration on Security of the Americas integrated different perspectives regarding security threats and priorities that included terrorism, corruption, illicit trafficking and weapons proliferation.⁵ Differences remain as to perceptions of severity and the appropriate means to address these challenges, but a consensus persists around those threats more than a decade since the Declaration. Since then, the consensus expanded and focused on key issues, including energy, climate change, inequality,

social inclusion (e.g. LGBT and indigenous rights), crime and violence and competitiveness. Political-ideological differences emerged in the new century impeding inter-American collaboration in some areas, but the consensus and opportunities for mutual collaboration continued to mature, in part thanks to efforts by social and economic entities, such as religious organizations, universities, and human rights organizations (many transnational) and their determination to keep the issues at the forefront of the hemispheric agenda.

A Differentiated Hemisphere

Countries in the hemisphere continue to make strides in their political, economic, and social developments—and all in the context of an increasingly interconnected, multipolar world. However, there are some clear differences among countries in terms of demographics, economy, territory, social development and institutional capacity to confront the challenges and opportunities of globalization. Comparing the economic size and institutional capacity of Honduras to Brazil or Chile underscores these differences.

While democracy remains the preferred form of government throughout the hemisphere the quality of democratic practices varies in the region. Progressive social initiatives over the last few decades have led to improvements in access to education and health and reduction in poverty rates in most of South America, but the quality and access remain problematic, particularly in Central America. Progress, therefore, remains uneven, and in some cases reversing, producing greater differentiation than ever before in terms of the quality of governance. In other words, the increasing differentiation lies in the capacity and performance of states to deliver governance

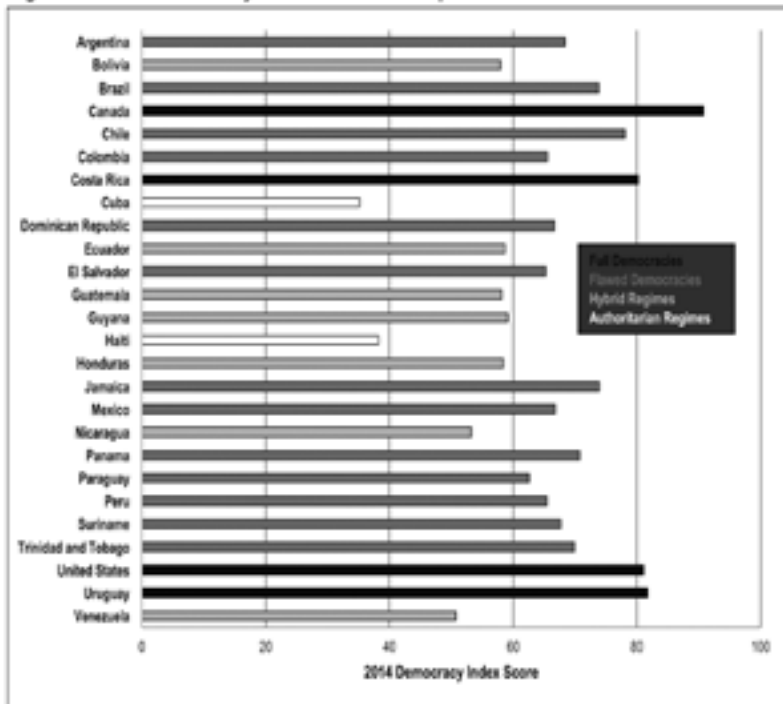
and development. Again, comparing state capacity and performance between Chile and Guatemala, for example, in delivering public goods effectively, particularly in the area of citizen security—the main challenge facing Guatemala and most of its Central American neighbors—highlights the differentiation that exists in LAC.

As the quality of democratic practice varies within the region, there are strong national differences in perceptions of the performance of democratic institutions reflecting those differences. According to Vanderbilt University’s AmericasBarometer, public support for democracy is over 65 percent in LAC.⁶ However, the consolidation or performance/quality of democracy differs across the hemisphere and continues to struggle in the Andean Region, Central America, and Haiti. Economist

Intelligence Unit’s Democracy Index only ranks five hemispheric countries as full democracies: Canada, Chile, Costa Rica, the United States, and Uruguay. Most of the hemisphere varies between flawed democracies and hybrid regimes, with Cuba and Haiti characterized as authoritarian regimes (see figure 1).⁷ Furthermore, institutions continue to struggle to achieve legitimacy, and widespread corruption is undermining institutions’ effectiveness in delivering security, justice and inclusive socioeconomic development; this is particularly the case in Central America but still extant in much of LAC.

Public opinion indicates that trust in political and social institutions is declining. While trust in the Catholic Church and the Armed Forces remains high throughout the region (see figure 2), improving political and

Figure 1: State of Democracy in the Western Hemisphere



Source: Economist Intelligence Unit’s Democracy Index, 2014.

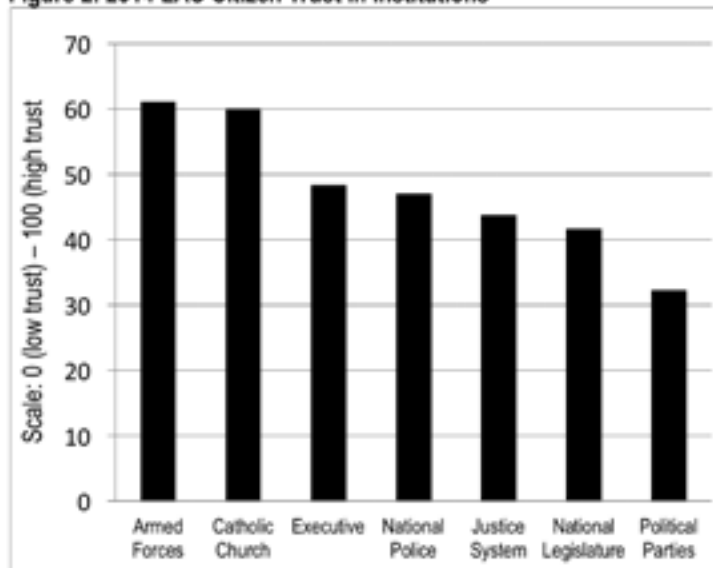
social institutions is the preeminent challenge facing the consolidation of democratic rule across the region. Recent social protests in Brazil, Chile, Guatemala, and Honduras, for example, are signs that structural reforms remain incomplete. In the end, as Hillel Soifer’s recent book “State Building in Latin America” underscores, the challenges to the region’s democracies is more fundamental than weak rule of law, bad infrastructure and poor schools—it’s about state capacity and the political will to institute necessary reforms.⁸

Access to health and education is increasingly becoming more available to historically marginalized populations though quality, particularly in education, remains a challenge at a time when Latin America lags in competitiveness. According to Americas Quarterly’s Social Inclusion Index, there are vast variations in social inclusion from one country to the next (and even within). For example, women’s rights are lowest in El Salvador, Guatemala,

Honduras, and Paraguay, and highest in Argentina, Chile, Costa Rica, and Uruguay. Poverty, inequality, and quality of health and education figures also vary greatly between countries with low levels of socioeconomic development—Guatemala, Honduras, Mexico, and Paraguay—and countries with higher levels, such as Uruguay and Chile.⁹ The disparities between socioeconomic indicators in LAC’s precarious democratic environment are giving rise to growing social and political turmoil and ferment

Hemispheric efforts to improve human security over the last few decades have achieved some important results. The region has made remarkable progress in improving socioeconomic sources of human security. According to the Human Development Index, most countries rank between 60 and 80 on a 0-100 scale (see figure 3).¹⁰ Poverty (and extreme poverty) reduction has been dramatic, from a high of 44 percent in 2002 to 28 percent in 2013,

Figure 2: 2014 LAC Citizen Trust in Institutions



Source: Vanderbilt University’s AmericasBarometer, 2014.

while uneven income distribution, one of the greatest challenges for democracy and development, has improved with reductions of the Gini coefficient of one percent a year during the last ten years.¹¹ Moreover, more than 50 million people have worked their way up the social and income ladder in LAC in the past decade to become members of the middle class—an increase of over 50 percent.¹²

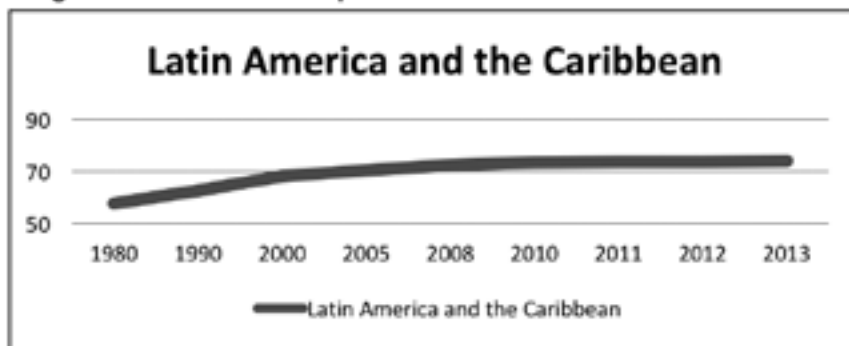
Despite this important progress, Latin America's middle class is precarious, at best—they are an economic slump away from poverty. They have insecure jobs, weak purchasing power and lack access to quality education and health care for their children. But they also have rising expectations, a new stake in the political process, increased access to uncensored information via social media and a voice that demands to be heard. If this new middle class were to drop back into poverty, democratic governance could be further in peril. Additionally, downward trends in inequality and poverty have now leveled off, in large part because of emerging economic stagnation and pending structural reforms. In some countries, like in the Southern Cone and the Caribbean, poverty has begun to creep up. In Mexico, for

instance, the number of poor increased by more than two million since 2012.¹³

One key challenge faced by just about every country in LAC is physical security. Citizen insecurity is among the most pressing concerns in LAC today, and one that is shared across the hemisphere. The question of physical security is not associated with the threat of inter-state conflict, which remains very low, despite legacies of territorial disputes. Instead, the nature of the threat is internal to states and involves non-state actors (gangs and transnational organizations) and individuals (delinquents). According to AmericasBarometer, more than half of LAC citizens perceive that security has worsened over the last decade, and citizens perceive physical security as the most prevailing issue facing communities.¹⁴

Though citizen insecurity affects all, there are some significant differences. Argentina, Chile, Nicaragua, and Uruguay, for instance, have homicide rates of less than eight per 100,000 in 2014. Conversely, El Salvador, Venezuela, and Honduras recorded homicide rates of more than 60 per 100,000; the highest levels in the world.¹⁵ The same differentiation applies to other crimes like kidnapping and burglaries. Criminal organizations and gangs

Figure 3: Human Development Index Trends 1980-2013



Source: United Nations Human Development Report, 2014.

continue to proliferate in areas characterized by weak governance and high socioeconomic inequalities, and Colombia and Peru continue to fight decades-long domestic, albeit considerably weakened, insurgencies. To that end, centering notions of security on people, rather than states, enables U.S. policy to target socioeconomic causes of insecurity by building state capacity and promoting inclusive development.

Liberal economic policies remain the norm throughout hemisphere, despite longstanding debates as to the role of the state in domestic economies. For the most part, countries have made improvements in macroeconomic policy with some success. Inflation remains relatively low in most countries, averaging six percent in 2014 for most of the region. According to the World Bank, LAC's middle class is estimated to encompass nearly 30 percent of the population. However,

degrees of success vary across the region (see figure 4).

The IMF projects overall LAC growth to decline for the fifth year in a row – from 1.3 percent in 2014 to a projected less than one percent in 2015. The impact of global shifts in commodity prices is negatively impacting commodity exporters like Argentina, Brazil, Canada, and Venezuela, while the cost savings from the drop in oil prices is presenting economic opportunities to Central American and Caribbean nations. Meanwhile, Chinese financial largesse may decline as its economic growth slows and returns on existing loans become underwhelming, reducing the hemisphere's governments' ability to fund budget deficits.

Venezuela's political and economic collapse could have severe consequences for countries that are dependent on Caracas' oil supply guarantees and financial aid, namely

Figure 4: LAC Economic Growth Trends



Sources: IMF, World Economic Outlook database; and IMF staff calculations and projections.

Cuba, Nicaragua, and many countries in the Caribbean. Brazil is in the midst of its worst economic recession in twenty years while its political system is facing a corruption scandal that may lead to further institutional paralysis. Economic stagnation and persistent inequalities coupled with institutional deficiencies and lack of political will to deal with the structural challenges facing these societies can lead to further weakening of democratic rule and enhanced social turmoil. U.S. policies in the hemisphere must encourage long-term structural reforms in order to enhance accountability, market openness and overall global competitiveness.

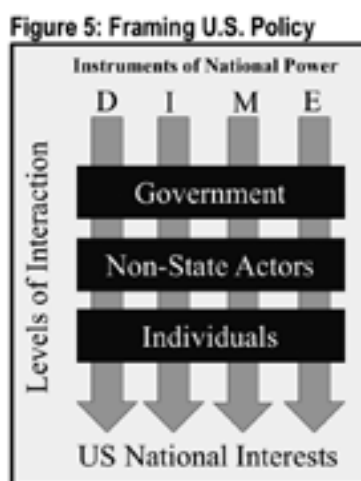
Hemispheric Integration

The hemisphere continues to develop and expand multilateral and regional/sub-regional political, economic, social, and security institutions. Despite the growing numbers of institutions, results across the hemisphere are mixed. Regional blocs like the Pacific Alliance are outperforming the Bolivarian Alternative for Latin America and the Caribbean (ALBA) and Southern Cone Common Market (MERCOSUR). Organizations such as the ALBA, the Union of South American Nations (UNASUR), the Central American Integration System (SICA) and the Organization of American States (OAS), among others, are impaired by ideological overtones, differences in regional priorities or issues of concern/interests, and lack of political will to truly integrate and collaborate. Furthermore, institutions remain largely state-centric missing opportunities to facilitate substantive engagement beyond the state. Still, the presence of these institutions is vital to creating opportunities for inter-American integration and collaboration on a wide range of converging interests.

United States policy should seek to reassert visible leadership in multilateral and regional/sub-regional organizations that advance common hemispheric interests. The U.S. should not shy away from engaging “other” multilateral organizations—like the Community of Latin American and Caribbean States (CELAC) for example—even if these organizations are viewed as largely ineffectual or seek to deliberately exclude the United States. The U.S. should seek every opportunity to communicate its vision and policy to the region, to states, regional bodies, and individuals alike—constantly seeking to present, defend and advance universal values.

United States Policy in the Hemisphere

United States government policy is critical in the expansion and deepening of U.S.-Latin America relations at the levels of interaction required to achieve influence (see figure 5). Only the U.S. government is capable of defining and pursuing U.S. national interests, but increasingly does so by using its instruments of national power to encourage and create the



Focusing instruments of power at all levels of interaction advances U.S. national interests.

space that enables the density of societal interaction across all of society in support of U.S. interests. In this context, Washington continues to drive and influence the political and legal framework by which not only states interact but non-state actors and individual contacts flourish. To that end, the U.S. must assert its leadership in developing partnerships with others in the hemisphere. As articulated in the National Security Strategy (2015), the U.S. must continue leading with strength, conviction, strategic vision, and with willing and capable partners—using all instruments of national power.¹⁶

As a way to describe the U.S. government's strategic approach in a dynamic, complex hemispheric environment, this paper uses the organizational concept of DIME (Diplomacy, Information, Military, and Economics) to structure and explain a policy by which the U.S. can utilize the instruments of national power to engage and influence the different levels of interaction. These instruments of national power overlap across the levels of interaction, and when used effectively, the U.S. can magnify the multiplicity of ties within U.S.-LAC relations. In other words, U.S. influence and national interests lay in strengthening and deepening U.S.-LAC relations along the different levels of interaction. Washington plays a pivotal role in providing the appropriate framework for these ties to thrive.

Diplomatic

United States government interactions with its counterparts in the hemisphere continue to be the principal means of interaction and provide the foundation and structure in which hemispheric relations build momentum. In terms of the diplomatic tool, the U.S. must continue working with governments, non-governmental

actors, and even individuals to provide the political and policy infrastructure and thrust to enhance U.S. influence while making progress in areas of mutual interests, such as strengthening democratic rule and human rights; promoting economic opportunities and integration; and addressing the challenges associated with human security.

The U.S. should invest its diplomatic resources on engaging throughout the Americas and the Caribbean across all levels of interaction. In North America, U.S. policy should center on integration and cooperation in energy, economic competitiveness, and security. A recent report from the Council on Foreign Relations indicates, "if the three North American countries deepen their integration and cooperation, they have the potential to again shape world affairs for generations to come."¹⁷ Additionally, the U.S. should continue working with countries experiencing governance challenges, particularly those in Central America and the Caribbean, to support democracy promotion programs (rule of law, transparency, and institution-building support) and partner with governments and non-state actors to address the causes and consequences of human insecurity.

U.S. diplomatic interactions with willing partners must continue to focus on strengthening the Inter-American system. United States commitment to working through the Inter-American System, particularly through effective organs such as the Inter American Commission on Human Rights, Special Rapporteur for Freedom of Expression, and the Inter-American Defense College (to name just a few), remains critical to advancing U.S. interests by way of facilitating and strengthening collaboration along multiple levels of interaction. Strengthening and working through

multilateral entities should remain central because they can serve as useful platforms for the advancement of universal values like human rights, advancement of the middle class, inclusive socio-economic reforms, combatting corruption, and protecting the environment. However, the current paralysis plaguing the OAS in some areas undermines both inter-American collaboration and the pursuit of U.S. goals and interests. Nevertheless, the U.S. should go beyond the status quo to reinvigorate a moribund system that has the potential to advance shared approaches to hemispheric challenges and opportunities.

As a complement to bolstering the inter-American system Washington must continue to leverage bilateral schemes with countries that have the political will to work with the U.S. on issues of mutual interest. The recent bilateral agreement on climate change with Brazil offers a useful example. However, there are limitations to bilateralism as it constrains the scope of engagement and the degree to which a particular challenge can be addressed in a highly transnational and rapidly evolving environment. As a response to the paralysis of multilateral mechanisms and the limitations or narrowness of bilateral arrangements, Moises Naim suggests a new path: "minilateralism." By minilateralism Naim suggests a "smarter, more targeted approach: We should bring to the table the smallest possible number of like-minded countries needed to have the largest possible impact on solving a particular problem" or set of problems.¹⁸ This type of diplomacy can include governments as well as non-governmental organizations that understand that the global or transnational challenges of today cannot be solved by one country or even a set of countries that does not also include non-state actors. Supporting the

Alliance for Prosperity in the Northern Triangle and encouraging the deepening of the Pacific Alliance process of economic integration (though the U.S. is not a member) provide effective opportunities to advance U.S. interests in the region through minilateralism.

Finally, the U.S. can use diplomatic tools working with other governments to promote people to people interactions. By providing the political and institutional support and structure for funding, the U.S. can facilitate interactions at the individual level. The most recent example of this is the outreach to the Cuban people by President Obama when he announced a thawing of relations with Cuba on December 17, 2014 and re-establishment of diplomatic relations between the U.S. and Cuba on July 20, 2015. The cornerstone of the policy is recognition that people to people connections matter and have the greatest prospects of achieving U.S. objectives and interests on the island.

Another important example is the Obama administration's "100,000 Strong in the Americas," signature education initiative. The program aims to increase the number of U.S. students studying in the Western Hemisphere to 100,000, and the number of Western Hemisphere students studying in the U.S. by the same amount by 2020. The initiative is supported by a fund established as a public-private partnership aimed "at enhancing hemispheric competitiveness, increasing prosperity, and providing study abroad opportunities to better prepare a globally aware and culturally competent workforce."¹⁹ Student exchange is nothing new but the priority and political support given by this program has created the context for this type of interaction to intensify and advance U.S. interests and influence in the

region. These are examples of appropriate, innovative, and effective new initiatives.

Information

In this, the “information age,” the U.S. must be prepared to understand and engage in two-way public diplomacy to proactively shape the information space in support of U.S. policies within the hemisphere. This approach recognizes that information is among the most important instruments of national power as it can efficiently access all levels of interaction. When coupled with credible actions on the ground, information can maintain and expand U.S. influence in this hemisphere. Diplomatic, economic, and military instruments have more narrowly defined domains, and are to a significantly greater degree controlled by governments, but information is only constrained by the lack of fluid and timely execution of communication related activities. By its very nature, information transcends state borders and facilitates interaction that enables bonds to develop across states, non-state actors, and individuals. United States public diplomacy efforts should constantly stand up for and promote inter-American values and not be constrained by regional politics or the preoccupation of whether people like the U.S. government or not.

Shaping the information space, as directed by the National Security Strategy, is critical to maintaining and promoting U.S. interests and priorities. Nevertheless, the U.S. government’s recent forays in the information domain to counter unaccompanied minors crossing into the U.S. from Mexico or to help prepare partner nations for the potential spread of an epidemic like Ebola highlight the negative effects of an under resourced and poorly managed instrument of national power in this

hemisphere. Information related capabilities (IRCs), such as public affairs/public diplomacy and information operations are low-cost, high-return capabilities that are required to advance U.S. national interests and priorities. However, trends are moving in the wrong direction. At United States Southern Command, IRCs have been cut by nearly 67 percent since 2013, severely limiting the Department of Defense’s ability to proactively engage with its regional partners or counter misinformation disseminated by state and non-state actors; similar trends exist in the Department of State as well.

By its very nature, information transcends state borders and facilitates interaction that enables bonds to develop across states, non-state actors, and individuals

The U.S. should dramatically reform and bolster its public diplomacy capacity, focusing on clearly defined messages to specific audiences across the hemisphere. Public-private partnerships are also instrumental in reaching broad audiences effectively. To expand U.S. reach and impact, it should capitalize on trusted agents to deliver its messages (i.e. local leaders, charities, business sector, etc.). The U.S. government’s messages must be built on a strong understanding of the audiences—meaning the information flow must be bidirectional. In other words, the U.S. must listen to the needs and interests of the hemisphere in order to effectively pursue positive sum opportunities.

Social media has become an important form of communication in the hemisphere, being used as both an instrument of vertical accountability and a means by which people-to-people interaction occurs. Today’s rich information environment has allowed citizens

to voice their displeasure to the highest levels of government, with social media serving as an organization tool to hold its leaders accountable; recent anti-corruption protests in Brazil, Guatemala, and Honduras were planned and executed via social media outlets. Facebook, Twitter, WhatsApp, and YouTube have successfully linked communities, both in-state and internationally. Social media users are expected to rise to nearly 300 million users by 2018, an increase from 214 million users in 2014.²⁰ The U.S. government's current attempt to leverage social media falls short as it fails to truly connect people and ideas—it simply informs people about U.S. government activities. The U.S. must also attract the skill sets required to optimize the tools available to communicators today. The U.S. should better organize and expand its use of social media, in concert with other traditional forms of media (radio, TV, newspapers, etc.), to inform the hemisphere about U.S. policies, “and the people, values, and institutions which influence those policies.”²¹

The U.S. lost a significant asset with the dissolution of the U.S. Information Agency (USIA) in 1999, and the subsequent decentralization of IRCs across the interagency. This has made it difficult for the U.S. to prioritize information programs and persistently deliver the U.S. message across all levels of interaction. Furthermore, the information space has become exponentially more complex since 1999, with the advent of rapidly evolving new media technologies, and a considerably more competitive presence of external and non-state actors in the region. Rather than focus on propaganda efforts—the negative association of the USIA during the Cold War—the U.S. should strengthen its information capacity to promote democratic principles (transparency,

free speech, freedom of expression, social and economic equality, etc.), while countering messaging efforts by state and non-state actors that threaten the collective interests of the hemisphere. If the political and budget environment in Washington were to allow, it is worth considering the re-establishment of a robust institutional information management capacity to replace what was lost with the dismantling of USIA.

Military

The U.S. military will remain important in preserving and expanding common interests across the hemisphere. The U.S. military's strong, long-standing relationships with its counterparts in the region can and should help ensure that these militaries maintain high levels of professionalism and a commitment to democratic principles as they face unique challenges. Militaries across the hemisphere are among the most trusted, adept, and influential institutions in their respective governments today—second only to the Catholic Church in many countries. This is particularly important given the declining legitimacy of other state institutions (judiciaries, legislatures, political parties, etc.). Somewhat worrisome, 40 percent of LAC citizens strongly support the military's role in combating crime and violence, compared to six percent that strongly disagree.²² LAC militaries are increasingly being asked to serve in nontraditional roles, such as domestic law enforcement activities, environmental conservation efforts, protecting energy infrastructure, etc., many of which they are not well prepared for. LAC militaries will remain among the most influential institutions in at least the near-to-medium terms, and thus, the U.S. should strengthen military-to-military institutional links across the region and ensure

continuity in U.S. interests and democratic principles.

The U.S. military's primary mission in the region must remain the professionalization of militaries across the hemisphere. It should also play a supporting role to the interagency in combating the security challenges facing the hemisphere—transnational organized crime, gangs, cyber threats, corruption, human rights, etc.—as well as continuing to build capacity in areas that enhance professionalism and interoperability such as peacekeeping, humanitarian assistance, and disaster response (HADR). U.S. military training should focus on deepening democratic and institutional reforms. Military-to-military engagements should

continue to emphasize developing partner nations' institutional capacities, strengthening transparency and civilian oversight, advancing the protection of human rights, and promoting career development, all contributing to overall defense institutions' resource management capacity. The participation of regional governments and non-governmental organization civilians in existing U.S. military programs also encourages the promotion of domestic and international confidence building measures that can extend beyond the state. One example is the William J. Perry Center for Hemispheric Defense Studies at National Defense University that engages senior civilian and military security and defense professionals



Department of Defense

Sandi Burges, Bridge Ministries founder, and a U.S. soldier hand out donated soap kits at the Comayagua Landfill in Honduras May 20, 2014.

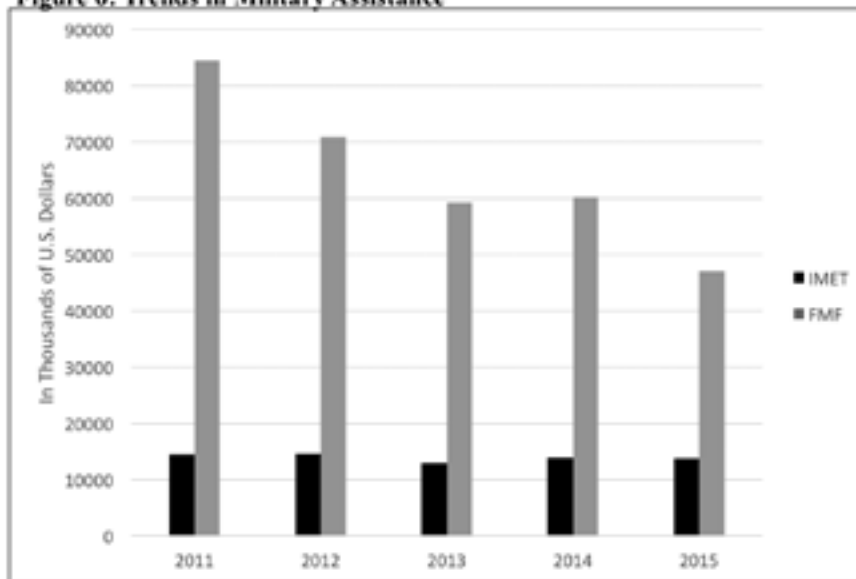
from around the region “to build strong, sustainable networks of security and defense leaders and institutions.”²³

The U.S. military’s primary objective in the region is the same as it should be across the entire interagency community, strengthening institutional capacity in terms of uniformly accepted democratic principles. As such, the U.S. must review, and as necessary, modify and align its policies, programs, funding, and authorities to set the conditions and facilitate the U.S. military’s ability to effectively engage and achieve measurable progress. The tools available to the U.S. military include military training and education, military operations and exercises, and arms transfer programs, often through designated programs such as International Military Education and Training (IMET), Defense Institution Building (DIB), Defense Institutional Reform Initiative (DIRI), Foreign Military Financing (FMF), and Foreign Military Sales (FMS). Overall trends indicate a decline in military assistance to the region.

There has been a nearly 50 percent decline in FMF in Latin America. IMET funding is significantly lower than FMF and has declined slightly between 2011 and the total requested in 2015 (see figure 6). The decline in resources allocated to U.S. military engagement in the hemisphere undermines our ability to bolster our relationships with military institutions across the hemisphere. Furthermore, hemispheric allies will look elsewhere for training and technical support if U.S. resources continue to decline.

It is no secret that the bureaucratic and cumbersome processes associated with FMF and FMS weakens U.S. military engagement efforts and undermines hemispheric preferences for U.S. equipment. These processes, which are outdated, have become more burdensome over time. The U.S. should overhaul these processes in order to bolster the U.S. military’s capacity to provide infrastructure and equipment to hemispheric militaries. For now, given the current challenges in moving

Figure 6: Trends in Military Assistance



Source: U.S. Department of State, Congressional Budget Justification for Foreign Operations

military equipment into the region, the U.S. military should place greater emphasis on building the people to people contacts between U.S. civilian and military personnel and security and defense professionals across the hemisphere. The Perry Center for Hemispheric Defense Studies, the Inter-American Defense College, the State Partnership Program—as well as the national defense colleges across the hemisphere—are all excellent venues to facilitate relationships between U.S. and hemispheric military personnel. These programs should be expanded. Additionally, USS Comfort, New Horizons, Medical Readiness Training Exercises, Defense Institution Building (DIB), and Humanitarian Assistance Program (HAP) funds, for example, build partner nation capacity and create vital links between the U.S. military and hemispheric militaries. These activities should be bolstered and remain at the forefront of the U.S. military's engagement portfolio in the hemisphere.

Although the U.S. military is limited in its ability to engage beyond the state, centering on professionalization of the armed forces, with emphasis on training and educational exchanges, will reach all levels of interaction and build institutional links vital to advancing U.S. national security interests. Along these lines, the U.S. also should focus on leveraging capable and willing regional security exporters like Brazil, Colombia, and Chile and engage them in supporting less stable regions like Central America.

The U.S. must also reconcile the role it assigns to the U.S. military with the evolving roles of LAC militaries. The U.S. should not militarize its assistance to crime and violence-plagued countries in the region, namely Central America. The focus should remain on

prevention and institution building. However, the U.S. military should stand ready to support interagency efforts to help regional militaries prepare for and mitigate the challenges associated with non-traditional missions. U.S. military engagement will prove more relevant than critics ascribe as the trends of deteriorating security, prosperity and stability in the region's democratic states have led many countries to utilize their armed forces in efforts to restore stability. The transnational nature of many of the threats to these countries will make the establishment of common values between national militaries necessary to improve their ability to meet these threats as they cross each other's borders.

Economic

Economic (and political) power are shifting away from governments and toward non-state actors, including individuals, who are increasingly shaping world events. Rather than getting in the way of this process, the U.S. should recognize and encourage the distinctive economic interconnections that exist between the U.S. and countries in the region. For instance, Washington needs to expand programs like the Small Business Network of the Americas that link small businesses in the U.S. with those in the Americas offering an opportunity to share experiences and know-how, while enhancing prospects for the expansion of trade and investments. They also create opportunities for engaging in the region at a level with the greatest impact on U.S.-LAC relations, helping to sustain U.S. influence in the Americas. Also, as discussed previously, private-public partnerships in the area of energy, financing and infrastructure development, for example, offer a differentiated and effective mechanism by which to promote U.S. economic interests

“based on countries’ needs and capabilities rather than historic one-size-fits all approaches to the region.”²⁴

In the economic realm only the state is able to negotiate bilateral and multilateral agreements providing the political and legal framework governing all forms of economic engagement and interaction. For instance, without free trade agreements negotiated and signed by states, like those the U.S. has with Latin American countries facing the Pacific (except Ecuador) or bilateral investment treaties which the U.S. has with a number of LAC countries, private sector companies and investors would not be able to deepen economic ties. There are also areas that need greater efforts on the part of Washington and partners in the region in order to deepen these ties. Double taxation agreements, for instance, have long been called for by the private sectors in the U.S. and a number of Latin American countries. This is a particularly sensitive but significant issue in U.S.-Brazil relations. Such agreements establish “common standards and rules for each country’s tax revenue services, to avoid double taxation. Avoiding being penalized by paying taxes twice encourages new investments allowing for more productivity and new jobs and trade.”²⁵ By negotiating and signing such agreements, governments enable companies in the U.S. and the region to intensify their interaction, in turn, improving the lives of citizens in the hemisphere and enhancing U.S. influence.

In the end, however, it is up to U.S. companies to take the initiative and engage a more globalized regional environment in which many companies from within and out of the region are competing for markets and investment opportunities. The U.S. remains a dominant economic partner but alternatives

abound. Despite diversification of trading partners and sources of investments from within and outside (mostly Asia) the region, the U.S. remains the first or second trading partner for nearly every country in the region, while foreign direct investments (FDI) in Latin America is twice as high as it was a decade ago, making the U.S. the largest source of FDI in LAC. A recent report from the Inter-American Dialogue (2014) notes, that “from 2000-2012, U.S. FDI in LAC increased by 83 percent, while LAC FDI in the U.S. rose by 43 percent.”²⁶ It is also important to note that about 90 percent of the \$65.5 billion (2014) remittance income destined to the Americas comes from the U.S. These positive trends undercut arguments that the U.S. is losing ground in the region. China and other extra-hemispheric economic engagement in the region should not be seen as a threat but in fact an opportunity for the U.S. to ramp up its game and compete for markets and investment opportunities. The U.S. must leverage all the levels of interaction to expand our economic interests that, in the end, are mutually beneficial as this helps generate growth, employment and development across the Americas. Expanding trade and investments create the conditions for growth and economic opportunities if coupled with the appropriate structural reform that ensure that all benefit from greater economic integration.

The U.S. government must continue providing a political, legal and bureaucratic framework and the incentives necessary to facilitate trade and investments. Efforts to defund or shutdown the Export-Import Bank and the Overseas Private Investment Corporation, entities that promote small and medium businesses gain a foothold in emerging markets, are short-sighted and counterproductive. These agencies have a significant role in

providing opportunities and employment for U.S. and LAC businesses and workforces, while helping to sustain our influence in the region. This is the kind of engagement or interaction that makes a real difference in shaping and strengthening U.S.-LAC relations.

Conclusion

For far too long experts and others that comment on U.S. policy toward LAC have failed to align their analyses and policy recommendations with the ever more complex and dynamic nature of contemporary U.S.-LAC relations. Critics often use outmoded Cold War frameworks to suggest that U.S. is “losing ground” in the region. Whether alluding to China’s growth in trade and investments or recent diplomatic “inroads” by Russia and Iran, utilizing zero-sum approaches ignores the complexity of hemispheric relations in the 21st Century. Finally, pundits point to the dramatic decline in economic and military aid or the absence of an all-encompassing policy with an exciting moniker such as the Good Neighbor Policy or the Alliance for Progress as proof that the U.S. is ignoring the region and therefore ceding influence to others with a clear anti-American agenda. In today’s context, however, these are not the best or most effective indicators for measuring the true level of support for U.S. policies or leadership.

The “real action” or impact is occurring below the state at other levels of interaction where non-state actors and individuals, such as universities, small to large companies, churches, transnational civil society organizations, media, etc. interact with their counterparts throughout the hemisphere in an organic way giving texture and meaning to U.S.-LAC relations. The role of U.S. government policy remains critical in hemispheric relations

providing the leadership and policy outlines, international agreements, and political-legal foundation through which the U.S. as a nation engages the region. Globalization, technology and the concomitant empowering of non-state actors in the Americas has created space for the different levels of interaction to engage one another across borders in ways that make a difference in the everyday lives of citizens. It is for this reason that U.S. policy should focus on facilitating and expanding this interconnectivity, via the full range of instruments of national power, to create a context for strengthening partnership and opportunities for mutual gain while helping enhance U.S. interests and influence in the Americas. **PRISM**

Notes

¹ Hillary Rodham Clinton, Remarks on Cuba and Latin America, Florida International University; Miami, FL: 31 July 2015.

² Christopher Sabatini, "The new and not-so-new foreign policies in the Americas," *Latin America Goes Global*, June 9, 2015, <http://latinamerica-goesglobal.org/2015/06/554/>

³ *Ibid.*

⁴ Connecting the Americas 2022 is a regional initiative that seeks to create a business environment to accelerate the development of renewable energy, attract private investments, and bring the best in energy technology to the market with the aim of delivering affordable electricity to all communities in the Americas by 2022. This initiative, which is being led by Colombia and the United States, was launched at the Sixth Summit of the Americas in April 2012. Five months later, the region's foreign ministers met in New York to further discussions on the strengthening of regulatory frameworks and electrical interconnections to achieve access to electricity for all citizens within a decade and improve the quality of life of the peoples of the Americas.

⁵ "Declaration on Security in the Americas," *Organization of American States*, 2003, <https://www.oas.org/en/sms/docs/DECLARATION%20SECURITY%20AMERICAS%20REV%201%20-%2028%20OCT%202003%20CE00339.pdf>

⁶ Elizabeth J. Zechmeister, *The Political Culture of Democracy in the Americas, 2014: Democratic Governance across 10 Years of the AmericasBarometer* (Nashville: LAPOP, 2014).

⁷ "Democracy Index 2014: Democracy and its Discontents," *The Economist*, 2015, <http://www.sudestada.com.uy/Content/Articles/421a313a-d58f-462e-9b24-2504a37f6b56/Democracy-index-2014.pdf>

⁸ Hillel David Soifer, *State Building in Latin America*, (Cambridge: Cambridge University Press, 2015)

⁹ Rebecca Bintrim, Wilsa Escarfuller, Christopher Sabatini, Alana Tummino and Adam Wolsky, "The Social Inclusion Index: 2014," *Americas Quarterly*, 2014, http://www.americasquarterly.org/charticles/socialinclusionindex2014/social_inclusion_index_2014.pdf

¹⁰ "Human Development Report 2014: Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience," UNDP, 2014, <http://hdr.undp.org/en/2014-report>

¹¹ The Gini coefficient (also known as the Gini index or Gini ratio) (/dʒɪni/ jee-nee) is a measure of statistical dispersion intended to represent the income distribution of a nation's residents, and is the most commonly used measure of inequality (Wikipedia).

¹² "Latin America: Middle Class hits Historic High," *The World Bank*, November 2012, <http://www.worldbank.org/en/news/feature/2012/11/13/crecimiento-clase-media-america-latina>

¹³ Emilio Godoy, "Mexico's Anti-Poverty Programmes are Losing the Battle," *Inter Press Service*, August 2015, <http://www.ipsnews.net/2015/08/mexicos-anti-poverty-programmes-are-losing-the-battle/>

¹⁴ Zechmeister, *The Political Culture of Democracy*.

¹⁵ David Gagne, "InSight Crime 2014 Homicide Round-up," *InSight Crime*, January 2015, <http://www.insightcrime.org/news-analysis/insight-crime-2014-homicide-round-up>

¹⁶ Barack Obama, "2015 National Security Strategy," *White House*, February 2015, https://www.whitehouse.gov/sites/default/files/docs/2015_national_security_strategy.pdf

¹⁷ David Petraeus, Robert Zoellick, and Shannon K. O'Neil, "North America: Time for a New Focus," *Council on Foreign Relations*, October 2014, <http://www.cfr.org/north-america/north-america/p33536>

¹⁸ Moises Naim, "Minilateralism: The Magic Number to get real International Action," *Foreign Affairs*, June 21, 2009, <http://foreignpolicy.com/2009/06/21/minilateralism/>

¹⁹ "100,000 Strong in the Americas Explained," *U.S. Department of State*, 2015, <http://www.100kstrongamericas.org/100000-strong-explained>

²⁰ "Internet Society Global Internet Report 2014: Open and Sustainable Access for All," *Internet Society*, 2014, https://www.internetsociety.org/sites/default/files/Global_Internet_Report_2014_0.pdf

²¹ "United States. Information Agency: Archive," *U.S. Department of State*, 2015, <http://dosfan.lib.uic.edu/usial/>

²² Zechmeister, *The Political Culture of Democracy*.

²³ "William J. Perry Center for Hemispheric Defense Studies Website" at *National Defense University*, <http://chds.dodlive.mil/about/>.

²⁴ Daniel Restrepo and Frank O. Mora, "The US, China and Latin America: Taking Advantage of Globalization and Moving Beyond a Threat Matrix," (conference presentation, China, the US and the Future of Latin America, New York, NY, June 11-12, 2015).

²⁵ Ricardo Sennes, "U.S.-Brazil Relations: A New Beginning? How to Strengthen the Bilateral Agenda," Adrienne Arsht Center, Atlantic Council: June 2015.

²⁶ J. F. Hornbeck, "US-Latin American Trade and Investment in the 21st Century: What's Next for Deepening Integration?" *Inter-American Dialogue*, 2014, <http://www10.iadb.org/intal/intalcdi/PE/2014/13718.pdf>



Locals participate in an act of symbolic reparations in Antioquia, a state located in central northwestern Colombia.

After the Negotiations

How Reconstruction Teams Can Build a Stronger Peace in Colombia

BY AGUSTIN E. DOMINGUEZ

For more than a decade, Plan Colombia guided our joint U.S.-Colombia efforts to combat narcotics and, more importantly for Colombia, the insurgents of the Revolutionary Armed Forces of Colombia (FARC) carrying out the illicit trade. By the end of 2014, the Colombian military, with targeted U.S. support, had degraded the FARC's capacity by 68 percent from its peak in 2002. Relentless pressure on the organization forced them to join the Government of Colombia in peace talks in Havana, and, for the first time in six attempts at peace negotiations, power resided with the state. The talks, which began in November 2012, have led to partial agreements on three of five agenda items, though the most contentious issues, transitional justice and end of conflict, remain to be solved. The talks are also entering a delicate stage. Last December (2014) the FARC announced an indefinite and unilateral ceasefire and largely abided by it until an attack on April 15, 2015, killed eleven Colombian soldiers and wounded an additional twenty. In response to the attack, President Juan Manuel Santos ended the suspension of airstrikes against the FARC in effect since March 2015 and ordered the military to intensify operations, resulting in approximately 40 rebels killed by the end of May.

Despite the recent heightened tensions, the 37th round of peace talks began on May 25, 2015, and progress has been made on other issues such as the March 7th joint humanitarian demining agreement. On February 23, 2015, in a move welcomed by both sides, U.S. Secretary of State John Kerry appointed Special Envoy Bernie Aronson to the negotiations. The appointment highlights the United States' support for the peace process and willingness to help both sides resolve the remaining obstacles to reach a final accord. Even so, for a country faced with the challenges of recent setbacks and the realization that for more than 50 years it fought a war for which no combat-only solution exists, reaching the final peace accord will be easy compared to the large and difficult task of implementing it. Yet, President Santos has declared 2015 the "Year of Peace and Progress,"¹ and to deliver, his government will have to build confidence in the peace process.

MAJ Agustin E. Dominguez is the Andean Ridge Officer in the Deputy Directorate for Politico-Military Affairs (Western Hemisphere), Strategic Plans and Policy Directorate, The Joint Staff .

For that reason, and in order to reach a stronger, more durable peace, Colombia should accompany the disarmament, demobilization, and reintegration (DDR) process with a Colombian model of provincial reconstruction teams (PRTs) to extend state presence to the rural areas, and address the root causes of the conflict.

Plan Colombia and the Democratic Security Policy

How did Colombia evolve from a near failed state to a country with real prospects for peace with the FARC? In 1999, Colombia was suffering two separate, but related security crises: the fight against the FARC and the explosion of drug production and trafficking organizations throughout the 1980s and 1990s. The genesis of both crises was Colombia's inability to exercise state authority over most the country, especially the rural areas. Historically,

rural Colombia has lacked legitimate state presence and authority, enabling the FARC to become the dominant force and use the drug trade to fuel its insurgency.

In September 1999, with his country spiraling out of control and a failed peace process under his belt, Colombian President Andrés Pastrana announced "Plan Colombia." Plan Colombia was a Clinton administration-backed initiative to prevent Colombia's collapse by combating drug production and trafficking; increasing the capacity of the Colombian security forces; and providing development assistance to bolster prosperity. One of the major strengths of Plan Colombia has been its staying power and, in 2002, newly elected Colombian President Álvaro Uribe found another committed U.S. partner in President George W. Bush. The expansion of Department of Defense authorities in the aftermath of the September 11, 2001 terrorist



Charco, Nariño: a rural area in southwest Colombia that has been plagued by an active FARC presence

attacks against the United States aided President Uribe's Democratic Security Policy to expand state control over Colombia. During Uribe's first term, from 2002 to 2006, the military successfully recovered Medellín, Cali, and Bogotá and its surrounding areas from FARC control.² From 2006 to 2010, the Ministry of Defense, under the leadership of Juan Manuel Santos, pivoted to a FARC-centric strategy aimed at reducing the number of FARC and eliminating their leadership.³ At the end of the Uribe administration, the FARC had been reduced from approximately 20,000 to an estimated 9,000 active insurgents.

Largely as a result of his success as Minister of National Defense, Santos was elected to succeed Uribe as president in 2010. During the first two years of the Santos administration, the military pursued another FARC-centric strategy known as *Sword of Honor* with the goal of reducing the FARC by another 50 percent. The ability of the FARC to find safe haven in indigenous areas and in neighboring countries caused the conflict to plateau and made a military combat solution nearly impossible. Then Minister of Defense Juan Carlos Pinzón, a former Vice Minister under Santos, called for a strategic review of the campaign plan. The resulting change to *Sword of Honor* was to focus the campaign on winning the hearts and minds of the indigenous population in the rural areas, the enemy's center of gravity. At that point, it was a matter of when, not if, peace negotiations would occur.

Despite the successes of the Colombian government and security forces, the FARC still maintain influence in rural areas, primarily along the borders with Ecuador and Venezuela. In these areas, the FARC receive active support from an estimated 35,000 people of the so-called Terrorism Support Network (RAT by the

Spanish acronym). It is important to note that most Colombian citizens in the rural areas are neither FARC nor part of the RAT, yet they fear that peace implementation and demobilization of the FARC will result in a security vacuum in their communities. Their fear is reasonable based on the Colombian government's historical inability to provide state presence in rural areas.

Consolidation – A Road Paved with Good Intentions

A quick search of the definition for "consolidation" yields results that include "unification" and "strengthening," but in the Colombian context, consolidation refers to government institutions uniting their security, justice, and development efforts to introduce and strengthen the presence of the state in previously ungoverned spaces. Sergio Jaramillo, Colombia's High Commissioner for Peace and former Vice Minister of Defense, observed in 2009 that "the problem is not the concept or the idea...All those things are obvious...It's not a question of the 'what'; it's a question of the 'how,' and the 'how' is the really difficult thing."⁴ This is so difficult, in fact, that Colombia's history is riddled with consolidation failures. The 1958 Special Commission for Rehabilitation lasted only two years due to disagreements among the commission's ministers, each with different equities. A 1960s welfare program aimed at conflict zones failed due to lack of resources. In 1983, the Colombian government launched the National Rehabilitation Plan, which eventually collapsed in 1990 due to lack of focus and coordination.⁵

One of Colombia's better consolidation initiatives has been the Center for the Coordination of Integral Action (CCAI),

established in May 2004. By the end of 2009, as the Uribe administration was nearing its end, CCAI had achieved results that far surpassed those of previous consolidation efforts. However, the results achieved were in spite of the organization's structure, not because of it. CCAI, because it was established by presidential decree as opposed to legislation, did not have a budget allocation. Instead, it received unspent funds from contributing ministries' budgets.⁶ Additionally, the lack of legislation meant there was no enforcement mechanism and, as such, ministers could not be mandated to provide personnel to CCAI.⁷ Thus, the deficiency in the legal basis created a perverse dis-

Lacking the ability to build local governance capacity, the military's focus is on winning hearts and minds through short-term reconstruction projects such as building roads and schools. But these types of "quick-win" projects do nothing to address the long-term problems of development

tortion that made consolidation last in priorities for manning and funding from contributing government ministries. CCAI's accomplishments were the result of the influence and devotion of its Directive Council. The failure to institutionalize, vice personalize, CCAI's effectiveness caused the program to stall.

Since taking office in 2010, President Santos has launched strategic reviews of the National Plan for Consolidation and revised the program slightly. Nevertheless, consolidation continues to be under-resourced and over-militarized. The military's success on the battlefield has resulted in their presence in conflict zones far in advance of the civilian

agencies critical for expanding government services. In classic counterinsurgency strategy, the military will, theoretically, clear-and-hold a conflict zone until the security situation is sufficiently stabilized for a transition to civilian agencies that will execute the build phase. In practice, the Colombian military is doing all three. Lacking the ability to build local governance capacity, the military's focus is on winning hearts and minds through short-term reconstruction projects such as building roads and schools. But these types of "quick-win" projects do nothing to address the long-term problems of development. While the Ministry of Defense is well intentioned in attempting to fill this gap, the failure of the rest of the government to participate produces negative unintended results. That responsibility for development falls on personnel that are inadequately trained for those tasks further erodes trust and confidence in the state for failing to provide the services that consolidation promises.

Without immediate correction, these shortfalls will be exacerbated in the event of a peace agreement. The Colombian military will not be able to effectively and simultaneously provide security, continue development activities, and implement the peace by disarming and demobilizing the FARC, all while the Colombian population will, reasonably, be expecting their share of the peace dividend.

The DDR Paradox

In spite of the historical challenges it has encountered with consolidation, Colombia is, arguably, perfectly positioned to implement a peace process with the FARC, having executed at least seven different DDR processes.⁸ In 1989, the former rebel group 19th of April Movement (M-19) successfully demobilized and transitioned into a political movement. A

testament to their successful transition is the election of a former M-19 guerilla as the mayor of Bogotá. The demobilization of the right wing paramilitary United Self-Defense Forces of Colombia (AUC) from 2002-2006 led to sharp declines in violence levels across the country, although remnants of the group continue to maintain control over large drug trafficking operations and other illicit activities.

Additionally, Colombia currently conducts successful individual demobilizations of rebels through the Colombian Agency for Reintegration (ACR). One of the major lessons learned from the process with the AUC is that the central government did not properly coordinate the reintegration program with local authorities, which left the population uninformed and fueled the perception that the central government has abandoned them.⁹ Notwithstanding Colombia's vast experience in DDR, and the many lessons learned, the country has never executed DDR on the scale, or as politically sensitive, as is anticipated with the FARC. Implementation of the peace must be done well or the Government of Colombia risks backsliding to a state of near perpetual war.

The problem inherent with DDR is that the process is typically designed for combatants, meaning it will only seek to reintegrate the approximate 8,000-armed FARC guerillas into Colombian society. The question then is what to do with the RAT and other residents of rural communities that are neither FARC nor RAT. One possible scenario is for the FARC to insert large portions of the RAT and others into the DDR process to get as many benefits for as many of their supporters as possible. This scenario would likely overwhelm the state's capacity and undermine the peace process by creating the impression the government is not

fulfilling its end of the deal. If the FARC do not push rural Colombians through the DDR process, then the excluded portions of society, allegedly at the heart of the FARC's struggle, will remain in the same situation they were in when the war began a half-century ago. The latter scenario reveals the sad paradox of DDR – the process benefits perpetrators, not victims,

The objective of PRTs was to aid the host-nation's ability to extend the power and presence of the central government; increase the capacity of local governments; advance security; and promote development

of the conflict. In this instance, the FARC would receive benefits to enter legitimately into Colombian society while the original reasons they took up arms – poverty, inequality, and the persistent lack of state presence in the rural communities – remain unaddressed. The Government of Colombia, with support from the U.S., adopted a Colombia-specific solution to the security crises in 1999 with great success. It can do so again for peace implementation and consolidation by adopting its own model of provincial reconstruction teams to address the issue of security and development in rural Colombia.

The “How” – Enter PRTs

The United States first introduced Provincial Reconstruction Teams in Afghanistan, and later Iraq, to improve civil-military operations and interagency coordination in post-conflict environments. The objective of PRTs was to aid the host-nation's ability to extend the power and presence of the central government; increase the capacity of local governments; advance security; and promote development. To achieve those ends, PRTs required effective

collaboration and integration by the so-called 3Ds: defense, diplomacy and development. As such, The Department of Defense (DoD), Department of State (DoS), and U.S. Agency for International Development (USAID) played prominent roles in U.S.-led PRTs. Even so, there was no set structure for PRTs and, indeed, U.S. PRTs were organized differently in Afghanistan and Iraq. Moreover, coalition-led PRTs also had their own models and slightly different operational focus. Even within the two countries, Iraq and Afghanistan, PRTs might be organized differently with various levels of other agencies' participation depending on local conditions and requirements. While this amount of flexibility allows for operational commanders to determine their own local requirements and priorities, many U.S. PRT veterans believe the program would have benefitted from an agreed concept of operations, a central coordinating agency, and explicit military and civilian roles.¹⁰

Another problem that U.S.-led PRTs faced is that civilian agencies did not have the capacity to properly staff and resource the war efforts in Afghanistan and Iraq. In fact, it was not until then-Secretary of Defense Robert Gates and then-Secretary of State Hillary Clinton implemented the "civilian surge" in 2009-2010 that PRTs, and the war effort as a whole, benefited from improved civilian staffing, funding, and administrative support. Colombia's Ambassador to the U.S. has warned of similar interagency shortfalls in the *Sword of Honor* campaign against the FARC.¹¹ By the time the civilian surge occurred in Afghanistan, the U.S. had missed the window of opportunity to consolidate the security gains that the U.S. military and host-nation security forces had achieved.

The effectiveness of the civilian surge was also hampered by the fact that personnel in the civilian agencies could not be ordered to deploy; they had to volunteer. This prevented the DoS and USAID from identifying those personnel with the requisite skills to accomplish the mission, comparable to the problems Colombia encountered with the CCAI. Moreover, many of the civilians that did deploy lacked the language and cultural expertise to be effective. In addition, whatever gains U.S. PRTs made in Afghanistan and Iraq did not have a lasting effect because of the fact that local populations, and the enemy, understood that the foreign forces providing security, governance, and development would eventually leave.

Notwithstanding the identified shortfalls of PRTs, Colombia's adoption of its own PRT program to parallel the DDR effort with the FARC will yield a stronger, more durable peace. First and foremost, Colombia is fighting an internal war. Colombia's version of PRTs would be fighting to secure peace in their own country and would not be hampered by lack of language or cultural expertise, or the lead-time it would take to develop those skills. Furthermore, the establishment of PRTs, irrespective of a peace accord, offers several strategic benefits. By tackling the issue of security and development in the FARC's zones of influence, the Colombian government will build confidence in the peace process by demonstrating its willingness to address the root causes of the conflict. In addition, the PRTs' presence in the FARC's primary areas of influence would help drive a wedge between the FARC and their supporters. This is a key advantage of the PRTs because it cuts off support for the anticipated members of the FARC that refuse to demobilize, instead seeking to

continue their illicit ways. Alternately, should the peace process fail, a rift between the FARC and its bases of support would render the rebels less effective should hostilities resume. Perhaps more importantly, the portions of society most affected by the conflict and disillusioned by previous peace processes would finally receive the state provided services they deserve.

A Colombian Model – DRTs

To ensure the proper level of central coordination and budget allocation that failed previous consolidation efforts lacked, Colombia's PRTs should fall under the Ministry of Post-Conflict, Human Rights, and Citizen Security (Post-Conflict). The Minister of Post-Conflict in coordination with the Commander of the newly created Strategic Transition Command

(COET) could then negotiate different roles for interagency civilian and military personnel and provide clear direction to PRT commanders. The COET is responsible for advising the government's negotiators on DDR and planning and implementation of DDR. The military also has the most detailed information regarding the country's security environment. As such, the COET will have key insights to the strengths and weaknesses of the DDR model and where PRTs could most significantly address those gaps. Additionally, because the military has been at the forefront of consolidation efforts thus far, they have explicit knowledge as to where PRT efforts would provide the biggest impact to communities and return on investment to the government. Working through the Ministry of Post-Conflict as the central coordinating agency would eliminate



©Colombian Government

Over 100 participants receive training from Colombia's Agency for Reintegration, a government organization devoted to the reintegration of members of illegal armed groups who voluntarily demobilize, either individually or collectively.

the ad hoc arrangements, guidelines, and priorities that U.S. veterans complained plagued the U.S. programs in Iraq and Afghanistan. Additionally, the cabinet-level Post-Conflict Minister, who reports directly to the President of Colombia, can work to eliminate inter-agency turf battles, direct civilians under his charge, and ask the President to direct agencies to match the military's current capabilities and resourcing to ensure robust PRTs. An alternate organizational solution would be for PRTs to fall under Colombia's High Commissioner for Peace in the executive branch of government. Because the High Peace Commissioner reports directly to the President, he would enjoy some of the same advantages from directing civilian agencies as the Minister of Post-Conflict, but would likely have the same resource constraints experienced by the CCAI.

Living in their operational areas would allow the DRTs to provide an element of security for the population while simultaneously extending the presence of the state's civilian agencies that have had limited or no presence in the past

The 2009 "civilian surge" in Afghanistan aimed to improve district governance throughout the country in the hopes of providing the stability required to successfully counter an insurgency. Faced with the impossibility of transforming 401 districts throughout the large, geographically complex, and tribally diverse country, the International Security Assistance Force (ISAF) focused on 94 key terrain districts and 44 area of interest districts.¹² This narrowed focus allowed ISAF, Afghan National Security Forces and local governments to make significant short-term progress,

even if its long-term success cannot yet be fully determined. What is discernible is that the Colombian government will not have the resources for a similar effort. Additionally, the time required to properly carry out such an ambitious plan does not lend itself to the political sensitivities of the peace process, as the Colombian government will be under pressure to deliver quick results in a post-conflict environment. In comparison with the ISAF strategy, Colombia is divided into a manageable 32 departments plus the capital district. Moreover, not all of these departments are created equal. Some are richer than others; some are more urban than rural; and some have been disproportionately affected by the conflict. The five biggest and most prosperous cities in Colombia – Bogotá, Medellín, Cartagena, Cali, and Barranquilla – have mostly capable authorities and are able to govern themselves and even assist nearby municipalities.¹³ In view of these reasons, Colombia's version of PRTs should reside in the department capitals in the form of Departmental Reconstruction Teams (DRTs). Furthermore, the Ministry of Post-Conflict, in coordination with the COET, should determine key terrain departments to focus the government's limited resources. Initial DRT efforts should focus on Antioquia, Cauca, Choco, and Valle del Cauca in the west, Arauca, Meta, and Caquetá in the center-south and Putumayo, Huila, and Nariño in the southwest. It is essential to emphasize the importance of determining the key terrain departments in coordination with the COET, to link the effort to the DDR plan and maximize the chances of success through unity of effort.

DRTs' Structure – Demilitarize and Decentralize

DRTs, from their regional hubs, would focus on building the capacity of the departmental governments, led by a governor and assembly, and when applicable, the subordinate municipalities. Furthermore, the DRTs would have the flexibility to operate in the villages and towns of rural Colombia, carrying out development and reconstruction projects where the FARC has historically been the dominant force. Living in their operational areas would allow the DRTs to provide an element of security for the population while simultaneously extending the presence of the state's civilian agencies that have had limited or no presence in the past. This would relieve the military of being the sole provider of security for the population in these areas, allowing them to execute their other constitutionally mandated missions with maximum flexibility. Moreover, as DRTs build local governance capacity, they would also be empowering those entities to execute their own budgets and development plans, saving the state resources that can be applied to the DDR effort or subsequent consolidation efforts in other departments and municipalities.

Unlike the U.S. military-led version of PRTs in Afghanistan, civilians that report to the Minister of Post-Conflict should lead Colombia's DRTs. The Colombian military, much like the U.S. military in Afghanistan and Iraq, far outpaced its civilian counterparts in reaching Colombia's conflict zones. Having a civilian leader would force the Ministry of Post-Conflict to take greater ownership of consolidation and incentivize other agencies to provide their best personnel. A common shortfall of all of Colombia's consolidation efforts thus far is that they have been overly

reliant on military forces. Militarized consolidation in post-conflict zones by Colombia, and by the U.S. in Iraq and Afghanistan, has often been criticized because it perpetuates the belief in those communities that the state is failing to deliver on its promises, and citizens worry about the vacuum that will be left when the military departs.¹⁴ In this regard, the DRTs should be modeled more like the UK-led or German-led version of PRTs in which military involvement in reconstruction was limited; the degree of civil-military integration was higher than that of the U.S.-led PRTs where civilians were embedded into military teams; and the responsiveness to UN and NGO suggestions was high.¹⁵

All DRTs would have a military deputy commander and a core three-pillar structure of governance, development, and security (preferably including a police representative). This structure resembles the 3D concept, except that diplomacy is replaced with governance because of the internal nature of the Colombian effort. The DRTs' military deputies provide continuity of personnel that have been involved in consolidation efforts thus far and a link to the local commander of forces, keeping the DRTs updated on the security environment. Furthermore, the military deputies provide a link to the COET and the execution of disarmament and demobilization. As DDR progresses and the plan adjusts, the COET can inform the military deputies, and they, in turn, can advise the DRT commanders to adjust their plans as necessary to complement the DDR effort. At this point, DRT commanders would only need to inform the Ministry of Post-Conflict of the next phase to their plans, thus ensuring the whole-of-government approach to DDR and Consolidation is

centrally coordinated, but executed with decentralized control.

Beyond the three core pillars, the structure of DRTs could be tailored to include experts from other ministries, such as justice, agriculture, health, education, and transportation, based on the local requirements developed by the DRT leadership in consultation with the departmental governor and commander of Colombian security forces in the area. In some departments, economic infrastructure might be the focus; in others, the sustainability of the licit agrarian sector might be the priority; and others might be in desperate need of urban development in cities in order to accommodate the influx of internally displaced persons.¹⁶ Consolidation must be centrally coordinated because the state will provide the majority of the resources for DRTs, but each team will need the decentralized authority to build and execute their own departmental plans.

Peace and Progress

In order to achieve President Santos' goal of peace and progress, the Government of Colombia must strengthen the real security gains it achieved during the last 15 years. To do so, the state will have to extend the presence and legitimacy of the central government, build the capacity of smaller local governments, project security to large swaths of the countryside, and promote development, all while undertaking the huge task of managing a large and politically sensitive DDR process with the FARC. To increase its chances of achieving a strong and durable peace, the Government of Colombia should implement its own model of PRTs in specifically targeted departments under a centrally coordinated effort. Doing so will advance Colombia's

interests by projecting the state's presence and legitimacy in the communities most affected by the conflict. Additionally, the FARC, as defenders of rural Colombia, would be able to claim a win for their supporters, therefore building confidence in the peace process. More importantly, the central and local governments would have the capacity to tackle the root causes of the conflict by providing for the large, disaffected portions of society that are the FARC's center of gravity. Should Colombia adopt its own version of provincial reconstruction teams, the United States should once again stand ready to respond with targeted support. Such efforts would solidify the United States' special relationship with Colombia and strengthen support for the peace process. **PRISM**

Notes

¹ Juan Manuel Santos, President of Colombia, Christmas address, Bogotá, Colombia, December 24, 2014, accessed March 16, 2015 <http://todaycolombia.com/2015-will-be-the-year-of-peace-and-progress-for-colombia/>.

² Peter DeShazo, Johanna Mendelson Forman, and Phillip McLean, "Countering Threats to Security and Stability in a Failing State: Lessons from Colombia" (Washington, DC: Center for Strategic and International Studies, 2009), 23.

³ Juan Carlos Pinzón, Minister of National Defense, "Colombia at a Crossroads: A Conversation with Colombia's Minister of National Defense," (Washington, DC: Brookings Institution, 2013).

⁴ Matthew Devlin, "Organizing the Return of Government to Conflict Zones: Colombia, 2004-2009," *Innovations for Successful Societies*, Princeton University, accessed at <http://www.princeton.edu/successfulsocieties> on 20 May 2015.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ David Spencer, "Recommendations for Colombian Disarmament, Demobilization and Reintegration (DDR)" (Washington, DC: Center for Hemispheric Defense Studies, 2013), 3.

⁹ Jonathan Morgenstein, "Consolidating Disarmament: Lessons from Colombia's Reintegration Program for Demobilized Paramilitaries," (Washington, DC: United States Institute of Peace, 2008), 2.

¹⁰ Robert M. Perito, "The U.S. Experience with Provincial Reconstruction Teams in Afghanistan: Lessons Identified," (Washington, DC: United States Institute of Peace, 2005), 1.

¹¹ Pinzón, "Colombia at a Crossroads."

¹² Frances Z. Brown, "The U.S. Surge and Afghan Local Governance: Lessons for Transition," (Washington, DC: United States Institute of Peace, 2012), 6.

¹³ Patricia Weiss Fagen, "Colombia: urban futures in conflict zones," (Norway: The Norwegian Peacebuilding Resource Centre, 2015), 2.

¹⁴ Adam Isacson, "Colombia's 'security and development' zones await a civilian handoff, while Washington backs away from the concept,"

(Washington, DC: Washington Office on Latin America, 2012).

¹⁵ Peter Viggo Jakobsen, "PRTs in Afghanistan: Successful but not Sufficient," DIID Report, 2005:6 accessed at http://www.nps.edu/CSRS/Resources/Civ-mil/Jakobsen%20PRTs_danes.pdf on 26 May 2015.

¹⁶ Fagen, "Colombia: urban futures in conflict zones."



Socialist parade in conjunction with the XII Presidential Summit of ALBA (Bolivarian Alliance for the Peoples of Our America) held in Guayas, Ecuador in July 2013. ALBA is a regional intergovernmental organization named in honor of Simón Bolívar who wanted to see Hispanic American united as a single nation.

Russia in Latin America

A Strategic Analysis

BY DOUGLAS FARAH AND LIANA EUSTACIA REYES

In recent years, Russian President Vladimir Putin has hardly veiled his desire to lead Russia back to superpower status. Putin's rhetoric emphasizes a multipolar world where the United States is no longer the dominant power, and his actions present Russian global leadership as a viable alternative to the United States'. Increasingly visible is the multifaceted nature of Russia's tactics for undermining U.S. power projection in multiple theaters, including Latin America. Leaders of the U.S. defense and intelligence communities have responded to Russia's growing global assertiveness by repeatedly singling out Russia as the primary military and strategic threat to the United States, particularly following Russia's recent annexation of Crimea and hostile activities in Ukraine.

In March 2015, Director of National Intelligence James R. Clapper labeled Russia a "threat actor" and an example of a nation where "the nexus among organized crime, state actors, and business blurs the distinction between state policy and private gain."¹ The 2015 National Military Strategy presented by the Joint Chiefs of Staff noted that Russia "has repeatedly demonstrated that it does not respect the sovereignty of its neighbors and it is willing to use force to achieve its goals. Russia's military actions are undermining regional security directly and through proxy forces."²

The accuracy of these assessments of Russian intentions and capabilities can be documented throughout many parts of the world. Yet this lens is seldom used in analyzing the burgeoning Russian diplomatic and military presence in Latin America – particularly in Central America. The formal Russian state presence is accompanied by state business ventures, soft power overtures, increasing Russian organized criminal activity, and the reactivation of Cold War proxy networks. While seldom part of the strategic analysis of the new Russian state, there is clear evidence that

Douglas Farah is President of IBI Consultants and a Senior Associate of the Americas Program at CSIS. Liana Eustacia Reyes is the Research Coordinator for IBI Consultants.

Latin America, considered an area of vital interest to the United States, is now an area of intense Russian state interest and activity.

As General John Kelly, commander of the U.S. Southern Command (SOUTHCOM) noted in recent Congressional testimony, “it has been over three decades since we last saw this type of high-profile Russian presence” in Latin America.³ In his command’s 2015 Posture Statement Kelly added that:

Periodically since 2008, Russia has pursued an increased presence in Latin America through propaganda, military arms and equipment sales, counterdrug agreements, and trade. Under President Putin, however, we have seen a clear return to Cold War tactics. As part of its global strategy, Russia is using power projection in an attempt to erode U.S. leadership and challenge U.S. influence in the Western Hemisphere. . . While these actions do not pose an immediate threat, Russia’s activities in the hemisphere are concerning and underscore the importance of remaining engaged with our partners.⁴

This is not to say that Russia in Latin America presents an imminent military threat to the United States. But Russian officials have been brazen about their desire to undermine and confront the United States in the Western Hemisphere, its main sphere of influence, to counter what Russia perceives as U.S. interference in Russia’s border territories. In the current Latin American context Russia has made greater progress toward their goals than is usually acknowledged.

While the U.S. position remains preeminent – due to geographic proximity, cultural ties, and trade ties – it is eroding more quickly than is often understood. Also eroding, as

Russia and other extra-regional actors such as China and Iran strengthen the hands of a bloc of radical populist governments, is the long-standing U.S. goal of establishing functioning democracies under the rule of law with stable economic growth. The U.S. is simultaneously facing a concerted effort by a significant alliance of Latin American governments to erase any trace of U.S. military and security doctrine, weaken economic and cultural ties, and portray any and all U.S. policy decisions as seeking to recolonize Latin America.

The once-shared hemispheric values of a functioning democratic system are being replaced by a toxic mix of anti-democratic values, massive corruption, and a doctrine that draws on totalitarian models, embraces multiple terrorist groups, and includes an explicit justification for the use of weapons of mass destruction against the United States.⁵

This article is not intended to cover the full range of Russian commercial, diplomatic, and military activity in Latin America, which was recently done by R. Evan Ellis of the U.S. Army War College.⁶ Rather, it aims to illuminate the nexus described by Clapper, the strategic objectives behind that nexus, and the real and potential threat the nexus poses to U.S. interests. A brief case study on Central America is included to provide a more in depth view of Russian expansion in the hemisphere.

Russia’s Expansion in the West: Past and Present

During the Cold War, the Soviet Union relied on its allies Cuba and Nicaragua (the latter for only a decade), but Russia now has at least seven unconditional allies in the region.⁷ Most of its allies are among the least democratic and most repressive states in the hemisphere.

During the past two years Russia has expanded its dealings with these nations at a rapid pace.

The dominant organization of Latin American nations allying with Russia is the Bolivarian Alliance for the Peoples of Our America (known by the Spanish acronym, ALBA);⁸ a bloc of nations, many of whose leaders had long-standing ties with the former Soviet Union. They share Russia's perception of the United States as an imperialist nation bent on dominating and interfering with the sovereignty of others that must be suppressed.⁹ The ALBA nations have increasingly become an alliance of highly criminalized states that, on

the world stage, consistently sides with anti-U.S., totalitarian governments such as Russia, Syria, North Korea, and Zimbabwe. The bloc also supports organizations designated as terrorists by the United States and Europe, such as the Colombian Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia* – FARC), Hezbollah, and the Basque separatist ETA. It is worth noting that the U.S. Treasury Department has formally designated at least six senior Venezuelan officials for materially supporting the FARC and the FARC's cocaine trafficking activities.¹¹



Presidency of the Nation of Argentina

Argentinian President Cristina Fernández de Kirchner and Russian President Vladimir Putin toast during his first visit to Argentina (July 2014).

Russia's ALBA allies include several of Latin America's most important countries, including Venezuela, whose late President Hugo Chávez used Venezuela's oil wealth to become Russia's main weapons client in the region; and Argentina, whose mercurial president Cristina Fernández de Kirchner signed a 2014 "strategic partnership" agreement with Putin and who regularly posts on her Twitter account high praise for the Russian president. While not formally a member of ALBA, Fernández de Kirchner has led Argentina to become one of the most fanatical and vocal supporters of the ALBA bloc, both financially and politically (even hosting ALBA's ten year anniversary summit),¹² while vociferously backing Russia at every opportunity.

Russia's expanded outreach to the ALBA bloc helps insure that Russia's Latin American allies have a powerful friend on the United Nations Security Council to veto any efforts to hold them accountable for human rights violations or electoral fraud

In Central America, Russia's leading allies are Nicaragua and El Salvador. In Nicaragua, former and current Sandinista President Daniel Ortega (1979-1990 and 2007- present) is known for having made his nation a Soviet and Cuban proxy during the Cold War. In El Salvador, President Salvador Sánchez Cerén, a former Marxist guerilla commander, has created an inner circle that is mostly comprised of Soviet-trained insurgents who fought U.S.-backed forces in the nation's civil war.

Russia's expanded outreach to the ALBA bloc helps insure that Russia's Latin American allies have a powerful friend on the United Nations Security Council to veto any efforts to

hold them accountable for human rights violations or electoral fraud.¹³ In return, these Latin American allies are shielding Russia from international isolation, providing political and diplomatic support, and an important regional media network that blankets the continent.

The media network offers coordinated messages of unstinting support for Putin and Russia's aggressive actions in Europe while casting the United States as a global aggressor. At the same time, these countries are increasing Russia's access to the hemisphere's ports and airspace, and ultimately, increasing Russia's sphere of influence in a region where the United States has seldom been so directly challenged.¹⁴

Although the Putin government, unlike the Soviet government's high point, is under significant economic stress and as a result has little to offer in terms of material support, it generously promises mega projects that rarely come to fruition. Additionally, Russia has signed dozens of memoranda of understanding with Latin American countries that are vague and, if consistent with past behavior, likely to be left unfulfilled.

But a careful review of Russia's activities in the region shows that, despite limited resources, Russia has focused on delivering in a few key areas, all designed to directly challenge the United States in areas where it has seldom faced competition before:

- The sale of weapons: In addition to hundreds of thousands of the most technologically advanced AK-47 assault rifles, sales include tanks, helicopters, supersonic combat aircraft, and surface-to-air missiles. After registering no sales of surface-to-air missiles to Latin America during most of the past decade, Russia sold more than 3,000 to the region from 2008-2011.¹⁵ Russia's primary

client has been Venezuela, which was ranked the fifth largest recipient of arms deliveries from Russia in 2011 at an estimated worth of \$1.7 billion.¹⁶ Chavez's government secured a \$2.2 billion loan in 2010 to purchase a large batch of Russian weapons for its army, including 92 T-72M1M main battle tanks, about 240 BMP 3 fighting vehicles and BTR-80 armored personnel carriers, and a variety of artillery systems. In total, it is estimated that Venezuela's arms transfer agreements with Russia amount to \$13.1 billion, noting a 52 percent increase between 2007 and 2011.¹⁷ Argentina and other nations are acquiring Russian helicopters, ships, and aircraft. El Salvador's friendly government is considering moving completely away from U.S. weapons to Russian materiel. And Nicaragua is increasingly purchasing Russian military equipment including aircraft that nations like Costa Rica argue are not necessary for mitigating current domestic security issues.

■ **Police, military, and intelligence assistance:** The Russian push includes the creation of the Marshal of the Soviet Union Georgy Zhukov regional counternarcotics training center in Nicaragua, along with a non-public agreement for a permanent presence of 130 Russian counternarcotics trainers who frequently conduct joint patrols with their Nicaraguan counterparts.¹⁸ In addition, Russia has built a munitions disposal plant¹⁹ and has promised to build a \$14 million military hospital. Russia is now offering an almost unlimited number of scholarships for regional military, police, and intelligence officials, as well as providing friendly governments with new, much more sophisticated electronic surveillance

equipment and other intelligence equipment.²⁰

■ **Access for financial institutions:** Russian bankers have long pushed for greater access to the Latin American financial structure, particularly since several of its main banks were sanctioned following the annexation of Crimea. The most active is the U.S. and E.U.-sanctioned bank Vnesheconombank (VEB), which in July, 2013 signed a memorandum of understanding with the Central American Bank of Economic Integration (CABEI).²¹ The details of this document have not been released. In December 2014, Russian Gazprombank, also sanctioned, and Argentine Banco de la Nación signed an agreement of cooperation, but the details were not made public.²² Perhaps the most direct inroad to the Latin American financial market is through Evrofinance Monsarbank, a major Russian bank whose largest shareholder is a Venezuelan state-owned National Development Fund (*Fondo Nacional para el Desarrollo Nacional-FONDEN*) known for its total lack of transparency in its handling of billions of dollars from the national oil company, PDVSA. FONDEN holds 49.98 percent of the shares of Evrofinance; the other major shareholders include sanctioned banks VEB and Gazprombank.²³ In a separate case, in March 2015 the U.S. Treasury Department designated the Banca Privada d'Andorra a bank of "primary money laundering concern," including the banks three subsidiaries in Panama. The designation charged the bank managers with aiding both Russian organized crime groups and the Venezuelan oil company PDVSA in the laundering of billions of dollars. As a result of the designation, the bank's subsidiaries in Panama were shut down.²⁴

■ A Counter-narrative and World View: The Russians have continually used their growing diplomatic presence to present themselves as a viable alternative to U.S. imperialism in Latin America, a narrative that still has some appeal among the former armed Marxist movements in the region as well as the radical populist movements of the governments and groups affiliated with the ALBA bloc. A constant in the narrative is that a U.S. invasion is imminent and unavoidable. This is because the alleged U.S. policy is based on pillaging the region's natural resources, toppling the revolutionary regimes leading the march to Latin American independence, and subjugating its citizens.²⁵ Russia presents itself as an ally against this impending onslaught, offering to guarantee the security of the new Nicaraguan Canal (if

it is ever built), and in return acquiring easier access to deep-water ports in Nicaragua, and possibly airfields. Russia has been particularly successful in leveraging this narrative to join multiple Latin American organizations where the U.S. is not welcome. For example, Russia is invited to the meetings of the Community of Latin American and Caribbean States (*Comunidad de Estados Latinoamericanos y Caribeños* – CELAC), a body set up by Chávez from which the United States and Canada are excluded.²⁶ And on March 26, 2015, Russian Foreign Minister Lavrov presented an official solicitation for Russia to become an observer of the Central American Integration System (*Sistema de la Integración Centroamericana* – SICA).²⁷ If approved, Russia would have extra-regional observer status at SICA,



Presidency of the Nation of Argentina

Representatives of CELAC member nations stand together at the Teresa Carreño theater in Caracas, Venezuela for the organization's first summit. (Dec 2011)

recently a bulwark of U.S. regional allies. The Foreign Minister's site noted that the request was welcomed unanimously.²⁸

Russian leaders have explicitly stated their intentions in the region, which are noted as retaliatory for what the Russian government views as U.S. meddling close to Russian borders, particularly in Ukraine.

When Russian Defense Minister Sergi Shoigu visited Cuba, Nicaragua, and Venezuela in February 2015, the official Pravda news service ran an extensive article quoting a Russian military analyst on the importance of the trip. The analyst, close to the Kremlin, noted that the much-publicized new canal through Nicaragua, when and if completed, would allow the Russian fleet "to enter the Gulf of Mexico, that is exit the Pacific Ocean to enter the Atlantic." The analyst further noted:

This is highly important, because in this case, Russia will be able to ensure so-called nuclear deterrence, because the Russian navy has long-range cruise missiles. If such Russian vessels are deployed somewhere near the territory of Cuba, they will be able to attack the United States. This is our response to the deployment of U.S. military objects near the Russian border. The United States is quite vulnerable ... One may eventually have to create missile defense from the side of Florida, rather than Alaska. All these issues arise and require huge financial resources. I think it will convince the United States of the short-sightedness of this kind of policy.²⁹

The most tangible signs of Russia's growing interest and footprint are the constant visits to the hemisphere by senior Russian political and military figures, including: Putin in

2014; and multiple visits in the past two and a half years by Defense Minister Sergei Shoigu, General Valeriy Gerasimov, Foreign Minister Sergi Lavrov, Counter-narcotics chief Viktor Ivanov, Prime Minister Dmitry Medvedev, Speaker of the Russian Federation Council Valentina Matvienko, and other senior officials.

One of the repeat visitors to Latin America is General Valery Gerasimov. Gerasimov is Chief of Staff of the Russian Federation and architect of the Gerasimov Doctrine.³⁰ The Doctrine provides a useful lens for understanding Russian activities in the region.

The influential Russian doctrine posits that the rules of war have changed, there is a "blurring of the lines between war and peace," and "nonmilitary means of achieving military and strategic goals has grown and, in many cases exceeded the power of weapons in their effectiveness." Gerasimov argues for asymmetrical actions that combine the use of special forces and information warfare that create "a permanently operating front through the entire territory of the enemy state." He further noted that:

New information technologies have enabled significant reductions in the spatial, temporal, and informational gaps between forces and control organs. Frontal engagements of large formations of forces at the strategic and operational level are gradually becoming a thing of the past. Long-distance, contactless actions against the enemy are becoming the main means of achieving combat and operational goals ... The information space opens wide asymmetrical possibilities for reducing the fighting potential of the enemy.³¹

An overview of Russian activity in the region shows an adherence to Gerasimov's doctrine of waging constant asymmetrical warfare against one's enemies through a combination of means. These include military or hard power as well as shaping and controlling the narrative in public opinion, diplomatic outreach, military sales, intelligence operations, and strategic offerings of intelligence and military technology. All are essential components of the Russian presence and Gerasimov's view that the lines between war and peace are blurred and that non-military means of achieving power and influence can be as effective, or more effective, than military force.

As we will examine in detail below through an extended case study in Central America, this Doctrine is indicative of how and why Russia is engaging with select Latin American states.

Central America

In Central America, historically the Latin American region most closely aligned with the United States, Russia has been especially successful in courting its old allies in Nicaragua and El Salvador, while maintaining a robust presence in Panama and Guatemala. In a milieu of increasingly precarious governance, spiraling violence, drug trafficking, and rampant corruption, the Russian government, its proxies, and businesses are creating rapidly expanding military, law enforcement, and intelligence alliances.

The steadily expanding Russian presence in Central America is spearheaded by two old allies from the Cold War: Nicaraguan President Ortega and José Luis Merino, a Communist Party leader in El Salvador.

The Russian presence is most visible in Nicaragua, where Ortega, who successfully led

a Marxist insurgency to topple the U.S.-backed dictatorship of Anastacio Somoza, closely aligned with the Soviet Union in the 1980s. While now portraying himself as a less orthodox ideologue, Ortega and his inner circle have been effusive in their praise of Russia's return to the region. Nicaragua now consistently and publicly backs Russia in its conflicts with the United States and European Union.

Merino in El Salvador has worked tirelessly to promote Russian diplomatic and business interests. Merino was originally trained in the Soviet Union while leading an elite urban commando unit of the Marxist-led guerrillas during El Salvador's civil war. Today, he is the leader of one of the wealthiest business consortiums in the region. While holding no formal political position within the government, which is led by former guerrilla commander Sánchez Cerén, Merino is widely recognized as the most powerful person in the governing Farabundo Martí National Liberation Front (*Frente Farabundo Martí Para la Liberación Nacional* – FMLN). He has personally escorted large Russian business delegations to meetings with senior officials, pushed hard for the opening of a Russian embassy in San Salvador, and thanked the Russians for creating an alternative to the U.S. presence in the region.³²

These are the most visible and public aspects of Russian activities in Central America. Yet, as the case study below shows, there is a much less visible, but very active network behind the ostentatious diplomatic and business presence that demonstrates how the Russian state, much like the Soviet state, deploys a wide network of senior intelligence service members, businessmen, and think tanks to bolster its efforts.

Case Study: NK SESLA

The following case study was conducted entirely through open sources in conjunction with C4ADS, a non-profit organization specializing in data analysis. This study does not allege any criminal activity. It is intended to show the overlapping nature of the Russian state, former senior intelligence officers, and businessmen in a network that reaches the highest levels of the Russian government and security apparatus.

NK SESLA is a parastatal agency whose acronym in Russian means “the Russian National Committee for the Promotion of Economic Trade with Countries of Latin America.” It is a non-commercial partnership of several Russian companies and the Russian Ministry of Foreign Affairs. Formed in 1998 with the approval of the office of the Russian President, today it includes high-ranking representatives from various Latin America departments within the Ministry of Foreign Affairs, Ministry of Economic Development, Chamber

The NK Sesla Network

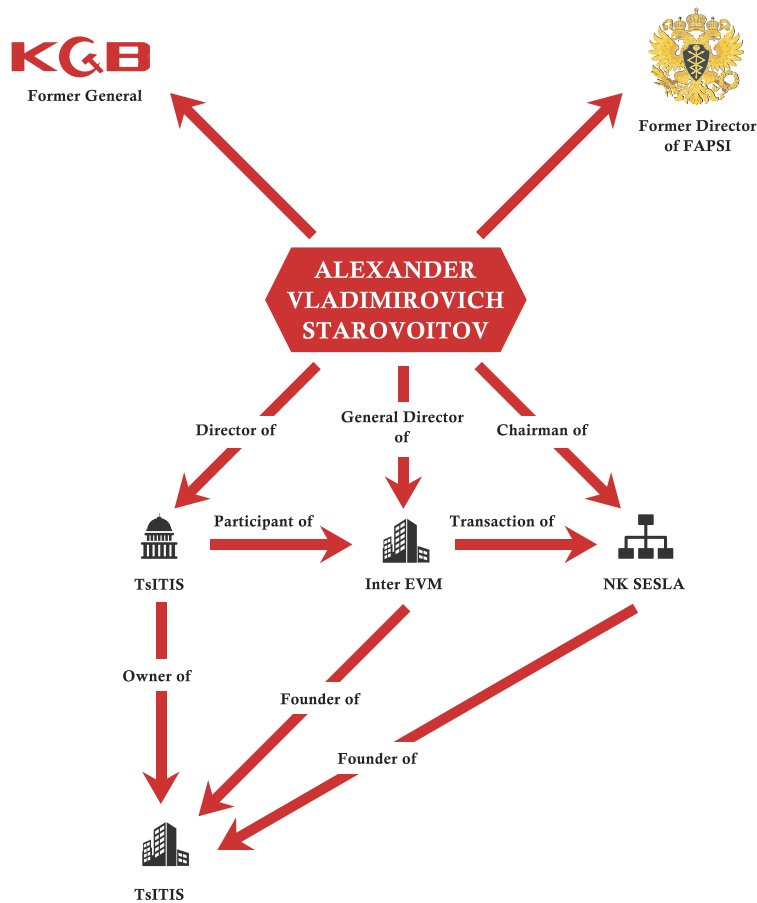


Figure 1: Flow Chart connecting NK SESLA’s Director Starovoirov to Russian Agencies.

of Commerce, Rosnauka (Russian Science), the Institute of Latin America of the Russian Academy of Sciences, and other state structures.³³

The main public activity of the NK SESLA is organizing meetings with Russian and Latin American businessmen and diplomatic representatives, promoting investments in Latin America, and keeping a record of the operations of Russian businesses in the region. According to its news page, NK SESLA frequently holds meetings with representatives of Latin American states in Moscow and has 91 members.³⁴ Its representatives also regularly attend meetings of the anti-U.S. blocs of Latin America such as ALBA and CELAC.

One of its two directors is Alexander Starovoitov, a former general in the Soviet KGB intelligence service. His publicly identified specialties include electronic communications

technology and cryptography. He is listed on the NK SESLA Spanish and Russian language websites as President of NK SESLA, Director General of Inter EVM, and Director of TsITIS. Inter EVM and TsITIS are two related companies operating extensively in Latin America, both of which are closely tied to the Russian defense ministry and the FSB, the successor intelligence agency to the KGB.³⁵ These organizations, in turn have direct ties to the Russian military and intelligence establishments. Starovoitov is the Director of the Cryptography Academy of the Russian Federation. He is decorated as a Hero of the Russian Federation and served on Russia's Security Council from 1998-1999.

In 1986, Starovoitov was named the Vice Director Technical Supply for the Directorate of Government Communications of the KGB. That same year he received the rank of Major General in the KGB. In 1991, as the Soviet Union collapsed, he was named Director of the Federal Agency of Government Communications and Information of the Russian Federation (FAPSI), roughly the equivalent of the NSA, a post he held for eight years. During that time, he was responsible for his nation's "signals intelligence, cryptography, cryptology, and secret government communications."³⁶ FAPSI was dissolved in 2003 and folded into the FSB.

Starovoitov, however, does not seem to have fully retired from government service. As the Director General of Inter EVM, meaning the International Center for Informatics and Electronics, he manages a parastatal Science and Technology and Information Consortium to "jointly solve the problems of the creation and development of advanced information technology, computer hardware and



Figure 2: License from the Russian military displayed on the Inter EVM website

microelectronics.” The group lists itself as a member of NK SESLA on its website.³⁷

The Inter EVM website also displays the company’s licenses from the FSB and Russian military on behalf of those institutions “using information constituting state secrets,” advanced cryptographic information systems, and “activities in the field of information tools.”³⁸ This clearly links the company directly to the most secretive and powerful parts of the Russian state, rather than a simple purveyor of information technology and computer hardware.

The third organization Starovoitov directs is TsITIS - the Center of Informational Technology Systems of Executive Branch Organs, a secretive government agency specializing in signals intelligence and code breaking. President Putin recently charged the company with building a multi-billion dollar integrated, secure communications network for the Russian military. The network is to help detect and deter cyber attacks.³⁹

These positions place Starovoitov in the center of the nexus of the Russian state’s prized intelligence and business worlds, focusing significant efforts on Latin America. The companies he leads are part of some of the most important defense and cyber initiatives of the Russian government, making Starovoitov one of the most trusted people in Russia’s security apparatus.

One of Inter EVM’s most visible officials in Central America is Vyacheslav Petrovich Vasyagin. Vasyagin, who regularly visits Nicaragua and El Salvador, is a former Soviet military officer who served in Russia’s executive and judicial branches. From 2000-2003, he was Deputy Director of Russia’s notorious tax police, the FSPN, which was often used to go after anyone deemed an enemy of the state,

from oligarchs to dissidents. At the time it was often viewed as the successor intelligence agency to the KGB and later ceded most of its intelligence functions to the FSB.⁴⁰

In October 2014, Vasyagin led a large delegation of Russian businessmen to Nicaragua to discuss technology transfers and assistance in mining and petroleum exploration.⁴¹ In May 2015, he led a delegation of Russian businessmen to El Salvador, where they met with senior Salvadoran officials, including Vice President Oscar Ortiz.

According to the Inter EVM website, Vasyagin is also a senior leader of the All Russia Public Movement Orthodox Russia, a zealous nationalist, Russian Orthodox movement whose objective is to return Russia to its “historical traditions.” His biography on the site lists him as a “state advisor to the Russian Federation First Class,” and “State Councilor of Justice of the Russian Federation Third Class.” It is clear that Vasyagin acts not only as a private entrepreneur, but also as an agent of the Russian state.

This is only a small sampling of a much larger network of former senior Soviet intelligence and military leaders now deeply involved in Latin America, simultaneously as part of the Russian state and part of the business community. It is worth noting, as discussed below, that in the wake of the appearance of these networks, Russian organized crime is becoming much more active in the region.

An Additional Strategic Threat: Transnational Organized Crime

The Russian engagement, which is conducted through direct military contact, diplomacy, front groups, and business associations, comes as transnational organized crime groups in

Latin America, particularly in areas where Russia has been most active, are being increasingly recognized as a growing strategic threat to the United States.

In 2014 General Martin Dempsey, the recently retired chairman of the Joint Chiefs of Staff, ranked transnational organized crime (TOC) networks in the Southern Hemisphere as one of the major threats facing the United States, along with Russia and China.⁴² These TOC groups control billions of dollars derived from the drug trade, the looting of state coffers, and other illicit activities, and operate in concert with the governments of nation-states engaged in functioning criminal enterprises.

Russia's rise underscores the significant loss of Washington's ability to shape events in the region closest to home and in which the United States has fostered diplomatic ties since its inception

Yet the increasing criminalization of much of Latin America and the growing presence of Russia – a state where government, crime, and business operate as a seamless whole, as described by Clapper – are often viewed as separate phenomena rather than part of a larger mosaic where the two dynamics feed off of each other in a symbiotic relationship. The strategic implications of this potential alliance are significant and pose a direct threat to U.S. national security interests.

Regional law enforcement officials in Central America and Colombia say there is a noticeable increase in Russian organized crime activity in Central America, predominantly in cocaine trafficking via the Pacific Coast. Among the groups identified including those

who traffic primarily through the use of shipping containers are the Solntsevskaya Brotherhood and the Brother's Circle, the latter considered a top tier TOC group with close ties to the Russian state.⁴³

With U.S. cocaine consumption dropping, and prices stable at less than \$15,000 a kilo, Russia offers a significant opportunity for traffickers to access a new and growing cocaine consumption market. Exploding demand in Russia and the former Soviet states has driven prices in their domestic markets up to \$45,000 to \$50,000 a kilo.⁴⁴ With the FARC controlling the great majority of the world's cocaine production⁴⁵ it would be impossible for Russian traffickers to buy the product without dealing with the FARC.

Implications and Conclusions

Russia's rise underscores the significant loss of Washington's ability to shape events in the region closest to home and in which the United States has fostered diplomatic ties since its inception. This decline, due to waning policy attention amidst multiple global crises and severe budget constraints, is leaving a diminishing group of friends in the hemisphere. Since 2010, U.S. engagement efforts, both military and diplomatic, have been scaled back dramatically with overall aid decreasing both civilian and security assistance. And regional initiatives have been among the hardest hit by the ongoing budget austerity,⁴⁶ which has left a vacuum that is being filled by extra-regional actors and a growing group of political leaders who hope for a multipolar world where the United States is no longer the dominant power. "Our relationships, our leadership, and our influence in the Western Hemisphere are paying the price" for the ebbing of U.S. engagement in the region, Kelly said.

Russia, a state where connections between state actors, business interests, and organized criminals are heavily blurred, is rapidly expanding its relations in Latin America in an effort to undermine historic U.S. interests, as well as rebuilding, in a limited form, the alliances it had constructed during the Soviet era. Russia's partners are primarily highly criminalized states led by radical populist governments that are virulently anti-U.S. in their ideology.

Although Russia's growing presence in Latin America does not pose an imminent military threat to the United States, it is now an integral part of an alliance of state and non-state actors that have shown their hostility toward the United States in their ideology, criminalized behavior, and anti-democratic nature.

The high-level visits of senior Russian officials and the pomp and statecraft surrounding them are adept moves to exploit the vacuum left as U.S. resources and attention have withered.

The expanding weapons sales not only bring revenue to Russia's coffers, they offer the opportunity for long-term military-to-military relationships, as the purchase of weapons systems entails training, maintenance, and renewal. And the police and military training, particularly in the field of counternarcotics, also offers several benefits: it challenges the preeminent U.S. role in the region to combat the flow of drugs to the United States; and it provides Russian experts with access to a wealth of intelligence, logistical, and military information across the region, including U.S. strategies and tactics relating to counternarcotic and counterterrorism activities.

Additionally, Russia's developing relations with financial institutions not only assists Russia with avoiding the consequences of

sanctions, but it also provides a secure way for groups such as state-linked cocaine trafficking groups in Venezuela, along with the FARC and others, to launder their money through and with Russia. One of the instruments the United States has wielded effectively in its counternarcotics efforts is the freezing of assets and following the financial trail. But once the money is in Russia the financial trail will become even more difficult to follow.

Perhaps the most effective tool the Russians have deployed is the creation of a counter-narrative to the United States. Due to the long history of U.S. heavy-handedness in the region and the remnants of the radical movements that fought dictatorships and repression in the 1970s and 1980s, the narrative resonates heavily. Russian official media, along with the official media of the ALBA nations, saturate Latin American airwaves and press with their message, while a small army of authors and intellectuals, owned by Russia and/or paid by the ALBA states, write a steady stream of books, articles, and pamphlets to reinforce the message.

The cumulative effect of Russian efforts in the region has been to win an important foothold, with access to resources, deep-water ports, and airstrips while strengthening and prolonging the radical populist alliance that is destroying the democratic process in multiple countries. It is an advance the United States cannot afford to ignore any longer. **PRISM**

Notes

¹ James R. Clapper, Director of National Intelligence, “Statement for the Record: Worldwide Threat Assessment of the U.S. Intelligence Community,” House Appropriations Subcommittee on Defense, March 25, 2015, accessed at: <http://docs.house.gov/meetings/AP/AP02/20150325/103200/HHRG-114-AP02-Wstate-ClapperJ-20150325.pdf>

² “The National Military Strategy of the United States of America 2015,” June 2015, accessed at: http://www.jcs.mil/Portals/36/Documents/Publications/2015_National_Military_Strategy.pdf

³ Kristina Wong, “Putin’s quiet Latin America play,” *The Hill*, March 21, 2014, accessed at: <http://thehill.com/policy/defense/201305-putins-quiet-play-for-latin-america>

⁴ Gen. John F. Kelly, “Posture Statement of General John R. Kelly, United States Marine Corps, Commander, United States Southern Command Before the 114th Congress Senate Armed Services Committee,” March 12, 2015, accessed at: http://www.southcom.mil/newsroom/Documents/SOUTHCOM_POSTURE_STATEMENT_FINAL_2015.pdf

⁵ The doctrine was outlined by Jorge Verstrynge, a Spanish intellectual and ideologue in his seminal book *Peripheral Warfare and Revolutionary Islam: Origins, Rules and Ethics of Asymmetrical Warfare, (La Guerra periférica y el Islam revolucionario: Orígenes, reglas y ética de la Guerra asimétrica, Viejo Topo (Spain))*, 2004. Then-President Hugo Chávez of Venezuela adopted the book as part of Venezuela’s military doctrine in 2006. For a full examination of the work, see: Douglas Farah, “Transnational Organized Crime, Terrorism and Criminalized States in Latin America: An Emerging Tier-One National Security Priority,” U.S. Army War College, Strategic Studies Institute, August 16, 2012, accessed at: <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117>

⁶ For a comprehensive look at Russia’s engagement on a state by state basis in Latin America and the high-level visits see: R Evan Ellis, “The New Russian Engagement with Latin America: Strategic Position, Commerce, and Dreams of the Past,” U.S. Army War College, Strategic Studies Institute, June 17, 2015, accessed at: <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1275>

⁷ These include the Bolivarian bloc of nations (Venezuela, Bolivia, Ecuador, Nicaragua, Cuba, and El Salvador) as well as Argentina.

⁸ ALBA is a bloc of radical populist government founded by Hugo Chávez, the late president of Venezuela. The initials stand for *Alianza Bolivariana para los Pueblos de Nuestra América* or the Bolivarian Alliance for the Peoples of Our America.

⁹ For a broader look at this phenomenon see: Douglas Farah, “The Advance of Radical Populist Doctrine in Latin America: How the Bolivarian Alliance is Remaking Militaries, Dismantling Democracy and Combatting the Empire,” PRISM, Center for Complex Operations, National Defense University, July 2015, accessed at: http://cco.ndu.edu/Portals/96/Documents/prism/prism_5-3/The_Advance_Of_Radical_Populist_Doctrine_in_Latin_America.pdf

¹⁰ For a more detailed look at this phenomenon of criminalized states in Latin America and their support for terrorists see: Farah, “Transnational Organized Crime, Terrorism and Criminalized States in Latin America: An Emerging Tier-One National Security Priority,” *op. cit.*

¹¹ For example in September 2008 the Treasury Department’s Office of Foreign Assets Control designated three of Chávez’s senior officials for “materially supporting the FARC, a Narco-terrorist organization.” The three were Henry de Jesus Rangel, head of intelligence at the time; Ramón Emilio Rodríguez Chacín, a former senior cabinet minister; and Hugo Armando Carvajal, head of military intelligence at the time. See: “Treasury Targets Venezuelan Government Officials Support of the FARC,” U.S. Treasury Department Office of Public Affairs, Sept. 12, 2008, accessed at: <http://www.treasury.gov/press-center/press-releases/Pages/hp1132.aspx>

¹² “10 Years of ALBA Commemorated in Argentina,” TELESUR, November 12, 2014, accessed at: <http://www.telesurtv.net/english/news/10-Years-of-ALBA-Commemorated-in-Arentina-20141112-0005.html>

¹³ For a comprehensive look at Russia’s engagement on a state-by-state basis in Latin America see: Ellis, *op. cit.*

¹⁴ For a detailed look at this media network see: Douglas Farah, “The Advance of Radical Populist Doctrine in Latin America: How the Bolivarian Alliance is Remaking Militaries, Dismantling Democracy and Combatting the Empire,” *op. cit.*

¹⁵ Richard F. Grimmett and Paul K. Kerr, “Conventional Arms Transfers to Developing Nations 2004-2011),” CRS R42678 (Aug 24, 2012), accessed at: <http://fas.org/sgp/crs/weapons/R42678.pdf> p. 67, which notes that Russia has sold 3000 more surface-to-air

missiles to Venezuela than any other country in the world.

¹⁶ 1-4 were Saudi Arabia, India, Pakistan, and the U.A.E. Grimmert and Kerr, 2011, accessed at: <http://fas.org/sgp/crs/weapons/R42678.pdf>

¹⁷ Richard F. Grimmert and Paul K. Kerr, "Conventional Arms Transfers to Developing Nations 2004-2011," CRS R42678 (Aug 24, 2012); accessed at <http://fas.org/sgp/crs/weapons/R42678.pdf>

¹⁸ For further information on the training center see: "Russia-Nicaragua: multifaceted cooperation," The Voice of Russia, April 22, 2013, accessed at: http://sputniknews.com/voiceofrussia/2013_04_22/Russia-Nicaragua-multifaceted-cooperation/. The agreement on allowing the permanent presence of 130 trainers is in possession of the author.

¹⁹ The munitions plant is to both get rid of old munitions that are dangerous and reactivate some munitions to "avoid the expense" of purchasing new ordinance. See: "Top Russian military brass visits Nicaragua," Nicaragua Dispatch, April 22, 2013, accessed at: <http://nicaraguadispatch.com/2013/04/top-russian-military-brass-visits-nicaragua/>

²⁰ Farah interviews in Nicaragua and El Salvador, January to June 2015.

²¹ http://www.veb.ru/press/news/arch_news/index.php?id_19=30426

²² Consejo Empresario Argentino-Ruso: "Presentación del banco 'Gazprom' y de empresas rusas productoras de equipos energéticos, de extracción minera y de hidrocarburos en bolsa de comercio en Argentina," accessed at: http://www.cear.org/index.php?option=com_content&view=article&id=193%3Apresentacion-del-banco-gazprombank-y-de-empresas-rusas-productoras-de-equipos-energeticos-de-extraccion-minera-y-de-hidrocarburos-en-la-bolsa-de-comercio-de-buenos-aires&catid=34%3Anoticias&lang=ru

²³ Daniel Cancel and Corina Rodriguez Pons, "Chavez's Russia Bank Beats Citigroup in Venezuela Bonds Sales," Bloomberg News Service, November 7, 2011, accessed at: <http://www.bloomberg.com/news/articles/2011-11-07/chavez-s-russian-bank-beats-citigroup-in-venezuela-bond-sales>

²⁴ In the designation, a senior DHS official noted that "We are seeing an increasing trend where businesses and business professionals are being recruited by transnational criminal organizations to facilitate corrupt practices, such as creating shell corporations and fronts for money laundering and other illegal activity. These corrupt individuals and institutions put profits at a premium and serve as connections between the licit and illicit worlds.

Today's action addresses the vulnerability created by BPA and helps protect the integrity of the international financial system." See: "FinCEN Names Banca Privada d'Andorra a Foreign Financial Institution of Primary Money Laundering Concern," Financial Crimes Enforcement Network, Department of Treasury, press release, March 10, 2015, accessed at: http://www.fincen.gov/news_room/nr/html/20150310.html

²⁵ For example, one prominent Bolivarian website promotes the idea that "Every U.S. military base in Our America is not only a terrible threat, but an attack on the dignity of the people and an intolerable humiliation." See: Visiones Alternativas, accessed at: <http://pl-va.prensa-latina.cu/militarizacion/mapas/mapabases.htm>. Thelma Luzzani's Territories Under Surveillance: How the Network of U.S. Military Bases Operates in South America (*Territorios Vigilados: Como opera la red de bases militares norteamericanas en sudamérica*, Debate, Buenos Aires, 2012) with a U.S. soldier wearing a Nazi helmet on the cover, is a Bolivarian best seller. It is being touted on multiple Bolivarian websites as a visionary work that explains the "massive surveillance" of the U.S. Southern Command over Latin America.

²⁶ "Russia, CELAC share common foreign policy principles," TASS Russian News Agency, January 31, 2014, accessed at: <http://tass.ru/en/russia/717131>

²⁷ "SICA estudia convertir a Rusia en el décimo sexto observador extrarregional," La Vanguardia (March 26, 2015) accessed at: <http://www.lavanguardia.com/politica/20150326/54428490520/sica-estudia-convertir-a-rusia-en-el-decimo-sexto-observador-extrarregional.html>

²⁸ The Ministry of Foreign Affairs of the Russian Federation, "Foreign Minister Sergi Lavrov's remarks and answers to questions at a joint news conference with Foreign Minister of Guatemala Carlos Raul Morales following the Russia-Central American Integration System (SICA) meeting in Guatemala," (March 26, 2015) accessed at: http://archive.mid.ru/brp_4.nsf/0/A93D25A6BF4076EF43257E16002345C3

²⁹ "Russian armed forces returning to Latin America," Pravda, February 17, 2015, accessed at: http://english.pravda.ru/russia/politics/17-02-2015/129844-russia_returning_latina_america-0/

³⁰ The title 'Gerasimov Doctrine' was authored by Mark Galeotti in his blog, In Moscow's Shadows. See Gen. Valeriy Gerasimov, "The Value of Science in Prediction," Military-Industrial Kurier, February 27, 2013, accessed at: <https://inmoscowshadows.wordpress.com/2014/07/06/the-gerasimov-doctrine-and-russian-non-linear-war/>

³¹ Gen. Valeriy Gerasimov, "The Value of Science in Prediction," *Military-Industrial Kurier*, February 27, 2013, accessed at: <https://inmoscowshadows.wordpress.com/2014/07/06/the-gerasimov-doctrine-and-russian-non-linear-war/>

³² Farah interviews in El Salvador and Panama with law enforcement and intelligence officials. Merino, widely known by his nom de guerre Ramiro Vasquez, has a long and close relationship with the Colombian Marxist guerrilla movement, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC). His involvement in significant weapons shipments to the FARC was discovered through internal FARC documents captured by the Colombian military. For details of his involvement with the FARC see: "The FARC Files: Venezuela, Ecuador and the Secret Archive of 'Raúl Reyes,'" *International Institute for Strategic Studies*, May 10, 2011, accessed at: <http://www.iiss.org/en/publications/strategic%20dossiers/issues/the-farc-files--venezuela--ecuador-and-the-secret-archive-of---39-ra--250-l-reyes--39-8716>

³³ This information is taken from the NK SESLA Spanish language website. In Spanish NK SESLA is known as *El Comité Nacional para la Cooperación Económica con los Países Latinoamericanos* (CN CEPLA), accessed at: <http://www.cepla.ru/es/about/>

³⁴ Ibid.

³⁵ NK SESLA Spanish-language website accessed at: http://www.cepla.ru/es/events/index.php?ELEMENT_ID=11928&phrase_id=90484

³⁶ Much of the information on Starovoitov is taken from his biography on the NK SESLA Spanish language website: <http://www.cepla.ru/es/about/president.php>. For his time as director of FAPSI, see: Mojmi Babacek, "The Threat of Information, Electronic, Electromagnetic and Psychronic Warfare," *Global Research*, September 29, 2005, accessed at: <http://www.globalresearch.ca/the-threat-of-information-electromagnetic-and-psychronic-warfare/1016?print=1> Addition information was found on the following Russian-language websites: <http://www.agentura.ru/dossier/russia/people/starovoitov/>; http://www.comprostat.ru/page_11454.htm; and <http://www.agentura.ru/dossier/russia/people/starovoitov/>

³⁷ This was taken from Inter EVM's website, accessed at: <http://www.inevm.ru/index.php>

³⁸ Accessed at: <http://www.inevm.ru/index.php>

³⁹ "Russian FSB mulls unified secure communications net," *Flash Critic Cyber Threat News*, August

21, 2013, accessed at: <http://flashcritic.com/russian-fsb-mulls-unified-secure-communications-net/>

⁴⁰ *Agentura.ru* website, specializing in dossiers on Russian leaders. Accessed at: <http://www.agentura.ru/english/dosie/fsnp/>

⁴¹ "Rusia ayudaría a Nicaragua a evaluar yacimientos minerales," *Minería Pan-americana*, October 14, 2014, accessed at: <http://www.cpampa.com/web/mpa/2014/10/rusia-ayudaria-a-nicaragua-a-evaluar-yacimientos-minerales/>

⁴² Gen. Dempsey's Remarks at the Naval Academy to Class of 2014, Joint Chiefs of Staff, March 26, 2014, accessed at: <http://www.jcs.mil/Media/Speeches/tabid/3890/Article/571951/gen-dempseys-remarks-at-the-naval-academy-to-class-of-2014.aspx>. Dempsey calls his strategic vision, 2-2-2-1 for the actors that will influence U.S. strategy in coming years: Two heavyweight nations, Russia and China; two mid-size countries, North Korea and Iran; two networks, al Qaeda and transnational organized crime from Latin America; and one domain, cyber.

⁴³ Farah interviews with U.S., Colombian, European and Central American law enforcement officials and diplomats, January to June 2015.

⁴⁴ Farah interviews with U.S., Colombian, European and Central American law enforcement officials and diplomats, January to June 2015.

⁴⁵ Press release from the Drug Enforcement Administration, "Manhattan and Brooklyn U.S. Attorneys Announce Guilty Plea in Manhattan Federal Court of Colombian Narcotics Kingpin in Massive Cocaine Conspiracy," November 20, 2014, accessed at: <http://www.dea.gov/divisions/nyc/2014/nyc112014.shtml>

⁴⁶ From FY 2008 to FY 2012, U.S. aid to Latin America dropped from \$2.1 billion to \$1.8 billion, a 13 percent drop. See: Peter J. Meyer and Mark P. Sullivan, "U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2013 Appropriations," *Congressional Research Service*, June 26, 2012. In 2013 and 2014, U.S. aid dropped by another 9 percent and 13 percent, respectively. See: Adam Isacson et al, "Time to Listen: Trends in U.S. Security Assistance to Latin America and the Caribbean, 2013," accessed at: http://lawg.org/storage/documents/Time_to_Listen-Trends_in_U.S._Security_Assistance_to_Latin_America_and_the_Caribbean.pdf. Within this context, funding for USSOUTHCOM has dropped 26 percent in fiscal 2013, after already suffering substantial cuts in previous years. See: "SOUTHCOM's Counter-Drug Efforts Hit by Budget

Cuts," Institute for Defense and Government Advancement, April 26, 2014, accessed at: <http://www.idga.org/homeland-security/articles/southcom-s-counter-drug-efforts-hit-by-budget-cuts/> Adam Isacson et al, "Time to Listen: Trends in U.S. Security Assistance to Latin America and the Caribbean, 2013," accessed at: http://lawg.org/storage/documents/Time_to_Listen-Trends_in_U.S._Security_Assistance_to_Latin_America_and_the_Caribbean.pdf.



Searching through the rubble of the AMIA Jewish community center in Buenos Aires, bombed July 18, 1994

Iranian and Hezbollah Operations in South America Then and Now

BY MATTHEW LEVITT

Since at least the early 1980s, Iran has operated an intelligence network in Latin America – Hezbollah soon followed suit. Iran and Hezbollah leveraged support from these networks to carry out the 1994 bombing of the Asociación Mutual Israelita Argentina (AMIA) Jewish community center in Buenos Aires. Despite the public exposure of Iranian and Hezbollah operatives in this deadly attack, both continue to develop intelligence and logistical support networks in the region without restraint. While the initial investigation into the AMIA bombing suffered from corruption and mismanagement, it was rejuvenated with the appointment of special prosecutors Marcelo Burgos and Alberto Nisman, who reinvestigated the case from the very beginning (Burgos would later leave this office, but Nisman would stay on until his untimely death in January 2015). In addition to identifying key new suspects and gathering evidence that firmly placed Iran and Hezbollah behind the bombing, the office of the special prosecutor uncovered evidence of Iranian efforts to “export the revolution” across South America.

Tensions over the AMIA bombing and the indictment of senior Iranian officials for their roles in the attack resulted in poor diplomatic relations between Argentina and Iran for many years. Then, in 2007, Argentine representatives suddenly ceased their years-long policy of walking out of UN meetings whenever an Iranian official spoke. Despite the standing Argentinean indictments of Iranian officials, Argentina and Iran agreed in 2011 to form a “truth commission” to jointly investigate the 1994 bombing. The merits of this “partnership” were questionable from the outset, but were cast into severe doubt with Nisman’s mysterious death in 2015. Nisman filed charges that the Argentinean administration, specifically President Cristina Fernández de Kirchner and Foreign Minister Héctor Timerman, planned a cover-up of Iran and Hezbollah’s role in the AMIA bombing in exchange for a political deal between the government of Iran and Argentina. The day before Nisman was due to present his case to the Argentine parliament, he was found dead in his apartment. Despite his tragic and untimely death, the work Nisman and his team had already

Dr. Matthew Levitt is a Fromer-Wexler Fellow and the Director of the Stein Program on Counterterrorism and Intelligence at The Washington Institute for Near East Policy.

conducted exposed not only the circumstances behind the AMIA attack, but Iran's ongoing intelligence operations in South America – and at a time when Hezbollah's activities in the region are on the rise. This article will explore the origins of Iranian and Hezbollah presence in Latin America, which dates back to the 1980s, and examine their continued and growing influence today.

Iran and Hezbollah Arrive in South America

Throughout the Lebanese Civil War (1975-1990) large numbers of Lebanese immigrants arrived in South America. Hezbollah and Iran both exploited this refugee migration by planting numerous agents and recruiting sympathizers among Arab and Muslim immigrants on the continent. Their efforts led to the establishment of formal terrorist cells throughout the region, which ultimately enabled them to carry out several deadly terror attacks in Argentina in the 1990s.¹

One notable Iranian operative who immigrated to South America in the 1980s was Mohsen Rabbani. Rabbani arrived in Argentina on a tourist visa in 1983 and permanently settled in Buenos Aires. In spite of his status as a tourist, he initially served as a representative of the Iranian Ministry of Meat.² After arriving in the country, however, Rabbani began teaching religion and became heavily involved with the at-Tauhid mosque. He reportedly maintained ties with the Iranian government by serving as a member of the Islamic Propaganda Organization, which was charged with identifying groups and individuals that sympathized with the "envisaged terrorist activities."³ Rabbani eventually assumed leadership of the at-Tauhid mosque and began to search for potential targets for Iranian-backed terror

attacks. During later testimony, three of Rabbani's students at the at-Tauhid mosque remarked that he had told them in 1990 to "export the revolution, and that 'we are all Hezbollah.'"⁴

That planning ultimately led to the bombing of the Israeli embassy in Buenos Aires on March 17, 1992, when a Ford F-100 panel van filled with explosives drove onto the sidewalk in front of the Israeli embassy in Buenos Aires and exploded, destroying much of the embassy compound, killing 23 people, and wounding 242.⁵

Ironically, only a week prior to the attack, Yaacov Perry, then director of the Israel Security Agency (Shin Bet), visited Argentina and discussed "the menace posed by terrorists" with intelligence counterparts. Within the week, Israeli intelligence teams, assisted by American and Argentine teams, proceeded to Buenos Aires in order to investigate this new terror attack.⁶

Hezbollah's Islamic Jihad Organization (IJO) declared responsibility and released surveillance video supporting their claim.⁷ While the operation had been in the planning stages for some time, Hezbollah was apparently intent on avenging deaths of their leader Abbas al-Musawi and his five-year-old son Hussein – who were killed in an Israeli airstrike on February 16, 1992 – beyond Lebanon's borders. The emerging Israeli embassy operation provided them with the opportunity to do so. Only eight days after the assassination, the group purchased the vehicle that would be used in the bombing – three weeks later, the embassy was in ruins.⁸

The operation occurred quickly, but was facilitated by Iranian plans to carry out an operation in Argentina well before al-Musawi was killed. The year before al-Musawi's death,

Argentina suspended shipments of nuclear material to Iran due to “concrete indications that Iran had non-peaceful plans for its nuclear capacities.”⁹ According to Nisman, the al-Musawi assassination was used by Hezbollah to justify the embassy bombing to its supporters, but the attack was carried out at the behest of Tehran in response to Argentina’s suspension of nuclear cooperation with Iran.¹⁰

The Argentine Supreme Court investigation into the embassy bombing identified IJO chief Imad Mughniyeh as “one of the persons that was responsible for the attack.”¹¹ American intelligence concurred with this finding. The key piece of evidence was handwriting on the paperwork for the purchase of the truck used in the attack that matched with that of known Hezbollah operatives. As further proof, Argentine investigators eventually released communication intercepts captured in the wake of the embassy bombing that included a conversation between Tehran and the Iranian embassy in Moscow alluding to a forthcoming attack.¹²

The investigation also began to reveal the central role Rabbani had in Hezbollah’s Latin American operations. Two weeks after the bombing, on April 3, 1992, Rabbani placed a call from his home phone to the secretary of Sheikh Fadlallah, a Lebanese Shi’ite religious leader with close ties to Hezbollah. Argentine intelligence detected the call and prosecutors pointed to it as timely evidence, not only of his relationship with Hezbollah, but of the leadership role he played in their operations. Less than two years later, as investigators were still piecing together the facts of the 1992 embassy bombing, Hezbollah and Iranian operatives struck again.

AMIA Bombing

On July 18, 1994, at approximately 9:45 in the morning, a large explosion occurred at the Asociación Mutual Israelita Argentina (AMIA) Jewish center, leveling the building, killing 85 people, and wounding an additional 150. The bombing was the deadliest in Argentine history and sent shockwaves around the world. The United States and Israel immediately sent teams to aid Argentina in the investigation process. Investigators quickly learned that the bombing was the result of a suicide car bomb attached to a Renault Trafic van carrying 300 to 400 kilograms of explosives.¹³

Argentine federal police released a composite sketch of the suicide bomber to the local press from testimony that included a door to door survey of neighborhood residents shortly after the bombing. But, as quickly as authorities produced these sketches, and as useful as they would later be in definitively identifying the perpetrators as members of a Hezbollah team, they were too late to help apprehend the suspects before they escaped the country. Additionally, the Iranian diplomatic support network had already left the country in waves in the weeks leading up to the attack.¹⁴

According to the testimony of Abolghasem Mesbahi, an Iranian intelligence defector, a group of senior Iranian officials selected the AMIA building as the bombing target during a meeting in Mashhad, Iran on August 14, 1993. At the meeting, the officials discussed the Palestinian situation, the future of Iraq, and the strategy of exporting the revolution abroad. The idea of carrying out an attack in Argentina was reportedly at the core of the discussion about exporting the revolution. Final approval for the attack was given by the Committee for

Special Operations within Iran's Supreme National Security Council. Attendees at this meeting included Supreme Leader Ali Khamenei, President Rafsanjani, Minister of Intelligence Ali Fallahian, Foreign Minister Ali Velayeti, Ahmad Asghari, a suspected IRGC official stationed at the Iranian embassy in Buenos Aires, and Mohsen Rabbani.¹⁵

Shortly thereafter, Rabbani was named Cultural Attaché at the Iranian embassy in Buenos Aires – a move meant to provide him diplomatic immunity prior to the AMIA attack.¹⁶ Rabbani led intelligence efforts for the operation. He had been using local Shi'ite scouts to assess Jewish and American targets in Buenos Aires since 1983. Prosecutors later stated that his surveillance reports would prove to be "a determining factor in the making of the decision to carry out the AMIA attack."¹⁷ In addition to his scouting support, Rabbani

used his various bank accounts at Deutsche Bank, Banco Sudameris, and Banco Tornquist to receive Iranian funds in support of the attack. Most of these funds arrived through international bank transfers, including several sent from Iran's Bank Melli through Union de Banco Suizos.

While Rabbani attended to the necessary logistical details in Buenos Aires, Hezbollah operatives in the tri-border area planned the details of the operation. These two groups stayed in close touch as the plot slowly came together. Based on a joint investigation with its Argentinian counterpart, an FBI task force noted that "in the months prior to the attack, there were many calls from the mosque in the city of Iguazu Falls to Iran, the Embassy of Iran in Buenos Aires, the Embassy of Iran in Brasilia, the at-Tauhid mosque in Buenos Aires, and the office of the cultural attaché



Israel Defense Forces

Families of AMIA victims commemorate an anniversary of the 1994 bombing that killed 85 people and injured over 300.

where Rabbani worked."¹⁸ On two occasions, tri-border plotters called Rabbani at home, reflecting either sloppy tradecraft or perhaps an especially pressing operational need.

On July 16, 1994, the explosives-laden Renault Trafic van used for the bombing was parked at a garage near the AMIA center. Rabbani placed a call from his cellphone while in the vicinity of both the garage and AMIA to the Iranian-owned Government Trade Corporation (GTC), which was believed to be a front for Iranian intelligence.¹⁹ Two days later, the van exploded and the AMIA center was destroyed.

Investigation Revamp and the Iran Deal

Initially, the AMIA investigation went very poorly. The late Argentine president Nestor Kirchner once called it a national disgrace.²⁰ Judge Juan Jose Galeano originally kept his full caseload when he took on this major case. In March 2003, Judge Galeano filed his indictment, but some of the arrest warrants he called for were ultimately deemed too weak to enforce. Former Iranian ambassador to Argentina Hadi Soleimanpour was arrested in England in August 2003, on the basis of his indictment in Argentina and an INTERPOL Red Notice calling for his arrest and extradition to Buenos Aires. British officials, however, released Soleimanpour on \$1.2 million bail in September and concluded shortly thereafter that the extradition request failed to meet the prima facie evidentiary threshold under British law. Soleimanpour returned to Iran in November 2003.

Yet that was a relatively minor hiccup – things got worse. In December 2003, Judge Galeano was removed from the case for “irregularities,” such as bribing a defendant to accuse four police officers of corruption. The

defendant and the four officers involved were acquitted in 2004 and Galeano was impeached in 2005.²¹ Meanwhile, the AMIA-related trial of former Argentine president Carlos Menem began that summer.²² Menem, who was president at the time of the bombing, had long maintained close ties to Iranian intelligence and accepted a \$10 million bribe from Iran to cover up the Islamic Republic’s role in the attack.²³ The scandal led the Argentine Supreme Court to rule that the evidence in the case was inadmissible. Fortunately, the investigation began to turn around under Nestor Kirchner’s presidency.

Judge Galeano had focused on the local connections of the bombers and refused to go further in his indictments than to say that “it was a small group of fanatics that served as a shield for an Islamic fundamentalist group that presumably had ties to Hezbollah.”²⁴ And, even though a claim of responsibility for the AMIA attack was issued under one of Hezbollah’s known affiliated names, Galeano concluded that “no evidence has come to light as yet indicating that Hezbollah could have known of the plans, and subsequent to that, could have been implicated in the consequences.”²⁵ Following Galeano’s removal in 2005, Judge Rodolfo Canicoba Corral took over and assigned a team of experienced federal prosecutors to the investigation, led by Alberto Nisman. The team started the new investigation from scratch and turned more attention to the Iranian and Hezbollah angles, covering hundreds of files, leveraging telephone intercepts, and producing some 113,600 pages of documentation.

While concluding that the evidence did not suffice to call for the indictment and arrest of some of the individuals indicted by Galeano in March 2003, prosecutors determined in

2006 that several additional Iranian suspects should be indicted. Moreover, the prosecutors' report reserved particular criticism for Galeano's findings regarding Iran and Hezbollah. Nisman's report determined, "that the decision to carry out the attack was made not by a small splinter group of extremist Islamic officials, but was instead a decision that was extensively discussed and was ultimately adopted by a consensus at the highest levels of the Iranian government."²⁶

Since the 1994 bombing, relations between Argentina and Iran had been consistently and predictably frosty. This changed in 2007. The Brazilian weekly magazine *Veja* reported that, in exchange for cash, Iran asked for Argentine nuclear technology and for the

AMIA bombing to be covered up. *Veja* also claimed that Venezuela's late president Hugo Chavez, one of Iran's closest allies, was instrumental in facilitating a deal.²⁷ Venezuela made large purchases of Argentine debt and in August a Venezuelan businessman was caught at Argentine customs with \$800,000 – Iranian cash reportedly meant for the political campaign of Cristina Kirchner. Whether Iran actually received the nuclear technology, or whether the basis of the deal was simply financial, Argentine-Iranian relations changed markedly.²⁸

In 2011, Iranian officials expressed a willingness to "engage in constructive dialogue" with Argentina about the AMIA case, although they continued to insist that talk of an Iranian



Argentines have been taking to the streets in 2015 to demand justice for the death of prosecutor Alberto Nisman.

link was nothing more than “plots and political games.” By January 2013, this Iranian willingness to look for any non-Iranian perpetrators of the plot had translated into a bilateral agreement between Tehran and Buenos Aires to jointly investigate the bombing.²⁹ For Nisman and his fellow prosecutors and investigators – whose tireless pursuit of justice in this case led to an exhaustive investigation and the issuing of arrest warrants and Interpol Red Notices for the arrest of several Hezbollah operatives and Iranian officials – this new deal was akin to inviting the fox into the henhouse. After all, Iranian officials working on the deal reported directly to one of the investigation’s primary suspects: Mohsen Rabbani. In May 2014, a federal court ruled the deal unconstitutional, though the government quickly appealed to the Argentine Supreme Court.

On January 14, 2015, Nisman filed a legal complaint formally accusing President Cristina Fernandez de Kirchner and Foreign Minister Hector Timerman of trying to cover up Iran’s role in the 1994 AMIA bombing. Kirchner and Timerman, Nisman claimed, were covering Iran’s tracks in exchange for improved business and political ties with Iran. Four days later, and the day before he was scheduled to appear before Argentina’s Congress to present new evidence backing up his accusations, Nisman was found dead in his apartment. After Nisman’s untimely and highly suspicious death, many fear the alleged deal between Argentina and Iran may no longer be necessary to derail the AMIA investigation.

Iran’s Expanding South American Footprint

Iran’s intelligence penetration of South America has expanded significantly in the years since the 1994 AMIA bombing. Testifying

before the U.S. Congress in the weeks following the attack, the State Department’s coordinator for counterterrorism expressed concern that Iranian embassies in the region were stacked with larger-than-necessary numbers of diplomats, some of whom were believed to be intelligence agents and terrorist operatives: “We are sharing information in our possession with other States about Iranian diplomats, Iranian terrorist leaders who are posing as diplomats, so that nations will refuse to give them accreditation, or if they are already accredited, to expel them. We have had some success in that respect, but we have not always succeeded.”³⁰ Another witness recounted meeting with senior government officials in Chile, Uruguay, and Argentina regarding overrepresentation at Iranian embassies in the region in March 1995. Officials in Chile and Uruguay indicated that “the activities of those at the [Iranian] embassy were being monitored and that this was very clearly a concern.”³¹

Fifteen years later, the commander of U.S. Southern Command (SOUTHCOM), indicated the Iranian presence in the region had grown still larger, expanding from just a handful of missions a few years earlier to twelve by 2010. That, plus Iran’s traditional support for terrorism, concerned General Douglas Fraser. “Transnational terrorists – Hezbollah, Hamas – have organizations resident in the region,” Fraser noted.³² Two years later, in a statement before the House Armed Services Committee, Fraser warned of Iran’s success circumventing international sanctions by establishing modest economic, cultural, and security ties, mostly in nations like Venezuela, Ecuador, Bolivia, Nicaragua, and Cuba. Iran, Fraser added, also propagates its agenda through its 36 Shi’ite cultural centers. The Fundación Cultural Oriente, for example, an Iranian outreach

center dedicated to strengthening Iranian ties to Latin America, was run by none other than Mohsen Rabbani.³³

In 2007, evidence emerged that Rabbani's activism and involvement in terrorism in South America had not waned since Argentina indicted him and Interpol issued a Red Warrant arrest notice for his role in the AMIA bombing. According to court documents, Rabbani helped four men of Latin American descent who were plotting to bomb the John F. Kennedy International Airport (JFK) in New York. Three of the plotters were Guyanese; a fourth coconspirator, Kareem Ibrahim, was an imam and leader of the Shi'ite Muslim community in Trinidad and Tobago. All four men were ultimately convicted in federal court in the Eastern District of New York.

The four men sought technical and financial assistance for their plot, which they gave the code name Chicken Farm.³⁴ After failing to link up with al-Qaeda and Jamaat al Muslimeen operatives in the Caribbean, Ibrahim, already an Iranian confidant, recommended the plotters present their plan to the Iranian revolutionary leadership. Ibrahim arranged for Abdul Kadir, one of the plotters, to meet his contacts, including Rabbani, in Iran.³⁵

This meeting was not Kadir's first run-in with the Iranian revolutionary leadership. Under cross-examination, Kadir admitted that he had drafted reports for the Iranian ambassador to Venezuela in the mid-1980s, which focused on Guyana's economy, foreign policy, and military. His handwritten reports included details such as the low morale in the army and a "five-year development plan" that referred to infiltrating the military, police, and other government agencies.³⁶

Although Kadir had been active from at least the mid-80s, his first contact with Rabbani seems not to have occurred until 1994. After this point, contact between the two was regular, and Kadir became a "direct subordinate" and "man of trust" for Rabbani.³⁷ Rabbani had a wide network in Latin America, but the section of Nisman's 2013 report entitled "The Relationship between Abdul Kadir and Mohsen Rabbani" runs over twelve pages.³⁸ Nisman referred to Kadir as Rabbani's main deputy in Guyana and alleged that his role in the region was "directly supported and promoted by the Islamic Republic of Iran" – a clear example of an Iranian operative heading an "intelligence base" in the region.³⁹ The Chicken Farm operation enabled the two to collaborate directly. In a handwritten letter to Rabbani from 2006, Kadir agreed to perform a "mission" to determine whether a group of individuals in Guyana and Trinidad were capable of executing an unidentified task.⁴⁰ Kadir played an instrumental role not only in the recruitment of operatives, but in logistical elements as well. In financing the plot to attack the JFK airport in 2007, Kadir decided "that the funds allocated to finance the terrorist attack against the Airport in New York, [would be] deposited in the bank account opened and allocated to funds raised for the construction of a mosque in Linden, [Guyana]."⁴¹

Kadir was ultimately arrested on June 1, 2007 in Trinidad aboard a plane headed to Venezuela, en route to Iran.⁴² He was carrying a computer drive with photographs featuring himself and his children posing with guns that were intended, according to prosecutors, to prove his intent and capability to carry out an attack.⁴³ Documents seized after Kadir's arrest also revealed a wide range of contacts in the Iranian regime and with organizations closely

associated with the government. A report released by Nisman and his team concluded that “the conspiracy to attack John F. Kennedy Airport in New York was organized under [Tehran’s] protection...[and] had the approval of the Islamic Republic of Iran.”⁴⁴

Four years later, around the same time the last defendants in the JFK Airport bomb plot were convicted, reports of Rabbani’s continued activities in South America emerged in the Brazilian press. Security had become a priority in Brazil as the country prepared to host first the 2014 World Cup and then the 2016 Olympic Games. As international security experts looked closely at Brazil, they expressed concern about the country’s lax counterterrorism legal regime and weaker still enforcement. In April 2011, *Veja* ran an article citing FBI, CIA, Interpol, and other documents about terrorist activity in Brazil which warned that Rabbani “frequently slips in and out of Brazil on a false passport and has recruited at least

24 youngsters in three Brazilian states to attend ‘religious formation’ classes in Tehran.”⁴⁵ In the words of one Brazilian official quoted by the magazine, “Without anybody noticing, a generation of Islamic extremists is appearing in Brazil.”⁴⁶ Further, according to a former FBI agent who worked on Hezbollah and the AMIA bombing, Hezbollah’s role in criminal activities and fraud have grown. The group now engages in shipping fraud, for example, involving containers that enter Brazil at the port of Sao Paulo and then “disappear on their way up the river toward Foz in the tri-border area.”⁴⁷

To be sure, Iran and Hezbollah remain hyperactive in South America – a fact that has the full attention of U.S. intelligence officials and their counterparts south of the border. Consider, for example, that the Iranian Revolutionary Guard Corps Quds Force plot to kill the Saudi ambassador to Washington in October 2010 reportedly also included



Former Brazilian President Luiz Inácio Lula da Silva is greeted in Tehran by the former President of Iran, Mahmoud Ahmadinejad.

possible plans to attack the Saudi and Israeli embassies in Buenos Aires.⁴⁸ In a July 2012 report, the State Department concluded that although the department knew of no credible information indicating Hezbollah operatives were engaged in “terrorist training or other operational activity” in the tri-border area, Washington “remained concerned that these groups used the region to raise funds from local supporters.”⁴⁹ A year later, in May 2013, Nisman released a 500 page report focused on how the Iranian regime has, since the early 1980s, built and maintained “local clandestine intelligence stations designed to sponsor, foster, and execute terrorist attacks” in the Western Hemisphere.⁵⁰ Nisman wrote that “through the ‘policy for the export of the revolution’ Iran has developed an elaborate and rigid support structure...and intelligence bases that proved to be a crucial instrument when the time comes to carry out – or seek to carry out – terrorist attacks.”⁵¹

Rabbani’s “portfolio” was fairly expansive. He was “allocated the task to establish, develop, support, and indoctrinate the Shi’ite Muslim organizations of” Chile, Uruguay, and Colombia.⁵² In Colombia, for example, Rabbani was updated on the everyday activities of the Shi’ite community. He was also active in the tri-border area between Paraguay, Argentina, and Brazil, a Hezbollah hotspot, where he maintained links to Hezbollah leaders such as Farouk Abdul Omairi and Salman al-Reda. Al-Reda, a prominent Hezbollah operative and key player in the AMIA bombing, had been groomed by Rabbani in the 1980s. He is a dual Lebanese-Colombian citizen, who lived at various times in Colombia, Buenos Aires, and the tri-border area, immigrated to Argentina in 1987, initially settling in Buenos Aires and joining Rabbani’s at-Tauhid mosque.

Immediately after beginning his association with Rabbani, al-Reda became intensively involved in hatching terror plots against Israeli, American, and Jewish interests in Argentina.⁵³ Omairi was sentenced in 2007 to eleven years in a Brazilian prison for drug trafficking, while al-Reda is still at large.⁵⁴

Rabbani’s position as Iran’s coordinator for Latin America was facilitated by his role as the head of the at-Tauhid mosque in Buenos Aires, which gave him numerous opportunities to travel to Islamic institutions throughout the region. At-Tauhid “operated as the center of operations from which funding was provided to other Iranian centers in South America and took decisions on policies and activities related to these branches.”⁵⁵ Recruiting and indoctrination were significant aspects of Rabbani’s activities; he would oversee the education and indoctrination of Guyanese and other South American Muslim youth in Iran.⁵⁹ He often sent followers to study in Qom, Iran, including Abdul Kadir’s son, for political indoctrination and religious and paramilitary training.⁵⁷

With the exception of Argentina and Guyana, the networks established in Latin American countries are not yet known to have attempted any overt terrorist activity. Yet, as the Nisman report points out, they are in a position to become active if and when needed. Many members of these networks use the covers of diplomatic or cultural emissaries. In the conclusion of the report, Nisman specifically warns the authorities of Chile, Brazil, Uruguay, Paraguay, Guyana, Trinidad and Tobago, Suriname, and Colombia to be vigilant. As the experience of AMIA and the JFK airport shows, Iran’s policy of exporting the revolution cannot be taken as mere rhetoric, even as far afield as the Americas.

Snapshot: Iran and Hezbollah in South America, 2015

The same day that Nisman's report on Iran's presence in South America was released in May 2013, the State Department released its annual terrorism report, which documented a "marked resurgence" of Iran's terrorist activities around the world. The release of these reports coincided with the sentencing of Mansour Arbabsiar, an Iranian-American used-car salesman from Texas, for his role in an Iranian plot to assassinate the Saudi Ambassador to Washington. In the assessment of the Director of National Intelligence, General James Clapper, that plot demonstrated that "some Iranian officials – probably including Supreme Leader Ali Khamenei – have changed their calculus and are now more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime."⁵⁸

Iran's brazen Western Hemisphere posture is clear in its dogged pursuit of a joint "truth commission" with Argentina to uncover the "real" culprits behind the AMIA bombing. Tellingly, while Ali Akbar Velayati, Iran's Foreign Minister in 1994 and today an advisor to Iran's Supreme Leader, declined to appear before an Argentinean court, he insisted to Argentina's C5N TV that charges against him amount to a "baseless accusation," adding that Argentina is "under the influence of Zionism and the U.S."⁵⁹

Meanwhile, the man described by Argentinean authorities as the driving force behind the AMIA bombing, Mohsen Rabbani, told Argentinean TV that Nisman's investigation was based on nothing more than "the inventions of newspapers without any proof against Iran." In fact, the most powerful proof

against Iran was evidence of Rabbani's own role in the plot, from running a network of intelligence agents in Buenos Aires to purchasing the van used as the car bomb in the attack. And he remains active: according to Nisman's more recent investigations, Iranian agents in Argentina acting at Rabbani's behest and reporting directly back to him were conspiring to concoct fake "new evidence" to supplant the real evidence collected in the case.

Iranian agents in Argentina acting at Rabbani's behest and reporting directly back to him were conspiring to concoct fake "new evidence" to supplant the real evidence collected in the case

In one intercepted conversation, one of Rabbani's agents, Jorge Khalil, reported to Rabbani by phone on a meeting with an Argentine official. "Send me the details so I can evaluate them," Rabbani responded.⁶⁰ Exchanges such as this made "it completely clear that Rabbani retains decision-making authority within the regime in all matters related to the Argentine Republic," Nisman concluded, later adding that "Khalil has been Rabbani's man of confidence who has constantly reported back to him from Buenos Aires."⁶¹ In another intercepted telephone exchange, Khalil assures Rabbani further reports are forthcoming: "...Sheikh, don't worry because tonight when I get home I'll send you a report on everything that I'm doing." Such assurances, Nisman determined, demonstrate Khalil's subordination to Mohsen Rabbani.⁶²

Meanwhile, Hezbollah activities in the region have picked up pace significantly. In its 2014 annual terrorism report, the State

Department highlighted the financial support networks Hezbollah maintains in places like Latin America and Africa. The report concluded that Hezbollah is, “capable of operating around the globe.”⁶³ This conclusion was underscored in November 2014 when Brazilian police reports revealed that Hezbollah helped a Brazilian prison gang, the First Capital Command (PCC), obtain weapons in exchange for the protection of prisoners of Lebanese origin detained in Brazil.⁶⁴ The same reports indicated that Lebanese traffickers tied to Hezbollah reportedly helped sell C4 explosives that the PCC allegedly stole in Paraguay.⁶⁵

Hezbollah is not strictly an Israeli concern. “Beyond its role in Syria,” Matt Olsen, the then-director of the National Counterterrorism Center (NCTC) warned in September 2014, “Lebanese Hezbollah remains committed to conducting terrorist activities worldwide.”⁶⁶ The NCTC director continued: “We remain concerned the group’s activities could either endanger or target U.S. and other Western interests.”⁶⁷ NCTC officials note that Hezbollah “has engaged in an aggressive terrorist campaign in recent years and continues attack planning abroad.”⁶⁸ Indeed, one of the group’s most recently foiled plots was in Peru and involved a Hezbollah operative married to a U.S. citizen. Peruvian counterterrorism police arrested the Hezbollah operative in Lima in November 2014, the result of a surveillance operation that began several months earlier. In that case, Mohammed Amadar, a Lebanese citizen, arrived in Peru in November 2013 and married a dual Peruvian-American citizen two weeks later. They soon moved to Sao Paulo, Brazil, but returned to Lima in July 2014. Authorities were clearly aware of Amadar at the time, because they questioned him upon arrival at the airport and began watching him

then. When he was arrested in October, police raided his home and found traces of TNT, detonators, and other inflammable substances. A search of the garbage outside his home found chemicals used to manufacture explosives. By the time of his arrest, intelligence indicated Amadar’s targets included places associated with Israelis and Jews in Peru, including areas popular with Israeli backpackers, the Israeli embassy in Lima, and Jewish community institutions.

It warrants noting that Hezbollah activity in the Southern Hemisphere is of direct concern to the United States. This was underscored in January 2015 when the FBI’s Miami field office released a “request for information” bulletin about a dual Venezuelan-Lebanese and Hezbollah operative Ghazi Nasr al-Din, known both for raising money for the group and meeting with Hezbollah officials in Lebanon to discuss “operational issues.”⁶⁹ It is not clear what prompted the FBI to issue its request for information bulletin, but Nasr al-Din had long been on the U.S. government’s radar. In June 2008 the U.S. Treasury Department designated him a global terrorist, noting that he “utilized his position as a Venezuelan diplomat and the president of a Caracas-based Shi’ite Islamic Center to provide financial support to Hezbollah.” Nasr al Din had met with senior Hezbollah officials in Lebanon, Treasury reported, for the purpose of discussing “operational issues” and also facilitated the travel of Hezbollah members to and from Venezuela, and for travel to Iran to attend a training course there.⁷⁰ Hezbollah today is more invested in operations in South America than ever before.

Conclusion

American officials are deeply concerned about the rise of Iranian intelligence activities in the region, as well as Hezbollah operational activities in the region that are now complimenting the group's longtime logistical and financial support activities there. While Hezbollah continues to raise significant sums of money through illicit business and smuggling in the tri-border area and other free trade zones in the region, it's activities have spread far beyond these well-known hot spots and include not only logistics and financing, but terrorist operational planning as well. Iran, for its part, has also been tied to operations in the region, but is far more invested in building up a robust intelligence network spanning the length of the southern half of the Western Hemisphere. Coming on the heels of the Iran nuclear deal, these activities are even more disconcerting. Whether, or how soon, Iran cheats on its nuclear commitments, U.S. officials cannot say. But there is broad consensus that the international community needs to be prepared to deal with Iran's ongoing non-nuclear "malign activities" and "menacing behavior," as Treasury Secretary Jack Lew put it.⁷¹ U.S. officials have similarly noted the administration's commitment to "target the full range of Hezbollah's activity, including terrorism, criminal activity, and its destabilizing conduct in the [Middle East] region."⁷²

In light of their long history of "menacing behavior" in South America, and even more so given the increased tempo and nature of their "malign activities" in the region, it is critical that the necessary attention and resources be devoted to tracking and countering the threats they portend. In the age of the Iran Deal, foreign terrorist fighters, and the rise of Islamic

State, there is tight competition for bandwidth and dollars for other priorities. Though recently much of Latin America has aligned with western interests, that alignment can not be taken for granted. American influence in the region now competes with influence from highly motivated extra-regional powers. As the U.S. adapts to a rapidly changing global security environment, the threat posed by Iran and Hezbollah in the Western Hemisphere, a key geo-strategic interest and historic stronghold of American influence, should be recognized as a clear and present danger. **PRISM**

Notes

¹ Matthew Levitt, *Hezbollah: The Global Footprint of Lebanon's Party of God* (Georgetown University Press, 2013): 79.

² Investigations Unit of the Office of the Attorney General, "AMIA Case" signed by District Attorney Marcelo Martinez Burgos, Attorney General Alberto Nisman, and Secretary of the Office of the Attorney General Herman Longo, (October 25 2006): 405.

³ Investigations Unit of the Office of the Attorney General (2006), 406.

⁴ Investigations Unit of the Office of the Attorney General (2006), 46.

⁵ William R. Long, "Islamic Jihad Says it Bombed Embassy; Toll 21," *Los Angeles Times*, March 19, 1992; Ronen Bergman, *The Secret War with Iran: The 30-year Clandestine Struggle Against the World's Most Dangerous Terrorist Power* (New York: Free Press, 2007): 170.

⁶ Ronen Bergman, *The Secret War with Iran: The 30-year Clandestine Struggle Against the World's Most*

Dangerous Terrorist Power (New York: Free Press, 2007): 170-171.

⁷ Affidavit of FBI Agent James Bernazzani, Jr., Government's "Memorandum in Aid of Sentencing," USA V. Bassam Gharib Makki, May 2, 1999.

⁸ Investigations Unit of the Office of the Attorney General (2006), 541.

⁹ Investigations Unit of the Office of the Attorney General (2006), 153.

¹⁰ Report by the Investigations Unit of the Office of the Attorney General, "AMIA Case" signed by District Attorney Marcelo Martinez Burgos, Attorney General Alberto Nisman, and Secretary of the Office of the Attorney General Herman Longo, October 25 2006, p. 22

¹¹ Investigations Unit of the Office of the Attorney General (2006), 534.

¹² Levitt, 100.

¹³ Investigations Unit of the Office of the Attorney General (2006), 31.

¹⁴ Levitt, 76.

¹⁵ Investigations Unit of the Office of the Attorney General (2006), 145.

¹⁶ Investigations Unit of the Office of the Attorney General (2006), 243-245.

¹⁷ Investigations Unit of the Office of the Attorney General (2006), 436-437.

¹⁸ "Report of the Task Force of the Federal Bureau of Investigation (FBI): Analysis of the Attack on the Seat of the Mutual Israeli Argentinean Association (AMIA), 18th of July, 1994, Buenos Aires, Argentina," August 1998 (Original copy in Spanish, translated to English for the author by Yair Fuxman).

¹⁹ Investigations Unit of the Office of the Attorney General (2006), 316.

²⁰ Dexter Filkins, "Death of a Prosecutor," *The New Yorker*, July 20, 2015. <http://www.newyorker.com/magazine/2015/07/20/death-of-a-prosecutor>.

²¹ Alexei Barrionuevo, "Inquiry on 1994 Blast at Argentina Jewish Center Gets New Life," *New York Times*, July 17, 2009. <http://www.nytimes.com/2009/07/18/world/americas/18argentina.html>

²² Jonathan Gilbert, "Trial Starts for Argentine Ex-President in '94 Bombing of Jewish Center," *New York Times*, August 6, 2015. http://www.nytimes.com/2015/08/07/world/americas/trial-starts-for-argentine-ex-president-in-94-bombing-of-jewish-center.html?_r=0

²³ Larry Rohter, "Iran Blew Up Jewish Center in Argentina, Says Defector," *New York Times*, July 22, 2002. <http://www.nytimes.com/2002/07/22/world/iran-blew-up-jewish-center-in-argentina-defector-says.html?pagewanted=all>

²⁴ Investigations Unit of the Office of the Attorney General (2006), 13.

²⁵ Investigations Unit of the Office of the Attorney General (2006), 14.

²⁶ Investigations Unit of the Office of the Attorney General (2006), 12-13.

²⁷ Leonardo Coutinho, "Chavistas confirmam conspiração denunciada por Nisman," (Chavistas confirm conspiracy denounced by Nisman, English Translation) *Veja*, March 14, 2015.

²⁸ *Ibid.*

²⁹ Emily Schmall, "Deal Reached for Inquiry on Bombing in Argentina," *New York Times*, January 27, 2013. http://www.nytimes.com/2013/01/28/world/americas/argentina-and-iran-to-investigate-jewish-center-bombing.html?_r=0

³⁰ *Terrorism in Latin America/AMIA Bombing in Argentina: Hearing before Committee on International Relations*, 104th Cong. (1995) (Testimony of Ambassador Philip Wilcox).

³¹ *Terrorism in Latin America/AMIA Bombing in Argentina: Hearing before Committee on International Relations*, 104th Cong. (1995) (Testimony of Mr. Tommy Baer – p. 34 of oral testimony).

³² Benjamin Birnbaum, "General in Latin America Trains Eye on Middle East," *Washington Times*, July 29, 2010. <http://www.washingtontimes.com/news/2010/jul/29/us-general-latin-america-keeps-eye-middle-east/>

³³ U.S. Congress, House of Representatives, *Fiscal Year 2013 National Defense Authorization Budget Requests: Hearing before Armed Services Committee*, March 6, 2012 (Testimony of Douglas Fraser, Commander United States Southern Command).

³⁴ U.S. Department of Justice, U.S. Attorney's Office, Eastern District of New York, "Imam from Trinidad Convicted of Conspiracy to Launch Terrorist Attack at JFK Airport," May 26, 2001. <http://www.justice.gov/archive/usao/nye/pr/2011/2011may26b.html>

³⁵ U.S.: 'Unthinkable' terror devastation prevented," *Associated Press*, June 3, 2007. http://www.nbcnews.com/id/18999503/ns/us_news-security/t/us-unthinkable-terror-devastation-prevented/#.VgWYwctVhBc

³⁶ A. G. Sulzberger, "Trial Focuses on Iran Ties of Kennedy Plot Suspect," *New York Times*, July 21, 2010. <http://www.nytimes.com/2010/07/22/nyregion/22kennedy.html>

³⁷ *Ibid.*, 110.

³⁸ *Ibid.*, 122.

³⁹ *Ibid.*, 92.

⁴⁰ *U.S. v. Defreitas et al*, government exhibit 341.

⁴¹ “Nisman’s Report on Iran’s terrorist networks throughout Latin America – Nisman report on sleeper cells,” 127.

⁴² Federal Bureau of Investigation, New York Field Office, “Russell Defreitas Sentenced to Life in Prison for Conspiring to Commit Terrorist Attack at JFK Airport,” February 17, 2011.

⁴³ Sulzberger.

⁴⁴ “Nisman’s Report on Iran’s terrorist networks throughout Latin America – Nisman report on sleeper cells,” 138.

⁴⁵ “Exclusive: CIA Documents, the FBI and PF Show how the Acts of Islamic Terror Network in Brazil,” *Veja* (Brazil), April 2, 2011.

⁴⁶ *Ibid*; see also “Brazil Latest Base for Islamic Extremists,” *Telegraph* (London), April 4, 2001.

⁴⁷ Author interview, retired FBI agent, Washington D.C., February 23, 2011.

⁴⁸ Report: Saudi Officials Warned of Iran Plot to Attack Israel Embassy in Argentina,” *Reuters*, October 14, 2011.

⁴⁹ U.S. Department of State, *Country Reports on Terrorism* 2011, (July 31, 2012): 184. <http://www.state.gov/documents/organization/195768.pdf>

⁵⁰ “Extended Summary: Nisman’s Report on Iran’s terrorist networks throughout Latin America,” *AlbertoNisman.org*, May 29, 2015.

⁵¹ *Ibid*, 145.

⁵² “Nisman’s Report on Iran’s terrorist networks throughout Latin America – Nisman report on sleeper cells,” 218-219.

⁵³ For details, see Levitt, 86.

⁵⁴ “Nisman’s Report on Iran’s terrorist networks throughout Latin America – Nisman report on sleeper cells,” 187-192.

⁵⁵ *Ibid*, 182.

⁵⁶ *U.S. v. Defreitas et al*, government exhibit 342; *U.S. v. Defreitas et al*, Eastern District of New York, July 21, 2010, Transcript of Trial.

⁵⁷ “Nisman’s Report on Iran’s terrorist networks throughout Latin America – Nisman report on sleeper cells,” 137-138.

⁵⁸ General James Clapper, “Worldwide Threat Assessment of the US Intelligence Community for the Senate Select Committee on Intelligence,” (January 31, 2012): 5. http://www.dni.gov/files/documents/Newsroom/Testimonies/20120131_testimony_ata.pdf

⁵⁹ Uki Goni, “Iran denies involvement in 1994 Argentinian Jewish centre bombing,” *The Guardian*, May 19, 2015. <http://www.theguardian.com/world/2015/may/19/iran-argentina-jewish-centre-amia-bombing>

⁶⁰ Alberto Nisman, Chief Prosecutor, “Filing of Complaint,” Office of the Public Prosecutor of the Nation, (Conversation of 5/20/2013, telephone no. 11-3238- 4699, File B-1009-2013-05-20-114842-2, CD 31). P. 98

⁶¹ *Ibid*, 149.

⁶² *Ibid*, 149; See also Douglas Farah, “The Murder of Alberto Nisman: How the Government of Cristina Fernandez de Kirchner Created the Environment for a Perfect Crime,” *International Assessment and Strategy Center* (IASC), March 2015.

⁶³ “Hezbollah has ties to Brazil’s Largest Criminal Gang; Group also Found Active in Peru,” *Fox News Latino*, November 11, 2014. <http://latino.foxnews.com/latino/news/2014/11/11/hezbollah-has-ties-to-brazil-largest-criminal-gang-group-also-found-active-in/>

⁶⁴ *Ibid*.

⁶⁵ *Ibid*.

⁶⁶ Matthew G. Olsen, “Worldwide Threats to the Homeland,” Hearing before the Senate Committee on Homeland Security, September 17, 2014. http://www.nctc.gov/docs/2014_worldwide_threats_to_the_homeland.pdf

⁶⁷ *Ibid*.

⁶⁸ *Ibid*.

⁶⁹ Federal Bureau of Investigation, Miami and San Diego Field Offices, “Seeking Information Ghazi Nasr al-Din,” January 29, 2015. <https://www.fbi.gov/wanted/terrorinfo/ghazi-nasr-al-din>

⁷⁰ “Treasury Targets Hizballah in Venezuela,” US Department of the Treasury, June 18, 2008. <http://www.treasury.gov/press-center/press-releases/Pages/hp1036.aspx>

⁷¹ Secretary of the Treasury Jacob J. Lew, “Remarks of Treasury Secretary Jacob J. Lew to The Washington Institute,” April 29, 2015. <https://www.washingtoninstitute.org/policy-analysis/view/remarks-of-treasury-secretary-jacob-j.-lew>

⁷² Adam Szubin, Acting Under Secretary for Terrorism and Financial Intelligence Director, Office of Foreign Assets Control U.S. Department of the Treasury, “Beyond The Vote: Implications for the Sanctions Regime on Iran,” September 16, 2015. <http://www.washingtoninstitute.org/uploads/Documents/other/SzubinTranscript20150916-v2.pdf>



Elaborate cross-border drug smuggling tunnel discovered in a warehouse near San Diego by U.S. Immigration and Customs Enforcement.

Transnational Organized Crime

An Insidious Threat to U.S. National Security Interests

BY RENEE NOVAKOFF

Over the past several years, U.S. officials have begun paying more attention to the insidious threat of transnational organized crime in the western hemisphere and its potential effect on U.S. national security. While senior officials who are on the front lines tasked to stop the negative trends are calling for increased vigilance and support to end these destructive developments, competing priorities on U.S. policymakers are resulting in unfocused efforts to develop a whole of government approach against these criminal elements. The U.S. intelligence and law enforcement communities have had some successes against these bad actors, but as a whole, criminal elements continue to grow in power and resources, and concerning anecdotal information indicates, terrorist groups may be using some of the same criminal middlemen to help them move funds, goods, and people as the transnational organized crime (TOC) groups are using. The time has come for a serious government wide implementation of the administration's TOC strategy, before we face a tragedy in the homeland that is supported or perpetrated by these transnational criminal elements. Because the threat crosses intelligence, law enforcement, diplomatic, and military jurisdictions and is truly global, a new U.S. government paradigm is needed to insure a focused effort against the problem. This requires one focal point with the authority to put an operational plan together that crosses all stovepipes and can work domestic and international issues – the bad actors do not care about borders and they cross our organizational seams. It also makes sense to start this work closest to home – in Latin America. This article will lay out the nuances of the burgeoning relationship between criminal elements and terrorist groups in the western hemisphere in an attempt to inspire the U.S. national security establishment to take action.

There is no doubt that transnational organized crime, especially in the western hemisphere, has grown over the past ten years. This growth is an unintended consequence of open borders, globalization, and technology that allows individuals to communicate, and to move funds, goods,

Renee Novakoff is the Deputy National Intelligence Manager for the Western Hemisphere at the Office of the Director of National Intelligence.



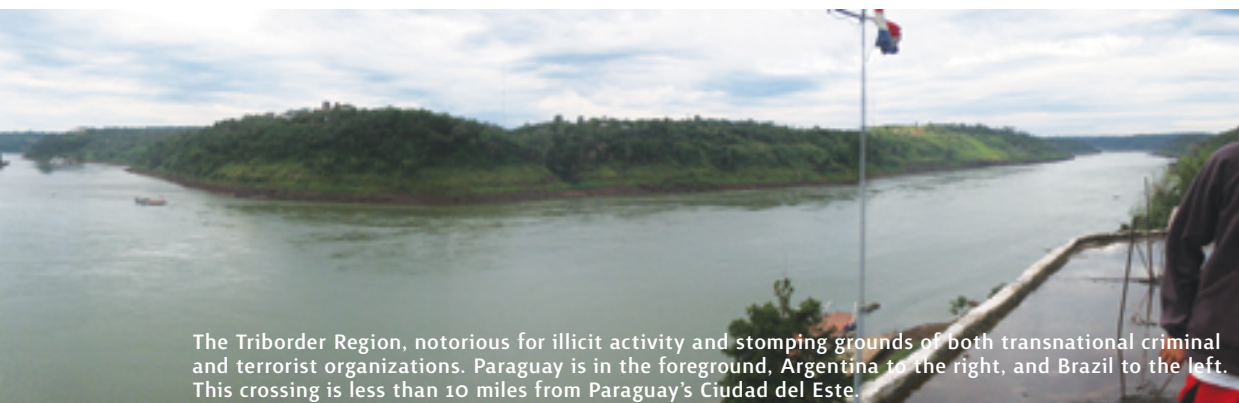
and people around the world more easily. These criminal elements prey on nations that have weak institutions, poverty, and a population that feels disenfranchised from its government. These descriptions fit northern Central America, which continues to sort out the legacies of its civil war period, making the governments there vulnerable to elements with money, jobs, and the ability to manage or govern.

While TOC groups have grown in influence and wealth, the international community has been successful in making it more difficult for state sponsors of terrorism to fund terrorist groups. This means terrorist groups must develop ways to obtain revenue. Rand Beers, the then U.S. Deputy Assistant Secretary for International Narcotics and Law Enforcement Affairs, and Francis Taylor, then the U.S. Department of State's ambassador-at-large for counterterrorism, told a U.S. Senate panel in 2002 that terrorist groups have increasingly turned to drug trafficking as a source of revenue as heightened international efforts have diminished the funding role of state sponsors.¹ Ten years later, in January 2012, the Director of National Intelligence James Clapper said:

Terrorists and insurgents will increasingly turn to crime and criminal networks for funding and logistics, in part because of U.S. and Western success in attacking other sources of their funding.²

Transnational criminal activity is among the most concerning soft threats to U.S. national security. It undermines our financial institutions, our laws, and our national morals. The money alone involved in this activity easily corrupts small governments; and it can corrupt large corporations and larger, more stable governments if left unchecked. Over time, the simultaneous phenomena of globalization and success against state sponsors of terrorism have resulted in terrorist groups and transnational organized crime groups relying on the same middle men, or facilitators and tactics, techniques and procedures (TTPs) to make their activities happen. Thus, we are seeing a convergence that transcends ideology and is weighted in the practical. This convergence of criminal elements with terrorist groups could make both groups more powerful.

Again, this is not a new phenomenon and it is a trend national security professionals have been pointing out for years, especially in Latin America. Ambassador Taylor described



The Triborder Region, notorious for illicit activity and stomping grounds of both transnational criminal and terrorist organizations. Paraguay is in the foreground, Argentina to the right, and Brazil to the left. This crossing is less than 10 miles from Paraguay's Ciudad del Este.

this convergence trend to Congress in October 2001. He spoke about the Triborder Region (Brazil, Argentina, and Paraguay) as an area where Hezbollah was heavily involved with criminal activities to include document forging, money laundering, contraband smuggling, and weapons and drug trafficking.³ According to a report written for the Brazilian security agencies in 2001, organized crime networks were increasing their influence in the triborder area of Brazil, Paraguay, and Argentina back then.⁴ These criminal groups, according to the report, offered aid to Middle Eastern terrorist organizations, such as Hezbollah, Hamas, and the Islamic Jihad, which totaled \$261 million.⁵ The report claimed these criminal groups are active in Paraguay and along the drug trafficking route from Colombia to the United States and Europe.⁶ The report noted that most of these clandestine operations take place in Ciudad del Este, Paraguay, considered a regional center for drug trafficking and arms smuggling.⁷ The transactions mostly involve bartering drugs for weapons from Colombian armed rebel groups.⁸

In a similar vein, in 2009, then National Security Advisor General James L. Jones, USMC, Ret. warned of the TOC threats to

international security and urged immediate international action, saying:

*In a world full of transnational threats, transnational crime is in an ascendant phase... This lethal nexus of organized crime, narcotrafficking, and terrorism is a threat...*⁹

To address the growing threat, in 2011 the Obama White House issued a strategy to counter transnational crime.¹⁰ The strategy says that, international—or transnational—organized crime has expanded dramatically in size, scope, and influence and that it poses a significant threat to national and international security.¹¹ In the introduction to this strategy, President Obama writes:

*...criminal networks are not only expanding their operations, but they are also diversifying their activities, resulting in a convergence of transnational threats that has evolved to become more complex, volatile, and destabilizing. These networks also threaten U.S. interests by forging alliances with corrupt elements of national governments and using the power and influence of those elements to further their criminal activities.*¹²

Director of National intelligence, James Clapper recently declared before a Senate committee that transnational criminal organizations, particularly those from Latin America, were an “abiding threat to U.S. economic and national security interests.” He also highlighted the intelligence community’s concern that these groups may develop ties with both terrorist organizations and foreign governments.¹³

Over the past ten years that we have been discussing the convergence of crime and terrorism, the relationships have become more complicated and seemingly entrenched. According to the 2015 U.S. National Security strategy, the increasing interdependence of the global economy and rapid pace of technological change are linking individuals, groups, and governments in unprecedented ways. The strategy explains that these phenomenon “create shared vulnerabilities, as interconnected systems and sectors are susceptible to the threats of... transnational terrorism and crime.”¹⁴ As national security specialist Doug Farah points out, “As relationships consolidate, the recombinant criminal-terrorist pipelines become more rooted and thus more dangerous.”¹⁵

Senior officials have gone further. During his testimony before congress earlier this year General John Kelly, USMC said:

In my opinion, the relative ease with which human smugglers [from Central America] move tens of thousands of people to our nation’s doorstep also serves as another warning sign: these smuggling routes are a potential vulnerability to our homeland. As I stated last year, terrorist organizations could seek to leverage those same smuggling routes to move operatives with intent to cause grave harm to our citizens or even

*bring weapons of mass destruction into the United States.*¹⁶

However, resources focused on transnational crime and the area of the world where most of the criminal activity that directly affects the U.S. takes place, Latin America and the Caribbean, continue to be cut. Implausibly, senior decisionmakers consider Latin America as a low threat environment, even as the President sets out a strategy and numerous senior officials lay out the national security threat that emanates largely from this region.

To be sure, the idea of TOC/terrorist convergence remains controversial. The naysayers of this threat are largely characterized by those who want the threat to go away. They point out the lack of consistent information or events that prove there is ongoing convergence. However, as Farah explains, “the clandestine nature of criminal and terrorist activities, designed to be as opaque as possible, ... [means] whatever is known of specific operations along the criminal-terrorist pipeline, or whatever combinations of links are seen, represents merely a snapshot in time, not a video of continuing events.”¹⁷

While there may be limited evidence of true convergence (the FARC in Colombia is a clear example of convergence of terrorism and criminals), the preponderance of activities that we can identify shows terrorists imitating the criminal behavior they see around them, borrowing techniques such as credit card fraud and extortion. Louise Shelley and other specialists in this area refer to this phenomenon as activity appropriation, “a shared approach rather than true interaction.”¹⁸ Additionally, terrorist groups are using some of the same middlemen as TOC groups to obtain the

revenue and logistical support they need. This will be laid out later in this paper.

As far as activity appropriation goes, what we are seeing is a nexus of activities as opposed to a nexus of organizations. Activity convergence occurs when terrorists use criminal activities or criminals use terrorist tactics in pursuit of their respective political and economic ends. For a myriad of reasons, TCOs and terrorists are using the same methods and, in some cases, the same individuals to sustain their organizations, make money, and support their activities.

A Clear National Security Threat

In January 2010, the U.S. government concluded that between 1995 and 2009 transnational organized crime had expanded dramatically in size and scope.¹⁹ The core of this activity takes place in the northern areas of Latin America where proceeds from drug trafficking are making criminals rich or, in some cases, allowing them to feed their families. Illicit activities such as drugs, arms, contraband, and human trafficking are nothing new, however, their scale and associated violence as a result of globalization have made these transnational crimes a national security concern. The UN has stated that organized crime threatens peace and human security, violates human rights, and undermines economic, social, cultural, political, and civil development of societies around the world.²⁰ Furthermore, the vast sums of money involved can compromise legitimate economies and directly impact public processes by “buying” elections through corruption.²¹

The vastness of U.S. borders make them vulnerable to anyone or anything that is determined to cross them. Illicit traffickers make their living by learning U.S. border

vulnerabilities and helping their customers use those weaknesses to move their goods through the borders. Last year, almost half a million migrants from Central America were apprehended on the U.S.-Mexico border. Most paid middle men to help them get to the U.S. The repercussions of weak border control go beyond migration issues. ISIL has directly identified this as a U.S. vulnerability. In 2014, ISIL adherents posted discussions on social media calling for the infiltration of the U.S. southern border. The May 2015 issue of *Dabiq*, the English language ISIL periodical, highlighted the possibility of ISIL moving WMD materials through global drug trafficking routes into the U.S. from Mexico.²²

Over time, and with the advent of a globalized world, organized crime has diversified, gone global, and reached macro-economic proportions. Illicit goods may be sourced from one continent, trafficked across another, and marketed in a third. Transnational organized crime permeates government agencies and institutions, fueling corruption, infiltrating business and politics, and hindering economic and social development. The UN says that it is undermining governance and democracy by empowering those who operate outside the law.²³ There is no reason to think that this cannot happen in the U.S.. Fighting these illicit networks is no longer about drugs, counterfeits, weapons, terrorists, or insurgents. It is about defending the integrity of the system of viable sovereign states and the fundamental structure of global order.²⁴

TOC networks are a threat; not a force on force threat, but one that is more insidious and transcends borders. These borderless groups infiltrate government institutions to create, for themselves, space from which to carry out illicit activities. “TOC networks insinuate

themselves into the political process in a variety of ways. This is often accomplished through direct bribery; setting-up shadow economies, infiltrating financial and security sectors..., and positioning themselves as alternate providers of governance, security, services, and livelihoods.²⁵ These networks threaten to destabilize governments not by direct means, but through behind the scenes attempts to gain space to develop their illegal businesses. Moises Naim talks about how criminal elements are gaining political influence as well as wealth and connecting remote places of the planet with the most cosmopolitan cities in his book, *Illicit: How Smugglers, Traffickers and Copycats are Hijacking the Global Economy*.²⁶

This money and power is what threatens U.S. national security. There is not a clear military threat, but a threat that is more concerning, a slow corruption of our systems and morals, that if left unchecked, will make us vulnerable to the whims of undemocratic powers and erode the institutions, rules, and laws that we hold dear. What makes this threat even more concerning is that others – state and nonstate anti-American actors – could undermine U.S. institutions. This is the fight that some governments in Latin America are facing today.

The Lure of Transnational Organized Crime Profits

Illicit trafficking is estimated to be a \$6 trillion industry. In its 2010 report, *The Globalization of Crime: A Transnational Organized Crime Threat Assessment*, the United Nations Office on Drugs and Crime (UNODC) estimated that the smuggling of persons from Latin America to the United States generated approximately \$6.6 billion annually in illicit proceeds for human smuggling networks. The White House

estimates in its 2011 *Strategy to Combat Transnational Organized Crime* that money-laundering accounts for \$1.3 trillion to \$3.3 trillion—or between two and five percent of the world’s GDP.²⁷ Bribery from TOCs adds close to \$1 trillion to that amount, while drug-trafficking generates an estimated \$750 billion to \$1 trillion, counterfeited and pirated goods add another \$500 billion, and illicit firearms sales generate from \$170 billion to \$320 billion. This totals some \$6.2 trillion—10 percent of the world’s GDP, placing it behind only the United States and the European Union, but well ahead of China, in terms of global GDP ranking. Other estimates of global criminal proceeds range from a low of about four percent to a high of 15 percent of global GDP. The value of cocaine trade alone to criminal networks in Latin America is more than the gross domestic product of every country in the region except Brazil. These estimates are at least four years old and trends show transnational organized crime groups and networks have been growing in power and wealth since these figures were published.

The effect of transnational organized crime groups on Latin America is devastating; public insecurity is pervasive there. TOC collaboration is especially important in vulnerable countries like Guatemala, El Salvador, and Honduras, where government institutions are threatened by criminal syndicates. To further complicate the criminal landscape in the region, add the role of gangs. In nearly every country in the region, polls have shown that the population considers personal security as its number one concern. Across Latin America, murder rates are generally higher than they were ten years ago and the region has the highest murder rate in the world. El Salvador is currently experiencing the highest homicide rates

it has had since its civil war, thanks largely to gang wars.

The lines between transnational gang activity and organized crime are increasingly blurry. While most street gangs lack the organizational structure, capital, and manpower required to run sophisticated global criminal schemes or to penetrate state institutions at high levels, a few (such as the MS-13 and the M-18) have become more highly organized. Analysts argue that some gangs in the region may be evolving into “third generation” gangs that are “internationalized, networked, and complicated structures.” In other words, they cross borders. They are directly tied to the same northern tier states in Central America that are exhibiting increased illicit trafficking activity and these gangs have direct links to the U.S.

Today, MS-13 and M-18 engage in a variety of criminal activities, and are largely unaffected by law enforcement in Latin America. They continue to expand and refine their

violent criminal activities. Although the actual percentage of homicides that can be attributed to gangs in Central America remains controversial, the gangs have unquestionably been involved in a broad array of criminal activities. Those activities include kidnapping, human trafficking, and drug, auto, and weapons smuggling. Gangs are involved in extortions of residents, bus drivers, and business owners in major cities throughout the region. Failure to pay often results in harassment or violence by gang members. In 2010, gangs reportedly killed 130 Guatemalan bus drivers and 53 bus toll collectors.²⁸ In October 2012, the U.S. Treasury Department put MS-13 on its list of designated Transnational Organized Crime Groups pursuant to Executive Order 13581. The Supreme Court in El Salvador has even labeled any gang that tries to take power from the state – including the notorious MS-13 – a terrorist group; earlier this year, the Salvadoran government called on its military to secure bus drivers after gangs shut down the bus system



Protestors took to the street of Medellín with giant banners, voicing their outrage against the FARC.

in San Salvador by threatening violence against the busses.

The Nexus: The Facilitators

Over time, it is only natural that those involved in disparate activities across the illicit universe will begin to establish working relationships. What the transnational organized crime groups and terrorists have in common is the need for support mechanisms to accomplish their activities. These are individuals or small groups who specialize in areas such as document fraud, and moving goods or money. Understanding these networks or supply chains helps us understand the links between TOC and terrorist groups. Major crime groups such as Mexican cartels or Colombia's FARC contract with smaller, local criminal organizations, or vetted individuals that move goods across borders, dispatch legal support, or perform a myriad of other activities needed to run the big organizations these groups oversee. Increasingly, terrorist groups also need assistance in laundering money, obtaining travel documents, etc. The individuals involved with these activities are important elements of the network, in some cases, the glue that keeps the network moving, but little is known about them. These pipelines, or chains of networks, are adaptive and able to move a multiplicity of illicit products (cocaine, weapons, humans, and bulk cash) that ultimately cross U.S. borders undetected thousands of times each day.²⁹ The actors along the pipeline form and dissolve alliances quickly, occupy physical and cyber space, and use both highly developed and modern institutions, from the global financial system to ancient smuggling routes and methods.³⁰ They are middlemen who have little loyalty to one group and often have no aspiration to develop their organization

into a major trafficking network. They make a living by moving goods.³¹

Also connecting the converging threats are legitimate players such as accountants, attorneys, notaries, bankers, and real estate brokers, who cross both the licit and illicit worlds and provide services to legitimate customers, criminals, and terrorists alike. The range of licit-illicit relationships is broad. At one end, criminals draw on the public reputations of licit actors to maintain facades of propriety for their operations. At the other end are "specialists" with skills or resources who have been completely subsumed into the criminal networks.³² For example, TOC networks rely on industry experts, both witting and unwitting, to facilitate corrupt transactions and to create the necessary infrastructure to pursue their illicit schemes, such as creating shell corporations, opening offshore bank accounts in the shell corporation's name, and creating front businesses for their illegal activity and money laundering.³³ Business owners or bankers are enlisted to launder money, and employees of legitimate companies are used to conceal smuggling operations. Human smugglers, human traffickers, arms traffickers, drug traffickers, terrorists, and other criminals depend on secure transportation networks and safe locations from which to stage smuggling activity or to store bulk cash or narcotics for transport.³⁴

The conventional view has been that there are mutual disincentives for terrorists and TCOs to associate. It might be time to re-examine that analytical assumption. Terrorists can tap into the global illicit marketplace to underwrite their activities and acquire weapons and other supplies vital to their operations. Criminals, in their search for profits, will turn

almost anywhere for revenue. The net effect is a crime-terror nexus.

Historically, traditional criminal organizations had specific geographic purviews. This resulted in a sense of nationalism that made working with terrorist groups particularly abhorrent. The new, contemporary transnational terrorist organizations are missing that nationalistic component in their organizations, thus they are more willing to work with whoever will help them make money. This presents a particularly troubling trend among the contemporary TCOs. Also, as states go after the leadership of these TCOs, the groups tend to break up, leaving room for less capable leaders to take over as well as disrupting the tight command and control (C2) that had kept discipline within the TOCs. With less discipline, it is more likely that we will see a criminal organization supporting a terrorist group to move people, money, or goods.

Where the TOCs and Terrorists Meet

The presence of all these “bad actors” means, ultimately, there will be a “nexus” between international terrorist organizations and criminal networks. Nexus does not mean the two are working in concert toward a common goal. In most cases, they are not, except for the immediate goal of moving a person or goods or making revenue. The threats are different. In its simplest form, a threat is defined as capability plus intent. Illicit trafficking groups do not currently possess the intent to attack the United States. That is not to say, that TOCs are not dangerous. These organizations possess the firepower to do serious harm if they believe their illicit operations are being hindered and I already laid out the insidious, soft power threat that they pose to our nation. However, given the diffuse nature of both types of

networks, transnational criminals could wittingly or more likely unwittingly facilitate terrorist activities. The most likely conduits for this activity are the facilitators who help both TOCs and terrorists move goods and money. They are the nexus between the two organizations.

Terrorists and insurgents increasingly are turning to transnational organized crime to generate funding and acquire logistical support to carry out their actions.³⁵ The terrorist and extremist groups derive much of their drug-related income from taxation levied for protection of drug growers, laboratories, clandestine landing fields, and transport of drugs or precursor chemicals through “controlled” territory.³⁶ As of November 2011, the Drug Enforcement Administration (DEA) had linked 19 of the 49 organizations of the State Department’s list of Foreign Terrorist Organizations to the drug trade.³⁷ The Department of Justice reports that 29 of the 63 organizations on its FY2010 Consolidated Priority Organization Targets list, were associated with terrorist groups.³⁸ Farah argues that drug trafficking organizations and terrorist groups in the western hemisphere are increasingly using the same intermediaries to obtain arms, launder money, and move illicit products across borders via “terrorist-criminal pipelines.” According to him, these connections are most often temporary associations based primarily on necessity, which are constantly shifting and evolving. Both Hezbollah and drug cartels rely on experts who can easily transfer and legitimize illicit funds internationally and these “super-fixers” (as Farah refers to them) or facilitators as I previously referred to them are driven by economic incentives.

In 2008, U.S. and Colombian authorities dismantled a cocaine smuggling and

money-laundering organization that allegedly helped fund Hezbollah operations. Called Operation Titan, the enforcement effort uncovered a money laundering operation that is suspected of laundering hundreds of millions of dollars of cocaine proceeds a year and paying 12 percent of those profits to Hezbollah.³⁹ Operation Titan led to more than 130 arrests and the seizure of \$23 million.

According to official U.S. Government statements, Hezbollah derives financial benefits from a global commercial network of licit and illicit businesses that not only generates revenue for the organization, but also provides numerous outlets through which illicit funds can be laundered, disguised, and moved. In February 2011, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) designated Lebanese Canadian Bank SAL as a financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act (31 U.S.C. 5318A). In its public notice on the Section 311 finding, FinCEN described the Lebanese Canadian Bank SAL as, "routinely used by drug traffickers and money launderers operating in various countries in Central and South America, Europe, Africa, and the Middle East" and asserted that Hezbollah profited from the criminal activities of this global illicit financial network.

On December 15, 2009, Oumar Issa, Harouna Toure, and Idriss Abelrahman were indicted on two counts for their role in a conspiracy to possess with the intent to distribute cocaine and conspiracy to provide material support to a foreign terrorist organization (USA v. Issa, 2009). The men were linked to al-Qaeda in the Islamic Magreb (AQIM) and were attempting to work with the FARC to smuggle Colombian cocaine to Europe via

West Africa. They were actually dealing with undercover agents, whom they believed to be members of the FARC. A confidential human source was introduced to Issa and began a series of meetings that would lead to the arrest of Issa and two accomplices. The confidential human source identified Issa as a member of a criminal organization that operated in Togo, Ghana, Burkina Faso, and Mali (USA v. Issa, 2009; Markovic, 2011). The indictment stated that the informant met with Issa on September 14, 2009 in Ghana. This meeting was used to plan the logistics of transporting cocaine for the FARC via West Africa to North Africa, with the final destination being the Canary Islands. During this meeting Issa stated that the shipment would have protection provided by AQIM and that they would be able to easily circumvent scrutiny at customs checkpoints in Mali. After this date, there were several phone calls made to arrange the logistics of transporting the cocaine, arranging transfers to Issa through Western Union in Togo.⁴⁰ This case illustrates the murky world of facilitators, criminals, and terrorists.

At the pinnacle of the facilitator echelon there is Victor Bout. He is often referred to as one of the world's most prodigious illicit network facilitators or super fixers—individuals who can help move illicit goods for a price. At one point, he is alleged to have owned an international network of 30 front companies and a fleet of cargo planes. He was an arms trafficker, notorious for his ability to transport practically anything anywhere. Prior to his arrest and eventual conviction in 2011, Bout was widely believed to have had a hand in a range of international contraband smuggling and sanctions-busting activities in Latin America, Africa, southwest Asia, and elsewhere. Both the United Nations and the U.S.

government sought to freeze his assets and Belgium issued an arrest warrant for him in 2002 for crimes related to money laundering and diamond smuggling. He has also been accused of illegally transporting arms to the FARC, the Taliban, and al-Qaeda, while legally providing air freight transport around the world. He was caught in Thailand in 2008 in a DEA sting operation after attempting to sell surface-to-air missiles, AK-47s, ammunition, C-4 plastic explosives, and unmanned aerial vehicles to U.S. confidential sources purporting to be members of the FARC. Bout was ultimately extradited to the United States in November 2010, convicted in November 2011 on four counts, and sentenced to 25 years in prison in April 2012.⁴¹

Another key example of the role of a facilitator as the link between criminal groups and terrorist groups is the story of Ayman Joumaa.

In January 2011, the U.S. Treasury Department designated Joumaa as a drug kingpin and in June 2012 labeled him as a specially designated global terrorist. In November 2011, the U.S. filed charges against Joumaa. The indictment included details of Hezbollah's far-reaching network of criminal activities in Latin America and around the globe. According to testimony before the House of Representatives Committee on Foreign Affairs, the DEA investigation of Ayman Joumaa indicated that Hezbollah leaders were involved in smuggling cocaine from South America. Ayman Joumaa was charged with shipping tens of tons of cocaine through Mexico from Colombia to the United States over at least eight years.⁴² Former DEA senior official Michael Braun stated that the Ayman Joumaa affair was yet another example of how Hezbollah obtained funding through criminal activities. According to the



U.S. NAVY

U.S. Navy boarding team takes control of a dhow in the Arabian Sea, seizing drugs and detaining crew.

indictment, Ayman Joumaa had close relations with Hezbollah and was a middleman between Hezbollah and various drug cartels.⁴³ The indictments went on to say Joumaa coordinated cocaine shipments in connection with the Mexican cartel los Zetas and laundered as much as \$200 million per month through bank accounts with Lebanese Canadian Bank SAL and other financial institutions. His South and Central American drug trafficking operations shipped cocaine to the United States as well as to West Africa for further distribution to Europe. Joumaa reportedly paid undisclosed fees to Hezbollah to facilitate the transportation and laundering of narcotics proceeds. For example, for bulk cash movements through Beirut International Airport, Joumaa paid Hezbollah security to safeguard and transport cash. Joumaa also reportedly used trade-based money laundering (TBML) schemes to help conceal and disguise the true source, nature, ownership, and control of the narcotics proceeds. Such schemes involved Asian suppliers of consumer goods as well as used car dealerships in the United States. As part of the U.S. car sales scheme, for example, Hezbollah owned and controlled funds are transferred from Lebanon to the United States via banks, currency exchange houses, and individuals in order to purchase used cars. The cars would be shipped to West Africa and sold for cash. Cash proceeds, in turn, would be transferred to Lebanon through Hezbollah-linked bulk cash smugglers, hawaladars, and currency brokers.⁴⁴

None of the individuals described above appear to be terrorists, but they are associated with terrorist groups. Neither do they fit the definition of a transnational criminal organization. They are the individuals who lead specialty groups to assist other criminals, terrorists, and insurgents in getting what they need.

Not all of the middle men are as powerful as a Victor Bout. Most are not. They are an accountant, a lawyer, a money mover, or an individual who has access to transporters who can move people and goods. Most just make a living for their family but some, over time, emerge like a Bout. Powerful and rich.

We are seeing the emergence of the middle men as the most important connecting point between transnational organized crime groups and terrorist groups. Referred to by Doug Farah as the “super fixer.” He describes a small group of super fixers and enablers who allow networks to function and who facilitate global connectivity among illicit networks, including linking criminal and terrorist groups. Not loyal to any single entity or network, they are valuable to multiple, even competing networks. Among the fascinating attributes of these individuals, is their ability to survive regime changes and political upheavals. For them, there is no ideological hurdle to overcome, only business to be done.⁴⁵ The importance of super fixers to geopolitics is only likely to increase in the coming years.

The other important component for these super fixers, is the ability to do business in Latin America. You will note, all the above examples have a Latin American nexus. This is because government institutions in Latin America are still developing. It is also because important financial institutions and markets for the illicit goods (drugs) are nearby in the U.S.

Conclusion

The U.S. faces national security threats from borderless groups who are making enormous sums of money, and who conduct their business, raise funds, and look for safe environments wherever they can. By far, the most

concerning of these groups are terrorist organizations which are intent on harming the United States. Also of concern are TOCs that, due to their vast sums of money, are able to act with impunity and undermine governments. Finally, there are those individuals who facilitate the activities of both facilitators and, more concerning, the extremely powerful and rich super fixers who could grow powerful enough to influence governments and terrorists alike. At the most extreme, allowing the current trends to fester and grow increases the likelihood transnational organized crime organizations and terrorist organizations could merge. At the least, it increases the importance and thus the power of “super facilitators” whose personal wealth could easily top that of the majority of the nations in the world given current trends. In addition, allowing these networks and individuals to develop unchecked, threatens the fabric of fledgling democracies and could weaken even strong global democracies.

What is needed is a new paradigm to help us better understand and counter these threats that cross our borders daily. The U.S. government should appoint a leader of an inter-agency fusion center that can cross traditional policy, law enforcement, and intelligence lines to forge information from all these worlds and then use appropriate U.S. leverage – law enforcement, financial, regulatory, covert, or diplomatic – to stop these trends. This fusion center must be able to work domestically and internationally to follow the “bad guys” where ever they may go. This idea will take new organizational constructs and relationships that are not wedded to parochial U.S. institutional structures. The paradigm must consist of information sharing among all agencies in the U.S. and among its partner nations. Stove piping

information helps the enemy. The U.S. government must develop a new prism from which to confront this new type of enemy that has no borders.

In addition, there must be a clear signal from the highest levels of the policymaking community that combatting these dangerous trends is a national security priority. Operators and intelligence professionals have warned the public of the threat for years. The administration has completed the first steps by laying out the issue in the 2015 National Security Strategy and by issuing a Transnational Organized Crime Strategy in 2011. What is needed now is the hard part, corraling all the needed expertise into a focused, comprehensive plan with real deliverables, the power to meet those deliverables, accountability for those deliverables, resources to implement the strategy, and metrics that measure success against this enemy. **PRISM**

Notes

¹ U.S. Senate Judiciary Committee, Subcommittee on Technology, Terrorism and Government Information. "Narco-Terror: The Worldwide Connection between Drugs and Terror," March 13, 2002.

² Michael Miklaucic and Jacqueline Brewer, editors. *Convergence: Illicit Networks and National Security in the Age of Globalization*. (Washington DC: National Defense University Press, 2013).

³ Anthony Faiola, "U.S. Terrorist Search Reaches Paraguay; Black Market Border Hub Called Key Finance Center for Middle East Extremists," *Washington Post*, October 13, 2001, A21.

⁴ Rex Hudson. "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America." Library of Congress: Federal Research Division, July 2003.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ United States. White House. "Strategy to Combat Transnational Organized Crime," *National Strategic Document, The Office of the President of the United States of America* (Washington, 2011)

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Jeremy McDermott. "Transnational Crime 'Abiding Threat' to National Security: U.S. Intelligence." InSight Crime, 2012.

¹⁴ United States. White House. "National Security Strategy," February 2015

¹⁵ Douglas Farah. *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority*. (Carlisle: U.S. Army War College Strategic Studies Institute, 2012): 15.

¹⁶ Gen. John F. Kelly, "Posture Statement of General John R. Kelly, United States Marine Corps, Commander, United States Southern Command Before the 114th Congress Senate Armed Services Committee," March 12, 2015, accessed at: http://www.southcom.mil/newsroom/Documents/SOUTHCOM_POSTURE_STATEMENT_FINAL_2015.pdf.

¹⁷ Farah (2012).

¹⁸ Dr. Louise I. Shelley, et al. "Methods and Motives: Exploring Links between Transnational

Organized Crime & International Terrorism: National Criminal Justice Reference Service," 2005.

¹⁹ "Strategy to Combat Transnational Organized Crime" (2011).

²⁰ United Nations Office on Drugs and Crime. "Organized Crime." Accessed May 19, 2015. <http://www.unodc.org/unodc/en/organized-crime/index.html>.

²¹ Ibid.

²² Richard Spencer. "John Cantlie Claims 'Infinitely' Greater Threat of Nuclear Attack on U.S.." *The Telegraph*, May 22, 2015. <http://www.telegraph.co.uk/news/worldnews/islamic-state/11625425/John-Cantlie-claims-infinitely-greater-threat-of-nuclear-attack-on-U.S..html>.

²³ United Nations Office on Drugs and Crime. "Organized Crime."

²⁴ Miklaucic and Brewer (2013).

²⁵ "Strategy to Combat Transnational Organized Crime" (2011).

²⁶ Moisés Naim. *Illicit: How Smugglers, Traffickers and Copycats are Hijacking the Global Economy*. (New York: Anchor Books, 2006).

²⁷ "Strategy to Combat Transnational Organized Crime" (2011).

²⁸ Clare Ribando Seelke, "Gangs in Central America." Congressional Research Service. January 2013.

²⁹ Farah (2012).

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ "Strategy to Combat Transnational Organized Crime" (2011).

³⁶ Glenn E. Curtis, Rex A. Hudson, and Nina A. Kollars. "A global overview of narcotics-funded terrorist and other extremist groups." *Library of Congress: The Federal Research Division*, May 2002.

³⁷ Statement of Derek S. Maltz. U.S. House of Representatives Committee on Terrorism, Non-Proliferation, and Crime, November 17, 2011.

³⁸ "Strategy to Combat Transnational Organized Crime" (2011).

³⁹ Chris Kraul and Sebastian Rotella. "Colombia Drug Ring may Link to Hezbollah." *The Seattle Times*, 2008.

⁴⁰ Gary Ackerman, et al. "Analyzing and Evaluating Criminal Organizations." *The "New" Face of Transnational Crime Organizations (TCOs): A Geopolitical Perspective and Implications to U.S. National Security*. (Kiernan Group Holdings, 2013).

⁴¹ John Rollins and Liana Sun Wyler. "Terrorism and Transnational Crime: Foreign Policy Issues for Congress." Congressional Research Service, June 11, 2013.

⁴² *U.S. v Ayman Jormaa: Case #1:11-cr-00560-TSE* (U.S. District Court for the Eastern District of Virginia).

⁴³ "Treasury Targets Major Lebanese-Based Drug Trafficking and Money Laundering Network." U.S. Department of Treasury: Press Center. <http://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>.

⁴⁴ John Rollins and Liana Sun Wyler. "Terrorism and Transnational Crime: Foreign Policy Issues for Congress." Congressional Research Service, June 11, 2013.

⁴⁵ Miklaucic and Brewer (2013).



A mural dedicated to migrants at the Tapachula (Mexico) Center of Human Rights Fray Matias de Cordova

Illicit Networks

Rethinking the Systemic Risk in Latin America

BY IVAN BRISCOE AND PAMELA KALKMAN

C*riminals dressed up as Rulers: Out!* read one of the signs brandished by protesters who have returned time and again to the streets of Guatemala during a wave of corruption scandals in the Central American nation.¹ Borrowing from previous episodes of public indignation against graft in government from Mexico, Brazil, or much further afield, and prompting in its wake an unprecedented series of demonstrations in neighboring Honduras, the Guatemalan protests are directly linked to the exposure of illicit activities located at the commanding heights of the state. Primarily the work of a UN-led investigative commission, the revelations began in April with the first arrests linked to a customs racket that plundered an estimated \$325,000 a week.² This was followed soon after by cases of embezzlement and money laundering in bodies across the Guatemalan state and political system, leading to a string of indictments against the country's once untouchable elite. Among them stand the president and vice-president, both of them charged and imprisoned while still serving in office, as well as the former head of the tax service and the former head of the Central Bank.

A charge-sheet of this sort suggests not merely that some holders of high office were seeking illegal material gain; nor just that they were conspiring to do so in corrupt conclaves. Instead, as the protester's placard suggested, the various cases uncovered by the Commission Against Impunity in Guatemala (CICIG) indicate that the core apparatus of the state system and its most basic services – not just the long corrupted National Police, but Congress, taxation, and elements of the financial system – had become protected spaces in which political appointees could exploit the law and their mandates for personal and factional advantage. The law of the land, in short, had become a gift and a goldmine for criminal endeavors.

The eventual consequences of the current Central American thaw are as hard to foresee as its recent equivalents in the Arab world or Eastern Europe, not least because of the isthmus' long

Ivan Briscoe is a Senior Fellow at the Conflict Research Unit in the Clingendael Institute, The Hague. Pamela Kalkman is an investigative journalist at the Dutch news weekly De Groene Amsterdammer.

history of rapidly aborted democratic awakenings. However, the potential impact of these cases stretches far beyond any immediate political shifts or potential counter-reformations. At their core, the scandals in Guatemala, or the ire in Honduras over an estimated \$300 million embezzlement of social security to fund political party spending (among other things),³ challenge the predominant understanding of the crises, threats, and developmental concerns facing Central America, as well as other parts of Latin America.

For over a decade, the Central American publics, their political leaders, and the international community have broadly agreed as to what are the main menaces affecting the

region: flourishing drug trafficking routes;⁴ crime rates that place Guatemala, Honduras and El Salvador in the top eleven countries in the world in terms of their lethal violence;⁵ and, as a result, the mass exodus of child migrants to the U.S. border.⁶ Instead, it would now appear that the violation of the law is a far more complicated and systemic phenomenon than the common understanding of criminalized groups or mafias involved in trafficking rackets and terrorizing local populations. Of course, rates of violent crime remain alarming; in El Salvador, murder rates have recently touched a post-conflict high.⁷ But the public outcries of recent months underline the fact that the identification of criminal enemies



Hundreds of thousands of people across Latin America have recently protested against the corruption and scandal in their countries in demonstrations that have sometimes rallied many tens of thousands at a time. Here, Guatemalan protesters petition for the resignation of the President. This protestor's sign reads, "I Don't Have a President."

and criminalized spaces, and the sense that they can be fought by the state and security forces as they currently stand, involves a profoundly mistaken conception: the legal order and illegality are not binary opposites.

This blurring of frontiers between law and illegality now poses acute dilemmas for every effort to contain the security crises that threaten Central America, and which spill over to various other countries, including the United States, through flows of drugs, arms, and migrants. Both Honduras and Guatemala have recently been ruled by presidents who have drawn support from the use of a long-established policy trope: *mano dura* (iron fist) measures to combat crime, complemented where necessary by states of emergency and deep military involvement in internal security, often with U.S. backing. These approaches have long been questioned over their effectiveness. But recent scandals suggest that the entire theoretical apparatus to support them rests on a dubious foundation: the idea that security policy can be a technical exercise in hardware and capacity-building, divorced from ubiquitous political influences whose commitment to legality is largely based on exploiting the law rather than applying it.

Broader issues of state legitimacy and stability are also at stake. The interweaving of criminal, business, and political interests at all levels of the state is publicly acknowledged across Central America, but has also had grave effects on several of the most important large Latin American countries. In Argentina, Mexico, and Brazil, scandals have highlighted the links between crime and parts of the political elite.⁸ The disappearance of 43 trainee-teachers in Iguala, Mexico in September 2014 – with the collusion of local police, political authorities, and possibly even national security

forces⁹ – has sparked huge anti-corruption protests across the country, as well as international rebuke. The recent jailbreak of the Sinaloa Cartel leader reinforced the typecasting of the Mexican state as a willing collaborator in crime. The region's powerhouse, Brazil, is now raking through the biggest corruption scandal in its history, implicating numerous members of the ruling Workers' Party and allies in the taking of bribes in return for lucrative contracts with the state-owned oil company, Petrobras – bribes that were made possible by mechanisms of state-led development that appear to have been captured by political and business elites. Combined with an economic crisis, the effect on President Dilma Rousseff's second term in office has been dire: a poll in July 2015 found that 62 percent of those surveyed wished to see her impeached.¹⁰

As a result, the legitimacy not just of transient political leaders but of core public institutions has come under threat. A recent survey showed that in Latin America "levels of trust in political and social institutions are generally falling, with the Catholic Church and the Army most trusted, and political parties the least. Of all institutions trust in elections suffered the greatest decline between 2012 and 2014."¹¹ One global survey shows that while in most countries the judiciary is seen as a positive influence, in Argentina, Brazil, and Chile fewer than three in ten give it a positive rating.¹²

Whether the concern is the terrible violence suffered on the streets of Central America, the illicit goods trafficked across the region, or the prospect of powerful states facing severe legitimacy crises, the presence of illicit networks in the state – and, in a mirror-image, the state-like and business-like characteristics of organized criminal groups

– challenges almost every preconception as to how to bring security and stability to the region. As a means to guide thinking on how these issues may in future be approached, this article aims to reconstitute an understanding of how the illicit nexus connects state and non-state actors in Latin America, and what this might mean for future national and international policy. To do so, it first explores what exactly we mean by criminalized spaces and by illicit networks.

Criminalized Spaces

Most Latin American countries contain remote, rural territories marked by high levels of informality, and coercive and patriarchal forms of leadership (the so-called *caudillos*). Some such areas, which historically have been characterized by a lack of formal state control, have emerged into centers of organized crime and transnational trafficking. Often far removed

from the capital and close to borders, criminal groups – sometimes in allegiance with local authorities – are free to operate quasi-state protection rackets defending illicit activities such as (but not limited to) the production and trafficking of drugs, above all cocaine, as well as of arms, humans, and natural resources. Money laundering in these contexts has become a motor for the general economy.

Some of the regions that are today reputed to be major centers of illicit activities were once remote places colonized by peasant farmers in search of land and fortune, such as the Intag region in Ecuador, the Petén region in Guatemala, the Amazonian province of Madre de Dios in Peru, or regions along the so-called agricultural frontier in Colombia, such as Putumayo or La Guajira.¹³ Certain localities in these areas are now synonymous with the iron grip of organized crime. The Mexican city of Tenosique, in the state of Tabasco not far from



Reinhard Jahn, Mannheim

Ferry hauling goods and people across the river in the Guatemalan state of El Petén.

the Guatemalan border, has now fallen under the effective control of local criminal groups allied to the Zetas cartel.¹⁴ The tri-border area between Paraguay, Brazil, and Argentina is a meeting point of cocaine smugglers, marijuana producers, and traffickers of goods and people. In 2012 the homicide rate of the Brazilian border city of Foz do Iguaçu was three times the national average.¹⁵

Yet it is important to note that not all criminalized areas are marked by homicidal violence. In some places, the dominant organized crime groups have been able to make relatively stable arrangements among themselves, as well as with local officials and people: a *pax mafiosa*. Often this occurs in areas where citizens do not regard illicit activities as criminal. This is the case for the contraband convoys between Bolivia and Peru, whose support networks spread deep into communities and local authorities, and whose representatives have acquired seats in the national Congress. In the main regions from which migrants leave Guatemala, El Salvador, and Honduras, smugglers of humans, known as *coyotes* or *polleros*, have long been regarded as a benign influence: “not a criminal but a benefactor,” according to one expert on Guatemalan migration patterns.¹⁶ The legitimacy of coca growing is of course a constituent of social and political life in parts of Andean Peru and in Bolivia.

Criminal control is not restricted to remote rural areas. Urban hubs are crucial strategic locations, especially when they have strong trading links and provide supportive networks (inside and outside the state), access to weapons and specialized labor services. Clusters of rival criminal actors, however, tend to expose these densely populated areas to peaks and troughs of intra-cartel violence.¹⁷

Major centers of international trade such as Buenaventura, on the Colombian Pacific, or Rosario in Argentina, are the most violent sites in their countries, largely due to strong links to drug trafficking. Yet, as the cases of the Mexican border town Ciudad Juárez or the favelas in Rio de Janeiro demonstrate, episodes of violence with profound effects on local communities can suddenly come to a halt – sometimes when one criminal group has established its dominance, and managed to make some kind of working arrangement with the local authorities.

For instance, local experts in Ciudad Juárez argue that the sharp drop in violence is prompted by an informal pact between the Sinaloa cartel and factions of the federal police and army, not unlike the “peace deal” that governed Medellín under the paramilitary leader “Don Berna” between 2003 and 2008.¹⁸ Under such circumstances, the peace is experienced as a real reduction in violent and petty crime, but one that rests on the consolidation of an intrinsically coercive form of leadership, with often very fragile foundations of trust between different criminal factions. The El Salvadoran journalist Oscar Martínez’s remarks about the border towns of northern Mexico are illuminating in this regard: “Narco-controlled neighbourhoods are calm, and seem calm. Until they’re not, and then they explode.”¹⁹

It is nevertheless impossible to generalize about criminalized urban areas across Latin America. In marginalized parts of the capitals of Honduras and El Salvador, the main local gangs, which are often part of Barrio-18 and MS-13, tend to exert control over all aspects of daily life and extract protection incomes (the so-called *impuesto de guerra*, or war tax) from community members. Their power rests upon a deeply coercive, local presence, in which a

large number of people depend upon their illicit revenues (up to 400,000 people in the case of El Salvador), or on identification with the gangs' rejection of mainstream society. However, their activities do not tend to include particularly lucrative ties to transnational trafficking or high-level political authorities.

At present, the effort to extend extortion rackets into ever-wider areas of public life is believed to be responsible for the murder of between three to five taxi drivers each month in Honduras.²⁰ One interviewee from a Honduran NGO reported that in Tegucigalpa "certain groups even control what women wear, what colour their hair should be, to be able to differentiate them from women that cooperate with another group."²¹ Other common sites of extortion in both rural and urban areas include public transportation, schools, community centers and hospitals.²² For instance, one hospital in the Honduran city of San Pedro Sula, the most violent city in the world, was occupied by militarized police last year after reports emerged of multiple rackets and organ-selling in the medical establishment.²³

Embedded Crime and Coping Strategies

Remote rural zones, urban and major commercial centers, and peri-urban protection economies make up the main spaces of concentrated criminal territorial control in modern Latin America. At the same time, the strength of criminal groups of all descriptions can almost universally be paired with the state's failure to provide for its citizens' basic needs – or to the state's indifference to huge differences in service provision and in access to economic opportunities. Even when local communities live under the constant threat of violence and extortion from organized crime (as in El

Salvador), their perception of state actors, most notably security forces, tends to be shaped by the experience of neglect and by high levels of distrust. Efforts to reinforce formal state presence in such areas, above all in urban zones, flounder when they fail to recognize the suspicions and doubts people harbor towards any manifestation of public authority. As Vanda Felbab-Brown has argued, "if the community has previously experienced primarily negative manifestations of the state-violent repression against criminal groups, suppression of illegal economies with no provision of legal livelihoods, or social stigmatization – it will be deeply mistrustful of greater state presence."²⁴

In fact, local crime bosses often prove to be quite popular. A recent International Crisis Group report, for instance, found that in a Guatemalan border town in the state of Zacapa, citizens were still unhappy about the 2011 arrests of prominent members of Waldemar Lorenzana's narco-trafficking organization. Ever since their arrests, Zacapa residents report that jobs – previously generated by the family's fruit-export business – have disappeared, as well as the family's local charitable work, such as support for a health clinic that gave free care to the poor.²⁵ Most recently, the spectacular prison escape of Mexico's most notorious criminal and head of the Sinaloa cartel, Joaquín "El Chapo" Guzman, was celebrated on social media by Mexican citizens, with tweets admiring him "for letting the world know that the poor matter too," and asking the Sinaloa cartel "to continue to take care of the country and of all Mexicans."²⁶ His escape also inspired a new and popular *narco-corrido* (a song that celebrates drug traffickers), welcoming him back to the people and

celebrating the mafia's importance to the political and economic stability of Mexico.²⁷

Numerous other cases of popular acclaim for criminal bosses and their activities, above all in remote, rural areas with few other economic outlets and a penchant for charismatic outlaws, have been reported across Latin America. In 2014, Peruvian citizens elected at least six governors under investigation or facing charges for crimes ranging from money laundering and extortion to drug trafficking.²⁸ The former mayor of the Mexican town of Iguala, José Luis Abarca, is now under arrest for his part in the notorious disappearances and murders of last year. Even so, he served as the elected mayor of a major national political party for two years, despite accusations of his direct participation in the torture and murder of activists, and his wife's family ties to the Beltrán Leyva drug cartel. "He showered supporters with his largesse – paved streets, drainage pipes, and so forth – using money whose source was a mystery."²⁹

Money accumulated by criminal activities can pay for an electoral campaign, bribes, and public services. Another reason repeatedly underlies people's support for "strong men" with suspected criminal links: the popular belief that it takes a criminal to effectively combat crime.³⁰ Alternatively, in some areas either beyond state control or where local authorities fail to provide security, citizens also take up arms to protect themselves from the effects of organized crime, only to find themselves embarking upon a similar pattern of coercive social control. According to Wil Pansters, in the state of Michoacán local farmers started to organize themselves in self-defense forces to combat the presence of drug cartels in their region. However, over time these forces came to operate as cartels

themselves, after which they were co-opted into official security forces, the so-called *fuerza rural*, to neutralize their increased power.³¹ In Bolivia, Guatemala, Mexico, and Peru, meanwhile, citizens are known to take justice into their own hands when confronted with local criminals. According to a public prosecutor of Cochabamba, in central Bolivia, "there is a macabre ritual in which the suspect is dragged to the town square, where the lynching takes place... It often ends with the person being burned alive or hanged."³² Crime rates in these rural, often indigenous-populated areas, may well not be nearly as high as in urban areas or strategic trafficking zones. But the willingness to resort to these methods is an eloquent expression of how a long history of violence and of limited or repressive state presence may foster a collective outlook that tolerates coercion as a satisfactory means of dispute resolution.³³

Illicit Networks and the State

The historical roots and sheer variety of Latin America's criminalized or non-state spaces are remarkable. Yet the recognition of this multiplicity, combined with an appreciation of the many security threats faced by the region—according to 2012 data from the UN Office on Drugs and Crime (UNODC), Latin America is the most violent region in the world, accounting for nearly one in three homicides around the world³⁴ – does not translate into the most commonly stated and supported public policy response. This response was given its most succinct expression in the Democratic Security Policy unveiled by Colombia's former president, Álvaro Uribe, in 2003: "A strong state structure, supported by citizen solidarity, guarantees the empire of the law and the respect for rights and freedoms."³⁵

To understand the dynamic organizational mutations and broader support networks within these criminalized spaces as somehow antagonistic to the actions of state authorities, both locally *and* in the central state, ignores a vital historical detail. In most parts of Latin America, expansive, organized criminal activity did not flourish in the shadow of a hierarchical criminal cartel or via a popular culture of banditry, but arose instead in states that controlled a significant share of the illicit activity.³⁶ Such states have been described by Moises Naím as mafia states, where “government officials enrich themselves [...] by exploiting the money, power, political influence, and global connections of criminal syndicates.”³⁷

Numerous examples attest to the crucial role played by the state coordination of crime over the course of 20th century Latin American history. Under former President Alberto Fujimori and his head of intelligence, Vladimir Montesinos, Peru was governed in the 1990s according to a logic of private extraction and the elimination of dissent. While the government income from various corruption rackets has been estimated at \$600 million, Fujimori and Montesinos also made arrangements with drug trafficking groups, which provided funding to the government in exchange for the assurance they could act with impunity.³⁸ The case of Guatemala is also notorious. During the country’s long civil war, army officers are known to have made arrangements with local politicians and crime bosses, who provided intelligence on the armed insurgency in exchange for political favors and a general permissiveness towards illicit activity that extended towards complicity with state officials.³⁹ Interestingly, the customs racket that has recently been exposed in Guatemala was itself preceded in the 1990s by the revelation

of a very similar case of fraud, the so-called Red Moreno, which had been hatched in the later years of the civil war, and was run by senior military officers. It has been noted that one of the main operators of the current racket was deeply involved in the previous version, supposedly dismantled 19 years earlier.⁴⁰

The list of cases showing the state’s involvement in the genesis and evolution of large-scale organized crime is extensive. During the Cold War, the governments of Panama and Bolivia were at one stage notorious for their arrangements with organized crime. Mexico, meanwhile, provided a telling example. Under the long hegemony of the Institutional Revolutionary Party (PRI), the governing party used its monolithic political control over a hierarchy that spanned the presidency, the senior echelons of the security system, state governors, and local authorities to favor mutually beneficial arrangements with criminal organizations.⁴¹ Moves to democratization, political fragmentation, and the restructuring of state institutions brought an end to these coexistence arrangements between the state and organized crime. Freed from their “protection” by the central government and its local representatives, criminal groups were able to multiply and compete, using ever greater levels of violence in a marketplace with no supreme arbiter, in which both the police and the justice system were going through a complicated process of restructuring. Meanwhile, local authorities and their security forces were prepared to reach an agreement with whichever criminal group made the best offer.

Other states, such as Colombia and Ecuador, were not characterized by this sort of state-coordinated criminality, but this does not mean that state actors and other elites were not deeply involved in illicit activity on an

individual or factional basis. In Ecuador, the fiscal and political crises at the end of the 1990s gave way to multiple opportunities for the infiltration of illicit networks, such as the notorious short-lived presidency of Abdalá Bucaram. In Colombia, drug trafficking has long been connected with favors and support from parts of the state, as well as attempts by leading traffickers such as Pablo Escobar to transform themselves into political representatives. Yet the apotheosis of these relations was only reached once the ongoing armed conflict, coupled with political fragmentation and economic crisis, fostered the creation of opaque networks of politicians, security forces, and organized crime. The effects of these combinations were eventually made apparent through the so-called “parapolitics” scandal, for which

199 deputies and senators were charged for links to the paramilitary by 2012.

It may appear at first sight that a strong illicit connection between a remote trafficking zone and a politician in national Congress is improbable, or costly and risky to maintain. However, a crucial part of these networks tends to be played by intermediaries who have close links to both the political elite in the capital, as well as to local politicians and criminal groups. An example of exactly this sort of brokerage between local criminal spaces and central power can be found in the recent case brought by the CICIG against the vice-presidential candidate on what was Guatemala’s leading ticket, and former central bank governor, Edgar Barquín.⁴²

Barquín is accused of being the central hub of a network led by businessman



Government of Guatemala

Edgar Barquín (right), then governor of Guatemala’s central bank, with Guatemalan President Alvaro Colom (center), and Alvir Alberto Hoffman (left), President of the Association of Supervisors of Banks of the Americas.

Francisco Morales, also known as “Chico Dolar,” which used more than 200 front companies to launder a total of more than \$120 million over a five-year period, in settings as diverse as China, Hong Kong, Taiwan, South Korea, the Cayman Islands, Colombia, Brazil, Turkey, France, and the United States. According to the CICIG, while he was head of the Central Bank of Guatemala, Barquín advised Morales how to report his company finances, and ensured that he would not be subject to any financial investigations. He also promised to arrange private meetings between Morales and the head of the Guatemalan Financial Analysis Unit (known as the IVE), which is responsible for the investigation of money laundering. He was aided in this enterprise by his brother, Manuel Barquín, a Congressional deputy for the Líder party (for which Edgar was the vice-presidential candidate in this year’s elections), who allowed the offices and personnel of Congress to be employed for the money laundering activities of Morales’ network. In return, part of this money helped to finance local political campaigns.

The reasons for the persistence and expansion of illicit networks such as these, and their ability to connect criminalized localities with the supposed sanctums of law and the state, are to be found in a number of developments that have characterized Latin America during the past decades

It was the local branch of the network where the money was made. The network operated in the municipality of Jutiapa, and in other regions along the Guatemalan border

with Honduras – one of the most important narco-trafficking zones in Central America, and one of the country’s most violent areas.⁴³ Cash was collected in U.S. dollars from a number of people and groups.⁴⁴ According to Iván Velásquez, the head of CICIG, mayors and district deputies played crucial linking roles between the networks collecting the cash and the broader support organization as it was consolidated in national state authorities and international finance. These networks, Velásquez explained, “allow local politics to influence national politics, and are the centerpiece for illicit financing.”⁴⁵

Money, Politics, and Crime

The reasons for the persistence and expansion of illicit networks such as these, and their ability to connect criminalized localities with the supposed sanctums of law and the state, are to be found in a number of developments that have characterized Latin America during the past decades.

First, and most obviously, stands the exponential rise in the income of organized crime, generating in turn the urgent need to launder larger piles of dirty money. According to the UNODC, in 2009 the total income of transnational organized crime amounted to \$870 billion – an amount equal to 1.5 percent of global GDP, although the figure is highly contestable.⁴⁶ According to the U.S. Justice Department, Colombian and Mexican cartels alone earn between \$18 and \$39 billion a year from drug sales in the United States.⁴⁷

Second, the diversification of criminal activities and their change in structure from national and hierarchical family-led networks to globalized horizontal networks has led to a greater need for political and state cooperation in criminal endeavors.⁴⁸ Whereas organized

crime groups tended in the past to be focused on one activity, such as cocaine trafficking, many criminal groups have expanded their range of “expertise” to include, among other activities, human trafficking, migrant smuggling, arms trafficking, kidnapping, extortion, money laundering, and trafficking of marijuana and amphetamine-type substances. Moreover, global transport and telecommunication networks have made possible the expansion of criminal connections to other continents, and cooperation between Latin American-based crime groups and others located in West Africa, Asia, and Europe. According to anti-corruption expert Edgardo Buscaglia, “investigations by the European Union, Canada, and the United States show that the Sinaloa cartel has a presence in 48 countries over the world, and is still expanding.”⁴⁹ This diversification means that many more actors are involved, if only on an occasional basis as specialist service-providers, while the need to bribe or enlist border officials, airport personnel, local mayors, and other criminal groups for access to territory has correspondingly increased. In Colombia, the criminal organization that appears to have become the most recent dominant player in the transnational cocaine trade, the Úsuga Clan (also known as the Urabeños), is reported to have co-opted 600 public officials alongside taxi-drivers, religious leaders, school teachers, and community leaders, all of whom are paid regular monthly retainers.⁵⁰

Organized crime, therefore, has grown, diversified, and progressively outsourced. Meanwhile, the role of private money in public life has gained far greater prominence in Latin America due on one hand, to the rise in the competitiveness of elections, and on the other hand, to the weak enforcement of campaign

finance rules.⁵¹ Elections are more competitive than ever in a region where democracy, despite its imperfections, has become firmly entrenched: opposition candidates won more than half the 43 presidential elections in 18 countries between 2000 and 2010.⁵² During election times, more money naturally translates into greater opportunities to woo voters through campaigns, including television commercials, road signs, and party hand-outs, or simple bribes.⁵³ The increased competition has meant that campaigns have become more expensive, while political aspirants are acutely conscious of their need for a war-chest. At the same time, the lack of, or weak enforcement of political finance regulations in Latin America, and the world in general, means that money of dubious origins encounters very few problems when entering political party or a candidate’s accounts. In fact, a 2012 report by International IDEA found that most countries apply no quantitative limits to private donations to political actors at all.⁵⁴ Even if countries do apply donation limits, or spending caps, the study found that most of them have little effect. A 2014 evaluation report on the campaign costs of the most recent Senate elections in Colombia, for instance, found that on average a campaign costs four times the legally permitted amount.⁵⁵

A high tide of money across the political system need not mean that illicit finance, and thus organized crime, enjoys greater influence over political actors: much depends on the strength of watchdogs and the activism of the judicial system. However, the evolution of political competition in Latin America has strongly encouraged illicit use of the expanding and poorly controlled avenues of political finance, and not merely because of greater opposition success at the ballot box. The

various economic and political crises of the 1990s devastated traditional political parties in many countries in the region, leading to the rise of new parties, often based on charismatic leaders with populist messages, and to an extraordinary turnover in incumbents. For instance, in Peru, only 18 percent of the members of Congress were re-elected in 2011, while in Guatemala, nine of the ten parties that took part in elections that year had been in existence for under a decade.⁵⁶

The prominence of fragmented parties with little ideological baggage and a minimal organizational structure has in turn generated two effects. To start with, it has exacerbated a party's dependence on flows of local or regional votes, which sometimes involve agreements with regional figures whose political and economic power emanates from dubious sources. At the same time, the fragmentation

has undermined internal party structures of control, loyalty, and discipline, which has permitted individuals at the local and national levels to use politics to develop a sphere of influence that can be exploited on behalf of private interests. Outside a few countries such as Chile and Uruguay, parties have come to resemble precarious associations of mutual benefit between a metropolitan core, built around its leader, and a variety of self-funding individual politicians in the regions. Parliaments for their part have consolidated their role as increasingly powerful, but corrupt organizations within state structures where "clientelist, personal, political, and criminal interests intermingle, and where everyone exploits the institutional architecture."⁵⁷

It is no coincidence, therefore, that the most significant cases of illicit networks that have been exposed recently in Latin America



Michael Flashman

Protests outside HSBC in New York after senior bank officials admitted laundering billions for drug cartels and terrorist organizations. (Feb 2013)

– Brazil’s Petrobras, the recent Honduran and Guatemalan scandals, the Iguala case in Mexico, and, though a few years earlier, the Colombian parapolitics scandal – involve corrupted or infiltrated political parties, or criminal operations in which transactions with members of the national Congress stand at their very core. Monetized politics may not itself be corrupt, though it is liable to be unfair and inequitable; but high-money politics without proper supervision and with a fluctuating roster of opportunistic political parties has led in Latin America to numerous illicit combinations between the local and central level.

Once again, the Barquín case shows how, through such political intermediaries, local criminalized municipalities are directly linked to the country’s political and economic elite. At the same time, this nexus is facilitated by opportunities for money laundering on a global scale through the use of front companies and tax havens, made possible by bank secrecy norms and the lack of transparency in international financial institutions. As a result, a leading global bank such as HSBC was able to launder as much as \$881 million for Mexican drug cartels; even though found guilty by U.S. law enforcement, it avoided criminal prosecution by paying a record fine of \$1.9 billion. Other financial institutions that have failed to apply anti-laundering restrictions to large-dollar deposits from cartels are Wachovia Bank, Bank of America, and Western Union.⁵⁸ Furthermore, while many countries have signed up to multilateral anti-corruption agreements meant to combat money laundering, such as the United Nations Convention against Corruption (UNCAC) or the Financial Action Task Force (FATF), a 2012 assessment revealed that these have a very limited impact on state compliance.⁵⁹ According to Buscaglia,

of the 108 countries that have ratified UNCAC, 86 percent are complying only in theory.⁶⁰

Common Weaknesses and Shared Interests

The growth of organized crime in combination with weak or non-existent controls over political finance in ever more competitive democratic environments is crucial to understanding the transmission mechanisms that link criminalized territories to the central state. However, it would be a mistake to view these connections simply as the rise in influence of a criminalized periphery over an otherwise innocent and untainted public sector. We have already seen how organized criminal networks themselves developed and grew under state guidance in many Latin American countries, notably Mexico, Guatemala, and Peru. It is important to add that both local territories and the central state have been jointly exposed to a number of influences and incentives deriving from the economic reforms and democratization processes that have affected the region over the past two to three decades. These have generated more representative governments and improvements in macro-economic management. But they have also helped to create a series of common interests that are inimical to more rigorous judicial controls and more effective law enforcement.

In particular, the high tide of economic reform processes in Latin America – often termed neo-liberalism or the Washington Consensus, and exemplified by Chile in the 1980s, and Mexico and Argentina in the 1990s – did not always achieve the goals of liberating the private sector from unwarranted and inefficient state interference. In many, if not most cases, these reforms instead served to weaken the state apparatus designed to guide national

economic development, only to replace it with a much more extensive set of informal links between political elites and an emboldened private sector. The privatization process undertaken by the government of President Carlos Menem in Argentina is emblematic of this particular interpretation of economic reform.⁶¹ Although it was portrayed to international financial institutions and creditors as an effort to dismantle rent-seeking state enterprises in energy, electricity, telecoms and transport, it in fact offered the government the opportunity to support favored businesses, engage in numerous fraudulent rackets, and eventually amass a debt burden that prompted the country's bankruptcy and default in 2001. Since then, Argentina has been unable and unwilling to return to international credit markets.

The preceding analysis has identified monetized political competition and representation as a core constituent of Latin America's major corruption scandals. A second way of understanding this abuse of public power is through the informal spaces of contact and favoritism that have been fostered between the private sector and political elites under the influence of economic reform and political change. This proximity was particularly evident in Brazil's Petrobras scandal, in which investigators have established that a cartel of 16 major businesses allocated among themselves massive infrastructure projects for the state oil firm on the understanding that between one and five percent of the contracts' value would be paid in kick-backs to company officials and politicians: the total value of the corruption is believed to exceed \$3.5 billion.⁶² Numerous cases of illicit procurement (such as the case of the Bogotá road-building scandal of 2010), or the many scandals over the use of political connections to gain favorable financial credit

(including the recent case involving Chilean President Michelle Bachelet's son), jobs, or special judicial treatment, indicate not just that the political class is predisposed towards exploiting public power for its private benefit. In certain cases, this readiness by politicians and state officials to take advantage of their public power is believed to extend into a form of complicity with organized crime and criminalized territories, since both the central-level politicians and local criminal organizations share a common interest in the perpetuation of weak judicial controls and oversight.

This relationship of shared interest is extraordinarily difficult to prove and to measure. One politician in Ecuador described the relationship between politicians and money-laundering narco-traffickers as "lucrative permissiveness."⁶³ The fiercest critics of the Mexican state, meanwhile, regard the political establishment as an accomplice to the country's criminal organizations due to its reluctance to engage in any serious reform of the police or legal system, or to introduce genuine mechanisms of public transparency. According to Mexico-based law professor John Ackerman, for instance, "the central problem in Mexico is the profound lack of accountability of the political class and government institutions to the people."⁶⁴

These accusations reach far beyond identification of concrete, profit-sharing links between state officials and criminal organizations. Instead, they point to a systemic form of collusion that brings together, on one side state structures predisposed to generating private profits, and, on the other, criminal organizations that are often based in territories whose marginalization and inequalities have been exacerbated by the very same processes of economic reform and global economic

integration that have fostered certain forms of state-level fraud. Although such alleged complicities certainly do not account for all the examples of political-criminal relations in Latin America, they have managed to generate the most ardent criticisms of the state's legitimacy, above all in Mexico, Guatemala, and Honduras. Furthermore, such complicity poses the greatest challenges as regards a response to criminal organizations and criminalized territories that rests upon extending the reach of the state and its security forces.

Policy Responses: Beyond Hard Security

For now, however, it is *mano dura* policies that have thrived in the most crime-affected countries of the region. Latin American governments have invested heavily in security

equipment and personnel to “eradicate” and “combat” organized crime on their territory, and received international backing for their efforts. A widely cited and praised model for these approaches has been Plan Colombia. According to U.S. Vice President Joseph Biden, “in 1999, we initiated Plan Colombia to combat drug trafficking, grinding poverty, and institutional corruption – combined with a vicious insurgency – that threatened to turn Colombia into a failed state. Fifteen years later, Colombia is a nation transformed.” Compared to the years before Plan Colombia was initiated, the country has without doubt made huge strides: war-related civilian deaths have dropped, murder rates have tumbled, foreign investment has enjoyed a huge influx spurring strong economic growth, and peace



U.S. Secretary of Gates and U.S. Ambassador to Mexico Carlos Pascual during the Merida Initiative plenary session in March 2010

talks with rebels from the Revolutionary Armed Forces of Colombia (FARC) appear to be nearly complete.

It is important to add that Plan Colombia has been questioned by critics for the human rights abuses that it spurred (connected to the actions of right-wing paramilitary groups operating with informal state support),⁶⁶ as well as for its failure to reduce in a significant fashion the export of cocaine from the country. Yet the progress made by Colombia is undeniable, and the model has therefore been emulated elsewhere. The Mérida Initiative in Mexico, again supported by the United States, sought to reinforce the fight against drug traffickers through funding for the police and legal system. In 2010, the United States backed the Central America Regional Security Initiative (CARSI) on similar premises. However, these latter programs have received rather more criticism than Plan Colombia: CARSI has failed to dent extraordinarily high homicide rates in Honduras, though it has accompanied the militarization of policing in both Honduras and Guatemala.⁶⁷ Regarding Mérida, John Ackerman has argued that “today, seven years, two presidents, and almost \$3 billion later, Mexico is more unsafe, chaotic, and authoritarian than before.”⁶⁸

Meanwhile, the ongoing humanitarian crisis caused by children fleeing their home countries for the United States has prompted the Central American states of Honduras, Guatemala, and El Salvador to call for U.S. financial backing for a plan named Alliance for Prosperity in the Northern Triangle.⁶⁹ Most of the intended aid is for the strengthening of civilian institutions and economic development, rather than support for security forces. However, the plan has been criticized for focusing excessively on improving conditions

for foreign investors by spending on infrastructure and promises of corporate tax breaks.

Yet neither the traditional security support programs, nor the more recent emphasis on investment-driven economic development, appear well-suited to addressing the illicit networks that underlie the spread of criminal activity, and the failures to confront it, which have been identified in this paper. Plan Colombia’s success derived from its primary objective as a counter-insurgent military effort; its failures lie almost entirely in its efforts to reduce the volume and dimensions of organized crime, which is precisely the problem that Mexico and Central America are trying to address. Replicating the plan in other contexts has merely served to reproduce the patterns of stronger law enforcement that prove counter-productive for human security in certain dimensions. These include efforts to dismantle criminal organizations (including extraditions) that spur fragmentation and competition, excessive use of violence by emergent criminal groups,⁷⁰ and ever-higher levels of corruption of the state and security forces. It is also worth emphasizing that the huge economic incentives underlying criminal participation in the transnational drug trade have remained in place, or grown larger, under the prohibition regime and the “war on drugs.”

The recent turn towards a greater emphasis on economic development to stem the migrant exodus from Central America also pays insufficient attention to the illicit dynamics described in this paper. Latin America’s most crime-infested cities are not its poorest places, but its economic and commercial hubs: Buenaventura in Colombia, Ciudad Juárez in Mexico (or, for a while, Monterrey), San Pedro Sula in Honduras, or Ciudad del Este in Paraguay. The social and demographic effects

of an ill-planned economic boom invariably include rapid urbanization, widening inequality, and high levels of crime and criminal opportunity. One recent study on the causal relationship between foreign direct investment and organized crime in Mexico found that the latter deterred foreign investment in financial services, commerce, and agriculture, but did not have the same effect for oil and mining sectors.⁷¹ It is worth adding that during the economic boom experienced in Latin America until recently, oil and mining attracted the most attention from foreign investors.

At the same time, the child migration crisis has led to further reinforcement of border security, not just along the U.S.-Mexico border, but also much further south. In Mexico the “Plan Frontera Sur,” or ‘Southern Border Plan,” initiated in July 2014, has sought to stem the flow of migrants by strengthening control along the southern border between Mexico and Guatemala. In so doing, the plan has received criticism for contributing to human rights abuses by security officials against Central American migrants, and these officials’ collusion with criminal groups.⁷² It has also served to reinforce an enduring trend, whereby heavier border security limits the possible routes for clandestine migration to areas controlled by narco trafficking or criminal groups, who proceed to establish their own protection rackets over the migrant-smuggling business.⁷³ Thus, far from undermining crime, heavier border security can actually place additional sources of illicit revenue generation, local territories, and municipal authorities under the control of organized crime.

Many of these criticisms are already well known, and widely accepted within the security establishments of Latin America and the United States. However, the question remains

as to what would prove to be a viable alternative to tried, tested, and flawed policies in the light of what we now know about illicit networks linking crime and the state.

Clearly, greater efforts should be expended in weakening the links between politics and crime. Several Latin American states have tried to do so. One outstanding example dates from 2011, when the Colombian government introduced innovative reforms aimed at halting political party endorsement of candidates with suspected links to criminal activities.⁷⁴ In Peru, the government and 15 political party leaders recently agreed to reform aspects of the party and electoral system, including tougher sanctions for parties and individuals found guilty of corruption. New legislation establishes that any Congress member found guilty of these crimes would lose his or her seat in Congress, without the possibility of replacement.

The laws and regulations aimed at preventing corruption are in any case largely in place. It is weak enforcement, especially at the local level, that undergirds the perpetuation of these complicit arrangements

However, reforms to political finance have neither been straightforward nor homogenous. A proposal in Paraguay to improve financial transparency and ban cash donations to political campaigns by individuals under judicial investigation for drug trafficking was watered down by the Senate. In Brazil, the powerful Partido do Movimento Democrático Brasileiro (PMDB) managed in June to secure initial congressional approval for a bill that would enable private companies to make donations to political parties.⁷⁵

The laws and regulations aimed at preventing corruption are in any case largely in place. It is weak enforcement, especially at the local level, that undergirds the perpetuation of these complicit arrangements.⁷⁶ Indeed, the principal argument of this paper is that the essence of the power and resilience of these illicit networks – and the damage that they do to efforts to reduce violent crime and build more effective states – is to be found in the combination of criminalized territories beyond state control together with varying degrees of criminal collusion by actors in the central state.

Recent scandals, above all in Mexico and Central America, have drawn attention to the compound problem of state corruption, criminalized territories, and violent crime. A window of opportunity has opened for domestic reform and for innovative international support for these initiatives. Naturally, the basis of any reform or support program hinges on the characteristics of organized crime in the country and the patterns of its relations with state institutions. Clear understanding of these ties and complicities, whether overt or tacit, as well as acknowledgement of the counter-productive consequences of hard security interventions in contexts of strong political-criminal ties, is essential to the design of future programs.

In other words, no approach to the security dilemmas in the region, which are currently most acute in Mexico and the Northern Triangle of Central America, can hope to prosper without a holistic approach that is driven and supported by the efforts of society and government in each country. This new approach would ideally consist of three pillars. It would include, first of all, a program of institutional strengthening, in which the organizations that are most critical to the supervision

and severing of links between politics, state, and crime are given preferential support. This would mean, above all, support for the judiciary and prosecution service, as well as the ethics of public service more generally.

Security issues and the frequency of violent crime naturally remain a priority for the public and the government. But support for the security sector should be reoriented towards those interventions that would reinforce the virtuous links between communities, police and the state. This would mean directing attention towards reducing the most tangible and violent forms of crime, notable extortion rackets and the actions of certain drug trafficking organizations, and establishing clear targets for their reduction. It would also require sustained consideration of the counter-productive nature of certain counter-narcotic interventions, border security measures, and deportation policies.

Lastly, it is essential to support economic development, but in ways that embrace not just large-scale projects, but also the particular needs of marginalized communities.

There is no guarantee that such overarching programs will generate the desired transformations, or bring about a sudden and sharp reduction in violent crime. But at the same time, it is clearer than ever that the solution to Latin America's criminal activity is no longer blindly to support the state institutions that have often shaped, supported, and shared common interests with the supposed public enemy. **PRISM**

Notes

¹ <http://cdn.impremedia.com/wp-content/uploads/2015/04/10742511.jpg>

² Plaza Pública. 2015. "Negocios, traiciones y la voluntad de monopolizar el fraude." 10/06/15. <http://www.plazapublica.com.gt/content/negocios-traiciones-y-la-voluntad-de-monopolizar-el-fraude>

³ Mejia, Thelma. 2015. "Hondurans lead unprecedented anti-corruption movement." IPS News 23/07/15. <http://www.ipsnews.net/2015/07/young-hondurans-head-unprecedented-anti-corruption-movement/>

⁴ United Nations Office on Drugs and Crime. 2012. *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*. Vienna: UNODC

⁵ The Geneva Declaration on Armed Violence and Development. 2015. *Global Burden of Armed Violence 2015: Every Body Counts*. Geneva: Small Arms Survey, p. 52 & 58

⁶ United Nations High Commission for Refugees. 2014. *Children on the Run*. Washington DC: UNHCR.

⁷ Martínez, Carlos. 2015. "El porqué de los 600 cadáveres." *El Faro* 07/06/15. <http://www.salanegra.elfaro.net/es/201506/opinion/17064/El-porqu%C3%A9-de-los-600-cad%C3%A1veres.htm>

⁸ Briscoe, Ivan. 2015. "Crime and the state: Latin America's season of scandal." *Open Democracy*, 26/02/15, <http://www.clingendael.nl/publication/crime-and-state-latin-america%E2%80%99s-season-scandal>

⁹ National Commission of Human Rights (CNDH). 2015. *Estado de la Investigación del "Caso Iguala"*. Mexico City: CNDH. http://www.cndh.org.mx/sites/all/doc/Slider/caso_iguala.pdf

¹⁰ *Buenos Aires Herald*. 2015. "62 per cent of Brazilians want Rousseff impeached." 22/07/15.

¹¹ Latin American Public Opinion Project (LAPOP). 2014. *Americas Barometer 2014*, pp. 194-198, http://www.vanderbilt.edu/lapop/ab2014/AB2014_Comparative_Report_English_V3_revised_011315_W.pdf.

¹² Argentina (19%), Chile (24%) and Brazil (25%) See: See Pew Research Center. 2014. "Crime and Corruption Top Problems in Emerging and Developing Countries."

¹³ Briscoe, I., Perdomo, C., and Uribe Burcher, C. (eds). *Illicit Networks and Politics in Latin America*. International IDEA, Netherlands Institute for Multiparty Democracy, and the Clingendael Institute, 2014, p.35.

¹⁴ Martínez, Oscar. 2014. *The Beast: Riding the Rails and Dodging Narcos on the Migrant Trail*. London: Verso, chapter 6.

¹⁵ Folch, C. 2012. "Trouble on the Triple Frontera." *Foreign Affairs*, September 2012 <https://www.foreignaffairs.com/articles/argentina/2012-09-06/trouble-triple-frontier>

¹⁶ Anonymous interview with the authors.

¹⁷ The role of criminal competition as a cause of spikes in violence has received increasing academic attention. For a recent analysis, see Durán-Martínez, Angelica. 2015. "To Kill and Tell?: State Power, Criminal Competition and Drug Violence." *Journal of Conflict Resolution*, June.

¹⁸ Vulliamy, E. 2015. "Has 'El Chapo' turned the world's former most dangerous place into a calm city?" *The Guardian* 19/07/15. http://www.theguardian.com/world/2015/jul/19/mexico-drugs-cartel-joaquin-guzman?CMP=share_btn_tw

¹⁹ Martínez, Óscar, op. cit., p. 154.

²⁰ *El Tiempo*. 2015. "Taxistas, una carrera entre la extorsión y la muerte en Honduras." 06/05/15.

²¹ Authors' interview with NGO in Tegucigalpa

²² See ACAPS. 2014. *Other Situations of Violence in the Northern Triangle of Central America*. Geneva.

²³ *El Herald*. 2014. "Comisión asumirá control del Catarino Rivas." 11/07/14. <http://www.elheraldo.hn/mobile/mpais/728445-387/comisi%C3%B3n-asumir%C3%A1-el-control-del-hospital-mario-catarino-rivas>.

²⁴ Felbab-Brown, Vanda. 2011. *Bringing the State to the Slum: Confronting Organized Crime and Urban Violence in Latin America*. Washington DC: Brookings Institute, p. 6

²⁵ International Crisis Group. 2014. *Corridor of Violence: the Guatemala-Honduras Border*. Bogotá-Brussels, 2014, p.3 & p.16.

²⁶ Univision.com. 2015. "Los que celebran la fuga de El Chapo en las redes sociales." 12/07/15. <http://noticias.univision.com/article/2398114/2015-07-12/mexico/noticias/los-que-celebran-la-fuga>

²⁷ Brandoli, Javier. 2015. "Los narcocorridos de El Chapo." *El Mundo* 14/07/15, <http://www.elmundo.es/internacional/2015/07/14/55a5189722601de0298b45a4.html>. For a film of his prison escape with the narcocorrido, see <https://www.youtube.com/watch?v=5nlwmSMVh8Y>

²⁸ Gurney, K.. 2014. "Meet Peru's New Narco Governors." *Insight Crime*, 19/12/14, <http://www.insightcrime.org/news-analysis/meet-peru-s-new-narco-governors>

²⁹ *Los Angeles Times*. 2014. "Iguala's fugitive mayor a symbol of Mexico's ills." October 2014 <http://>

www.latimes.com/world/mexico-americas/la-fg-mexico-mayor-20141010-story.html#page=1

³⁰ There are numerous examples. One of the best known is that of Colombia's last "emerald czar," Víctor Carranza. See *The Economist*. 2013. "Victor Carranza." 20/04/13.

³¹ Pansters, W. 2014. "Who rules Mexico? Criminal violence, self-defense forces, and fragmented sovereignty." CEDLA lecture, 12/12/14, Amsterdam; see also Santamaría, Gema. 2014. *Drugs, gangs and vigilantes*. NOREF & The Clingendael Institute, 2014.

³² Tegel, S. 2014. "Lynching is still a common practice across Latin America." *Global Post* 24/01/14 <http://www.globalpost.com/dispatch/news/regions/americas/140121/lynching-latin-america-bolivia-guatemala>

³³ For more on this, see Adams, Tani. 2011. *Chronic Violence and its Reproduction: Perverse Trends in Social Relations, Citizenship and Democracy in Latin America*. Washington DC: Woodrow Wilson Center.

³⁴ Luhnow, D. 2014. "Latin America is World's Most Violent Region." *Wall Street Journal*, April 2014, <http://www.wsj.com/articles/SB10001424052702303603904579495863883782316>

³⁵ Colombian government. 2003. *Colombia: Política de Defensa y Seguridad Democrática*. Bogotá. <http://www.resdal.org.ar/Archivo/col-03-presi.htm>

³⁶ Briscoe, Ivan. 2014. "Chapter 3: The Historical Development of the Nexus between Politics, Crime and the Economy in Latin America," in Briscoe, Ivan et al, op. cit..

³⁷ Naím, M.. 2012. "Mafia States: Organized Crime Takes Office." *Foreign Affairs* May-June 2012, <https://www.foreignaffairs.com/articles/2012-04-20/mafia-states>

³⁸ Briscoe, Ivan et al. 2014, op. cit.

³⁹ Idem

⁴⁰ Prensa Libre. 2015. "Estructura Morena nunca desapareció." 17/04/15. <http://www.prensalibre.com/guatemala/justicia/estructura-morena-nunca-desaparecio>

⁴¹ Astorga, Luis. 2005. *El siglo de las drogas*, Plaza y Janés, Mexico; Knight, A.. 2012. "Narco-Violence and the State in Modern Mexico," in Pansters, W., (ed.) *Violence, Coercion and State-Making in Twentieth-Century Mexico*, Stanford University Press.

⁴² The details of the initial operation and charges can be found here: <http://www.cicig.org/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=615&cntnt01returnid=67>

⁴³ See homicide map on UNODC, op. cit., p. 12.

⁴⁴ El Periódico. 2015. "Antejuicio contra candidato vicepresidente de Lider," and "CICIG: la mitad del financiamiento de partidos viene de la

corrupción." 16 & 17/07/15 <http://elperiodico.com.gt/2015/07/17/pais/cicig-la-mitad-del-financiamiento-de-partidos-viene-de-la-corrupcion/>

⁴⁵ El Periódico. 2015. "Antejuicio contra candidato vicepresidente de Lider," 16/07/15, <http://elperiodico.com.gt/2015/07/16/pais/antejuicio-contra-candidato-vicepresidencial-de-lider/>

⁴⁶ UNODC. 2011. *Estimating Illicit Financial Flows Resulting from Drug Trafficking and Other Transnational Organized Crimes*. Vienna: UN

⁴⁷ Krache Morris, E.. 2013. "Think Again: Mexican Drug Cartels: they aren't just about Mexico or drugs anymore." *Foreign Policy* 04/12/13 <http://foreignpolicy.com/2013/12/04/think-again-mexican-drug-cartels/>

⁴⁸ For instance, see International Crisis Group, op. cit.

⁴⁹ Verza, M. 2014. "El cártel de Sinaloa, una multinacional de las drogas." *El Mundo* 22/02/14, <http://www.elmundo.es/internacional/2014/02/22/5308d063e2704ece7a8b456e.html>

⁵⁰ *El Tiempo*. 2015. "Casi 600 servidores públicos enredados con 'bacrim'". 07/08/15.

⁵¹ Perdomo, Catalina, "Chapter 9: Comparative Regional Analysis of Legislation to Combat Organized Crime and its Links with the Political Sphere," in Briscoe, Ivan et al, op. cit.

⁵² Casas-Zamora, K.. 2010. "Dirty Money: How to break the link between organized crime and politics," *Americas Quarterly*, spring 2010.

⁵³ For instance, in a move much criticized by the opposition, months before the June 2015 municipal elections in Mexico, the Peña Nieto government started to hand out millions of televisions to the Mexican people. See Corona, S. 2015. "El Gobierno mexicano regala en año de elecciones diez millones de televisores." *El País*, 25/01/15, http://internacional.elpais.com/internacional/2015/01/25/actualidad/1422153958_948285.html

⁵⁴ Ohman, M., *Political Financial Regulations Around the World: An Overview of the International IDEA Database*, International Institute for Democracy and Electoral Assistance (IDEA), Stockholm, 2012

⁵⁵ Netherlands Institute for Multiparty Democracy (NIMD), United Nations Development Programme (UNDP), and Cifras y Conceptos. 2014. "Evaluación de las campañas al Senado de la República 2014." <http://www.co.undp.org/content/dam/colombia/docs/Gobernabilidad/undp-co-evaluacion-senado-2014.pdf>

⁵⁶ Briscoe, Ivan et al, op. cit., 2014, p. 46.

⁵⁷ Villaveces, Santiago. 2013. "Redes Criminales y Ejercicio de la Política en América Latina: Una Mirada Tentativa." In Niño Guarnizo, C. (ed). *Anuario 2013 de la Seguridad Regional en América Latina y el Caribe*. Bogotá: Friedrich Ebert Stiftung.

⁵⁸ Krache Morris, E.. 2013. "Think Again: Mexican Drug Cartels: they aren't just about Mexico or drugs anymore." *Foreign Policy*, 04/12/13, <http://foreignpolicy.com/2013/12/04/think-again-mexican-drug-cartels/>

⁵⁹ Johnson, J., Taxell, N., Zaum, D. 2012. *Mapping evidence gaps in anti-corruption: Assessing the state of the operationally relevant evidence on donors' actions and approaches to reducing corruption*, Bergen, Chr. Mechelsen Institute, U4 Issue 7; Brunelle-Quirashi, Ophelie. 2011. "Assessing the Relevancy and Efficacy of the United Nation Convention Against Corruption: A Comparative Analysis," *Notre Dame Journal of International & Comparative Law* vol 2:1

⁶⁰ Buscaglia, E. 2013. "Judicial and Social Conditions for the Containment of Organized Crime: A Best Practice Account," in Schöenberg, R. (ed.), *Transnational Organized Crime: Analyses of a Global Challenge to Democracy*. Berlin: Heinrich-Böll Stiftung.

⁶¹ Silva, Eduardo. 2002. "State-Business Relations in Latin America." In Whitehead, Lawrence (ed.). *Emerging Market Democracies: East Asia and Latin America*. Baltimore: John Hopkins University Press, p. 84; Rock, David. 2002. "Racking Argentina." *New Left Review* 17. September-October.

⁶² Segal, David. 2015. "Petrobras Oil Scandal Leaves Brazilians Lamenting a Lost Dream." *New York Times* 07/08/15. http://www.nytimes.com/2015/08/09/business/international/effects-of-petrobras-scandal-leave-brazilians-lamenting-a-lost-dream.html?_r=0

⁶³ Interview with one of the authors, Guayaquil 2012.

⁶⁴ Ackerman, J. 2015. "It's time to re-set U.S.-Mexico Relations." *Politico Magazine* 06/01/15 <http://www.politico.com/magazine/story/2015/01/us-mexico-relations-reset-113998.html#ixzz3gQkYNREi>

⁶⁵ Biden, J. 2015. "Joe Biden: A Plan for Central America." *New York Times* 29/01/15, http://www.nytimes.com/2015/01/30/opinion/joe-biden-a-plan-for-central-america.html?_r=0

⁶⁶ Isacson, A.. 2010. *Colombia: Don't Call it a Model*, Washington Office on Latin America (WOLA), http://www.wola.org/publications/colombia_dont_call_it_a_model

⁶⁷ For a more in-depth critical evaluation of CARSI see Wilson Center "Working Papers" on CARSI

in Guatemala and Honduras: <http://www.wilsoncenter.org/publication/CARSIExecSummary>

⁶⁸ Ackerman, J., op. cit.

⁶⁹ "Joint Statement by the Presidents of El Salvador, Guatemala, and Honduras, and the Vice President of the United States of America Regarding the Plan for the Alliance for Prosperity of the Northern Triangle." Office of the Spokesperson, Washington DC, 03/03/15, <http://www.state.gov/r/pa/prs/ps/2015/03/238138.htm>.

⁷⁰ The dynamics of fragmentation and violence in the case of Mexico is analysed in Rios, Viridiana. 2013. "Why did Mexico become so violent? A self-reinforcing violent equilibrium caused by competition and enforcement." *Trends in Organized Crime* vol. 16 issue 2, pp 138-155.

⁷¹ Ashby, N., and Ramos, M. 2013. "Foreign direct investment and industry response to organized crime: The Mexican case." *European Journal of Political Economy*, vol. 30, June, pp 80-91.

⁷² Isacson, A., Meyer, M. and Morales, G. 2014. *Mexico's Other Border: Security, Migration and the Humanitarian Crisis at the Line with Central America*. Washington Office on Latin America. See also "Una Cacería de Migrantes," three-part video report by Animal Político: <http://www.animalpolitico.com/caceriade-migrantes/index.html>

⁷³ Martínez, O., op. cit.

⁷⁴ International Crisis Group. 2011. *Cutting the Links Between Crime and Local Politics: Colombia's 2011 Elections*. Bogotá-Brussels. <http://www.crisisgroup.org/en/regions/latin-america-caribbean/andes/colombia/37-cutting-the-links-between-crime-and-local-politics-colombias-2011-elections.aspx>

⁷⁵ Caicedo, Carlos. 2015. "Congressional political reform approval without government input weakens Brazilian president's political standing." *IHS Jane's Intelligence* 01/07/15, <http://www.janes.com/article/52722/congressional-political-reform-approval-without-government-input-weakens-brazilian-president-s-political-standing>

⁷⁶ Perdomo, C.. 2014. "Chapter 9: Comparative Regional Analysis of Legislation to Combat Organized Crime and its Links with the Political Sphere," in Briscoe, I, et al. op. cit.

Ester Vargas



Member of a self-defense militia in Michoacan, Mexico

The Rise of Militias in Mexico

Citizens' Security or Further Conflict Escalation?

BY VANDA FELBAB-BROWN

This article explores the security and political effects of militia forces that emerged in Mexico in recent years in reaction to violent organized crime, most prominently in the states of Michoacán and Guerrero. Militia forces are not a new phenomenon in the country; in various forms and guises, they permeate the history of Mexico. Often, militia groups have been sponsored by the Mexican state, including as recently as in the 1990s government counterinsurgency efforts against a leftist anti-globalization insurgency, the Zapatista Army of National Liberation (*Ejército Zapatista de Liberación Nacional*, EZLN).

The anti-drug-cartel militias that emerged after 2006, when then Mexican President Felipe Calderón declared a war on the drug cartels, however, emerged either more or less spontaneously or with the sponsorship of powerful politicians and businessmen, not as a state policy. In fact, for a good number of years the Calderón administration and that of his successor President Enrique Peña Nieto ignored them. Eventually, the behavior and visibility of the militia groups forced the government of Mexico to react.

Mexico is a middle-power country with a relatively strong economy; it is not a failing state. Nonetheless, the state has been historically weak or absent in large areas, including those where militias are currently strong. Such weakness of territorial presence and its closely related weakness of rule of law are not only a matter of a lack of governance capacity, but fundamentally also of the decisions the Mexican state and elite have made, namely, not providing the resources necessary to boost state presence in indigenous and rural areas, such as to the drug-cartel and militia-rife La Tierra Caliente of Michoacán and Guerrero. Consciously or by default, those areas have been relegated to socio-economic marginalization and underdevelopment. Laws have neither been enforced nor internalized and socio-economic survival and advancement are often dependent on participation in illegal economies. Rules, essential informal ones, are dispensed or

*Dr. Vanda Felbab-Brown is a senior fellow in Foreign Policy at the Brookings Institution and author of **Narco Noir: Mexico's Cartels, Cops, and Corruption** (Washington, DC: The Brookings Institution Press, 2016, forthcoming).*

enforced by individual powerbrokers, such as political *caciques*, powerful businessmen, or organized crime groups. The formation of anti-organized-crime militias is thus an expression of both the absence of the state and its continual rejection by locals who find it remote, irrelevant, undependable, or outright corrupt. However, just like other aspects of politics in Mexico, particularly in large parts of its rural areas, even the formation of the militias has been co-opted by organized crime groups.

Indeed, what emerges from the following analysis of militia formation in Michoacán and Guerrero and state responses to their spread is an overwhelming tendency for the militias to go rogue. Although the militias seemed to alleviate violence in the initial period, they soon became predatory and abusive themselves. No matter what the original motivations and justifications for militia formation, militias have a strong tendency to escape control by their overseers and engage in problematic and abusive behavior. Even when militias spontaneously emerge in response to abuse that local communities find intolerable, the militias have a strong tendency to deteriorate to such behavior themselves. The scale of such misdeeds often negates their previous usefulness, and the militias become a profound threat to order and rule of law and a new driver of conflict.

Rarely do local communities or official state structures have the capacity to keep militias in check. But the less effort the national government puts into developing official mechanisms of control, restraint, and rollback, the worse the predation and deleterious effects the militias will have on stability and the long-term legitimacy of local political dispensations. Although militias might be local, their effects are not: they have profound and

complex implications for political rivalries and balances of power throughout the political, militancy, and criminal systems.

Heat Rising in the Historically Hot La Tierra Caliente ... and Around

Amidst intense and shifting criminal violence, which since 2006 has resulted in the death of between 80,000 and 100,000 people in Mexico,¹ the country's mountainous center stands out. Although the intensity of homicides has been smaller there than in some of the northern cities, such as Ciudad Juárez, Tijuana, and Monterrey,² the central states of Michoacán and Guerrero are nonetheless very violent. For at least two years now, Guerrero has been one of Mexico's most violent states. Its rural areas are badly affected by the violence, and its main city, Acapulco, has held the dubious title of most violent city in Mexico since at least 2012.

In addition, for decades, Guerrero and Michoacán have been some of Mexico's most prominent locales for the illegal cultivation of poppy and production of heroin. These illicit economies have been greatly expanding since 2013 in response to growing demand in the United States for illegal opiates.

Large parts of their territories, including the so-called Tierra Caliente, have historically experienced minimal state presence. The underdeveloped Guerrero, in particular, has been one of Mexico's most lawless states, pervaded by insurgents, criminals, rogue politicians, and militant unions. Guerrero and Michoacán have also featured some of the most iconic episodes of Mexico's crime wars, including the killing of students in Iguala, Guerrero in September 2014,³ and the mass killing of presumed members of the Jalisco New Generation Cartel in Ecuandureo,

Michoacán in May 2015.⁴ Those two central states have seen the most visible expansion of “anti-crime” militias, capturing the attention of Mexico’s public and ultimately also the Peña Nieto administration.

Militias, whether genuine self-defense forces or private security forces of powerful Mexican politicians, have a centuries-old history in Mexico. Even in the post-WWII period, many municipal police forces in Mexico essentially functioned like personal (and often abusive) militia forces of the district mayor.⁵ Many municipal police forces in Mexico are deeply penetrated and often outright controlled by organized crime, as are many municipal governments, particularly in places like Guerrero and Michoacán. Historically, the Mexican government and military often recruited militias to fight insurgencies, such as in Guerrero and Chiapas. Adding to this

context are officially-sanctioned militias of indigenous communities – defined as indigenous community police forces and indigenous justice systems – which have been permitted under Mexico’s constitution for several decades.

However, over the past several years, the self-defense forces that emerged in response to the extortion and violence of criminal groups in Michoacán and Guerrero came to symbolize the weakness of the central state in providing public safety.

President Calderón and the Cartels’ Shuffle in Michoacán

The home state of former Mexican president Felipe Calderón, Michoacán was an early focus of his administration in response to the rapid growth of the violent criminal cartel La Familia Michoacana (LFM). In 2006, LFM was one of



H. Jansen

Poppy field

FELBAB-BROWN

Mexico's most vicious drug trafficking groups, and its authority was expanding over large parts of the state, particularly in La Tierra Caliente. It engaged in brutal violence, visible on the streets of Michoacán.⁶ It launched an aggressive extortion campaign that targeted major businesses in the state, such as avocado growers and logging companies – not even businesses operating in the state capital of Morelia were immune. By 2009, LFM reportedly had influence over (or extorted anyway) perhaps as many as 180,000 sales outlets, including gasoline stations, truck shops, street markets, movie theaters, and other businesses. Its daily earnings were reported (likely highly exaggerated) to be USD 1.9 million.⁷

La Familia's control over some communities was pervasive. LFM would monitor the entries and exits of towns and villages, permitting or denying passage to anyone passing

through, sometimes extorting the person for money. Mixing religion and rituals under a cultish cloak, it also established "courts" and "dispute resolution" procedures for residents of areas under its influence. Indeed, some residents of Michoacán's Tierra Caliente as well as Morelia told me in spring 2011 that they actively preferred the courts of La Familia to the formal state justice.⁸ Others were just terrified, believing that the group had *halcones* (lookouts and informants) everywhere; had deeply penetrated mayors' offices, municipal councils, and local police forces; and could strike anyone.⁹ But La Familia also had to battle other criminal groups for turf, including the super-violent and expanding Los Zetas as well as smaller rivals, such as the Millenio Cartel. Over time, government action combined with these attacks from rivals hastened the demise of La Familia.



Diego Fernández

Mexican military in Michoacán

During the Calderón administration, Michoacán became one of the first areas where the Mexican military was deployed to combat criminal groups. Like elsewhere in Mexico, one of the military's key missions was to back up, and in some circumstances completely replace, Michoacán's municipal police forces which typically were undertrained, under-resourced, deeply corrupt, and completely overwhelmed by organized crime.

Equally important, the new military policing strategy – consisting of high-value targeting and searches at fixed checkpoints – failed to restore or, perhaps more precisely, expand state authority and control. Nonetheless, the high-value targeting strategy was capturing many of LFM's top leaders; and in the spring of 2011, *Los Piños* (the seat of the Mexican president) declared LFM dismantled.

Within weeks, however, a new criminal group, Los Caballeros Templarios, emerged and took over the illegal and informal markets in Michoacán that La Familia used to run. Although portraying themselves as a self-defense force to protect Michoacán residents and purge the area of organized crime, Los Templarios soon came to behave like the evil they purported to ostracize. Even more aggressively than LFM, they extorted legal, informal, and illegal businesses. In addition to kidnapping relatives of rich businessmen,¹⁰ they, too, demanded extortion fees from avocado farmers and logging companies, and expanded the extortion racket into iron ore extraction and shipping through Michoacán's principal port and economic hub, Lázaro Cárdenas. In March 2014, the Mexican government's special envoy for restoring rule of law in Michoacán, Alfredo Castillo, claimed that Los Templarios made more of their money from extorting the iron ore extraction, processing, and transshipment

operations than from drug smuggling or other extortion.¹¹ Regardless of whether this assessment of the cartel's financial portfolio is accurate, the Templarios, exploiting their strong territorial presence and a fearsome reputation, succeeded in turning themselves into a multi-faceted mafia with fingers in many illegal rackets in the state and widespread extortion.

Militias Popping Up ... in Guerrero Too

By the spring of 2014, Los Templarios were the area's most feared authority. Despite their purported emergence in reaction to the abuses and excesses of La Familia Michoacana, the Templarios also overreached in their demands for extortion fees and obedience and triggered a backlash. As a result of this heavy-handedness, anti-Templarios militias began forming in Michoacán's countryside even before the influence of the Templarios peaked.

Anti-crime self-defense forces, such as in Michoacán's Cherán municipality, began emerging as early as 2011, but the Calderón administration did not pay much attention to them. Their expansion, visibility, and increasingly questionable behavior continued to grow through 2013. By then, the militias were arresting people whom they accused of working for the Templarios and other criminal groups, and held their own court trials and meted out sentences. They were particularly active in Michoacán's towns of Tepalcatepec, Buena Vista, and La Ruana, where they gathered whatever weapons they could find and seized control of police stations. When the self-defense forces began to beat up, expel, and detain not just municipal police officers, but also soldiers, the administration of Calderón's successor, President Enrique Peña Nieto, could no longer remain placid about their growth. But even detentions of militia members who

were engaged in the worst excesses, such as kidnappings of police personnel, did not appear to deter them.¹³

The militias also grew in the neighboring state of Guerrero, one of the most violent areas in Mexico during the Peña Nieto administration thus far, with 73.2 homicides per 100,000 in 2013, compared to the national average of 29.3 per 100,000 that year.¹⁴ Although its homicide rate decreased in 2014, Guerrero remained the second most violent state in Mexico.¹⁵ A plethora of small, fragmented, unstable, and highly violent criminal gangs emerged in the state in the wake of the federal government's high-value-targeting interdiction policy against the once dominant Beltrán Leyva Cartel. Like in Michoacán, the Jalisco New Generation Cartel from neighboring Jalisco has also been encroaching on their territory, triggering violent battles.

In Guerrero, the provenance and control of the militias seems even murkier than in Michoacán. Some of the self-defense militias appeared to be permeated by organized crime groups, such as the Jalisco New Generation Cartel.¹⁶ In fact, some cartels have begun labeling their own hitmen as self-defense groups and have attempted to penetrate and subvert the existing self-defense groups. At the same time, the militia forces in Guerrero have also been intricately intermeshing with the so-called "community police forces," legally permitted under Mexico's constitution and allowed to carry firearms, which operate mainly in indigenous communities. In the spring of 2013, there were 45 such community police groups in 14 of Mexico's 32 states.¹⁷ In Guerrero's municipality of Ocotito, for example, the local self-start-up militia force appeared to have the assistance of the Union of the People and Organization of the State of

Guerrero (Unión de los Pueblos y Organizaciones del Estado de Guerrero: UIPOEG) community police force.¹⁸

Moreover, an extensive whispering campaign emerged in both Guerrero and Michoacán that the militias might also be taking justice into their own hands more aggressively – such as by killing those they viewed as opponents. At minimum, they would trot around with machine guns, expel or arrest municipal police officers they saw as incompetent or corrupt, and block roads, using their own discretion to determine who could go in and out.

Can't Fight 'Em: Bring 'Em Into the Fold

The original reaction of high officials of the Peña Nieto administration was to denounce the militias. The president, for example, pointedly stated: "[W]hatever the denominations of these groups, the practice they have of taking justice into their own hands [is] outside the law, and my government will combat it."¹⁹ But at the same time, state officials in Michoacán continued hinting that the militia existence could be tolerated. In Guerrero, the contradictions between state and federal-level authorities and among state responses were even more pronounced: on the one hand, the state was providing the self-defense forces with funds, uniforms, and communications equipment, while on the other hand, it was arresting at least some militia members. In the spring of February 2014, as one of Guerrero's militia groups seized villages on the outskirts of the state capital, Chilpancingo, Mexico City dispatched military battalions and federal police units to stop them from moving into the city itself.

As the process unfolded, federal level officials learned that doing away with the militias

was not easy. Negotiating with the militias to effect their disarmament proved especially difficult, as militia members emphasized that they would be subject to retaliation and could only disarm after the criminal gangs, including the key leaders of the Templarios, were arrested. But forcibly dismantling the militias could set off a bloody and problematic fight between them and the federal government, in which assistance from local and state authorities could not necessarily be counted on. After all, the militias' own narrative claimed that they were merely defending themselves and their families and communities against the

brutality of the crime groups because the state had failed to do so, which indeed was often the case.²⁰

The increased deployment of Mexico's military into Guerrero and Michoacán, which President Peña Nieto boosted by 50 percent at the beginning of 2013, did not slow the formation, spread, and audacity of the militia forces. By the end of 2013, 47 out of Michoacán's 113 municipalities experienced their presence. In the neighboring state of Guerrero, they operated in more than half of the state's 81 municipalities by the spring of 2014.²¹ Areas that were key Templarios hotbeds in Michoacán,



President Nieto in Chilpancingo, Guerrero for presentation of his “Plan Nuevo Guerrero,” which instituted a reconstruction and modernization agenda for the violence plagued state

such as Apatzingán, experienced dramatic fire-arm battles between the Templarios and the self-defense forces. Elsewhere, the self-defense forces set up checkpoints. In January 2014, the self-defense forces took over the municipal building in Parácuaro and blocked off entry points to the town, digging in for a battle with the Templarios, until the Federal Police negotiated its own entry. The militias also seized control of a nearby town, La Huerta. In some parts of Michoacán, the Federal Police began operating joint checkpoints with the self-defense forces. Membership in the militias swelled to the thousands, by some reports to as many as 20,000,²² though no reliable counts were conducted, and the militias had an incentive to exaggerate their strength. To accommodate the militias' insistence that they could only stop their vigilantism if the government arrested key leaders of the Templarios, the government launched a dragnet in Michoacán and over several months captured key Templario leaders.

When a prominent Templario leader known as "El Tío" was arrested in January 2014, Mexico's Interior Minister Miguel Ángel Osorio Chong announced that the government had negotiated a deal with the groups to absorb them into a new state security entity known as the "Rural Defense Corps." The deal specified that the corps would be temporary and required that the militia leaders would provide the government with a registry of their members. Putting a time limit on the existence of the militias was a highly appropriate provision since dismantling any unofficial and extralegal forces and vigilantes, however motivated, always needs to be the position of a state adhering to the rule of law.

Even so, there were good reasons to doubt the desirability of the arrangement. The fact that the government was not able to prevent

and dismantle the militias in the first place, and was essentially left to make a deal with them, was glaring evidence of the weakness of the state in the rural areas of Mexico. The deal also created a bad precedent, signaling that if one wanted to get on the payroll of the state and take the law and its enforcement into one's own hands (or cloak one's extortion and other crimes with legitimacy), one only had to set up a self-defense militia. More immediately, there were good reasons to be skeptical about the accuracy of the member registry handed over to the state by the militia leaders and the ability of the state to do its independent re-vetting of the militia members. Moreover, it was not obvious just how committed the militias were to the deal: a key militia leader, Dr. José Manuel Mireles, was not at the signing, and another militia group from the Ruana area was not only absent, but occupied the government building in the Peribán municipality that very same day. In Guerrero, the militias rejected a similar deal to be folded into an official rural defense force, claiming they did not believe Mexico's federal government was truly motivated to combat the criminal groups.²³

But, however problematic, the deal to form the Rural Defense Corps was clearly better than the previous policy of just allowing the militias to run loose and act without restraint. While not desirable, the Rural Defense Corps concept was likely the least bad option the government had available at that moment. It was only a matter of time before the unsupervised militias would start engaging in predation on local communities, designating as a criminal anyone who crossed them, arrogating "justice" to themselves, and further damaging the already poor bonds between the state and the population. And it was not too

far-fetched to imagine that they might be tempted to take over some illicit markets.²⁴

Indeed, such problematic developments surrounding the militias and their speedy descent into going rogue was exposed just a few weeks after the deal was signed. By the middle of March 2014, Mexican authorities arrested one of the top militia leaders, Hipolito Mora, indicting him for the murders of two members of a rival militia faction in Buenavista Tomatlán. Government authorities also detained 28 other vigilante members, accusing them of stealing and appropriating the property of alleged Templario members, such as ranches, land, and horses, while demanding money from local citizens for returning their property stolen by the Templarios.²⁵ Announcing the arrests, Mexican authorities implied that they would no longer tolerate the militias, now that the government had developed independent intelligence networks to go after the Templarios. In April 2014, an additional 100 militia members were arrested on charges that they were in fact criminals (some belonging to the Templarios) merely posing as self-defense forces.²⁶ The militias, including those of other factions, such as the Tepacaltepec group led by Mireles, claimed that the government was unjustly prosecuting them while failing to deliver on its part of the negotiated deal, and that Mexico's government still could not cope with security in Central Mexico without help from the militias.²⁷ Another vigilante spokesman, Estanislao Beltrán, admitted that some bad elements, including criminals, might have infiltrated the militias, but that the militias would clean their own ranks themselves and continue operating, though preferably under a government hat.

Thus, in April 2014, the federal government announced that the self-defense groups

agreed to disarm by May 10 – but the deadline was missed and the militias showed little interest in obeying the basic deal struck in January 2014. At the same time, José Manuel Mireles declared that the self-defense groups under his influence would now work with federal forces in cities like Morelia, Uruapan, and Lázaro Cárdenas to take down *all* remaining members of the Templarios, including middle-level managers, thus changing the terms of the deal and parameters of the disarmament of his militias. He also stated that as part of a new deal with the government, the federal authorities agreed to release many of the arrested self-defense group members.²⁸

The deal between the government and the militias started breaking down almost as soon as the ink on the paper had dried. Some militias joined the Rural Defense Corps, receiving guns, uniforms, and salaries from the government, while others continued to drag their feet. For the rest of 2014, the Mexican government kept negotiating with the various militia factions, arresting leaders and members of some, only to release them later. Nonetheless, by December 2014, most of the major militia factions in Michoacán, including those of Hipolito Mora and his rival Luis Antonio Torres, known as “El Americano,” were nominally folded into the Rural Defense Corps.

But, their nominal presence in the state-sanctioned outfit did not guarantee that the state had adequate control over the behavior of the militias. In the middle of December 2014, Mora's and Torres's factions engaged in a bloody shootout with each other in the town of La Ruana, leaving 11 people dead, including Mora's son. Mora and Torres handed themselves over to state authorities, and later were indicted with homicide and kidnapping charges. Nonetheless, once again, in a

powerful indictment of the persisting weakness of Mexico's justice system and its inability to effectively prosecute perpetrators, both men were later released because of a lack of evidence and other judicial deficiencies.

Equally problematic, violence among and between the Torres and Mora factions and a new offshoot of Los Templarios, Las Viagras, continued into January 2015. Official military and federal police forces also began responding with greater violence toward the militias, including in a notorious incident after one of the militia forces tried to seize the town hall of the city of Apatzingán.²⁹

In both Michoacán and Guerrero, violence and the rise of the militias effected Mexico's midterm elections held in June 2015. In Michoacán, the leader of one militia faction, Enrique Hernandez, was assassinated in March as he tried to campaign on the ticket of the left-leaning Movement for National Regeneration, or Morena, party.³⁰ He had earlier spent three months in jail, but was released for a lack of evidence.

On the Loose, Coopted, and Getting More Brazen

Meanwhile in Guerrero, the federal state did not manage to even sign a deal with the militias, let alone enforce it. Various militia groups, whether genuinely indigenous police forces or fronts for local criminal gangs, continued to arrest and detain soldiers and government officials, and homicide and extortion rates remained high.³¹ The election campaign in 2015 took place amidst bitter memories of the Iguala massacres and widely-assumed state complicity, widespread intimidation by rival militias and organized crime groups, disappearances, and assassinations of local government officials and political candidates.

One of the most dramatic incidents involving Guerrero's self-defense forces took place in early May 2015 in the town of Chilapa. Although small in size, Chilapa is strategically located on the foothills of a major poppy growing area and serves as a major logistical hub for the drug trade since it has the only gas station in miles. Following an assassination of a local political candidate in April 2015, 300 civilians armed with rifles, machetes, and sticks, followed by pickup trucks with men sporting high-caliber weapons, seized the town. Although the Mexican military and federal and municipal police were present, they failed to act against the self-proclaimed self-defense group. Whether out of intimidation, indifference, complicity, or on orders from higher up, the military and police stood by for several days as the militias controlled the town, set up checkpoints, and detained people. At least 11 of those detained (and perhaps as many as 30) have not been seen since. Townspeople believed that the self-defense force, which after several days left on its own accord, was actually the criminal gang Los Ardillos, fighting over the important heroin-turf with another gang, Los Rojos.³² Regardless of whether the armed invasion was by a self-defense force run amok or the self-defense label was appropriated by an organized crime group, its effect on the community was the very opposite of increasing security.

Conclusions and Policy Implications

In some ways, the willingness of the government to act against the militias, including to arrest and prosecute some, has been more encouraging than its other anti-crime policies.³³ The original plan of folding them into the Rural Defense Corps was the least bad option; however, the government has failed to

effectively enforce the policy with the militias. In Guerrero, the government has not even been able to convince them to sign any deal. In both Michoacán and Guerrero, many of the militias have become important sources of conflict and abuse, hardly acting as a stabilizing force. Indeed, the Mexican government needs to retain the resolve to monitor the militias diligently; prosecute those who engage in criminal acts, such as extortion and murders; and use any opportunity it can to roll them back and dismantle them – even if such efforts have not been going well so far. Partnering with militias might seem like a seductive option in the short term at a moment of crisis,

but spells long-term problems for security, rule of law, and state legitimacy, as much in Mexico as in Colombia or Afghanistan. To the extent that Mexico's struggle against criminality is not merely about reshuffling who has control and power in the criminal market, but about a broader extension and deepening of the rule of law and accountability in Mexico, any official endorsement of the militias fundamentally contradicts that project.

From a policy perspective, the most salient findings include the following:

- In Mexico, militias seemed to have the least proclivity toward abuse of local and



Popular outrage expressed in graffiti regarding the mass disappearance of a busload of students last September in Iguala. It reads, “They took them alive. We want them back alive. Solidarity with the 43 disappeared students.” Iguala’s mayor and his wife were arrested by Mexican officials after evidence was found that they, and several local police, collaborated with a crime syndicate, Guerreros Unidos (United Warriors), on the abduction.

rival communities when they emerged spontaneously from the local community, faced a particularly abusive external force in the form of outside criminal groups, and if major rifts and conflicts were absent from the community of the militia's origin.

- Nonetheless, even then, local community structures have often been unable (or unwilling) to restrain the behavior of the militias.

- In the absence of effective supervision by and support from strong official forces, such as powerful domestic or outside military or police forces, militias in Mexico quickly turned to predation and abuse, no matter what their original motivations and self-justification.

- Under President Peña Nieto, the Mexican federal government has made more of an effort to regularize the militias, including by folding them into official, if ad hoc and presumably temporarily-created, police structures. The government also set limits on what kind of activity the militias can engage in and established some vetting procedures of members. But it has been unable to fully implement and enforce these formal rules. Though the Mexican government has been willing to indict and arrest militia leaders for the most notorious abuses perpetrated by their units, such as murders, kidnapping, and extortion, the ineffective prosecution of such crimes has largely subverted their efforts.

- No matter what their origins and motivations, the rise of militias profoundly changes local balances of power. Consequently, both local and outside actors seek to appropriate the militias or establish rival ones. In Mexico, even when the militias rose to oppose the brutality and extortion of

criminal groups, cartels sought to take them over or establish rival "militias."

- Such competition over control and establishment of militias was also present in official government structures: Mexico's municipal and state government officials often had militia policies directly contradictory to those of the federal government.

In short, although the formation of militias may have originated as a local matter, the security and political effects the militias had did not remain contained within a small locality or a village. The balances of power they affected were much broader. So were the contagion effects they set off. No matter what their motivations and control mechanisms on paper, militias have a strong tendency to go rogue and be easily appropriated by those whom they purport to fight. Ultimately, the rise and spread of militias diminishes state strength and legitimacy. **PRISM**

Notes

¹ Kimberly Heine, Cory Molzahn, and David Shirk, "Drug Violence in Mexico: Data and Analysis through 2014," Justice in Mexico Project, April 2015, <https://justiceinmexico.org/wp-content/uploads/2015/04/2015-Drug-Violence-in-Mexico-final.pdf>. In July 2015, the Mexican government released new data showing that between 2007 and 2014, 164,000 were murdered in Mexico. Cited in Jason Breslow, "The Staggering Death Toll of Mexico's Drug War," *PBS Frontline*, July 27, 2015, <http://www.pbs.org/wgbh/pages/frontline/foreign-affairs-defense/drug-lord/the-staggering-death-toll-of-mexicos-drug-war/>. Not all of the murders were linked to drug trafficking, though many may have been permitted by the chaos in the criminal market triggered by fighting among the drug cartels and Mexico's war on the drug cartels. Many murders are also highly likely to have been unreported, with discovering of mass graves occurring regularly. Easily, at least half of the murders in Mexico since 2007 can be attributed to organized crime. For further details and debates on the drug numbers, see, for example, Molly Molloy, "The Mexican Undead: Toward a New History of the 'Drug War' Killing Fields," *Small Wars Journal*, July 21, 2013, <http://smallwarsjournal.com/jrn/art/the-mexican-undead-toward-a-new-history-of-the-%E2%80%9Cdrug-war%E2%80%9D-killing-fields>.

² For background on violence in these cities and on the rise of criminal violence in Mexico, see Vanda Felbab-Brown, "The Violent Drug Market in Mexico and Lessons from Colombia," Foreign Policy at Brookings, Policy Paper No. 12, March 2009, http://www.brookings.edu/~media/Files/rc/papers/2009/03_mexico_drug_market_felbabbrown/03_mexico_drug_market_felbab-brown.pdf; Vanda Felbab-Brown, "Calderon's Calderon: Lessons from Mexico's Battle Against Organized Crime and Drug Trafficking in Tijuana, Ciudad Juarez, and Michoacán," *Latin America Initiative Paper Series*, The Brookings Institution, September 2011, http://www.brookings.edu/~media/research/files/papers/2011/9/calderon-felbab-brown/09_calderon_felbab_brown.pdf; Vanda Felbab-Brown, "Pena Nieto's Piñata: The Promise and Pitfalls of Mexico's New Security Policy," Foreign Policy @ Brookings Paper Series, February 2013, <http://www.brookings.edu/research/papers/2013/02/mexico-new-security-policy-felbabbrown>; and Vanda Felbab-Brown, "Changing the Game or Dropping the Ball: Mexico's Security Policy under Enrique Peña Nieto," The Brookings Institution, Washington, DC, November 17, 2014, <http://www.brookings.edu/~media/Research/Files/>

[Papers/2014/11/mexico%20security%20anti%20crime%20nieto%20felbabrown/mexico%20security%20anti%20crime%20nieto%20v1%20felbabrown.pdf](http://www.brookings.edu/~media/Research/Files/Papers/2014/11/mexico%20security%20anti%20crime%20nieto%20felbabrown/mexico%20security%20anti%20crime%20nieto%20v1%20felbabrown.pdf).

³ Nick Miroff, "Mass Kidnapping of Students in Iguala, Mexico, Brings Outrage and Protests," *Washington Post*, October 11, 2014, <http://www.washingtonpost.com/blogs/worldviews/wp/2014/10/11/in-mexico-mass-kidnapping-and-slaying-of-students-in-iguala-brings-outrage-and-protests-against-gangs-and-government/>.

⁴ "Many Questions in Mexico Cartel Battle That Killed 43," *Associated Press*, May 23, 2015.

⁵ For a further background on the history of self-defense forces and militias in Mexico and an analysis of their pros and cons in the current period, see International Crisis Group, "Justice at the Barrel of a Gun: Vigilante Militias in Mexico," Latin America Briefing No. 29, Mexico City/Bogotá/Brussels, May 28, 2013, <http://www.crisisgroup.org/~media/Files/latin-america/mexico/b029-justice-at-the-barrel-of-a-gun-vigilante-militias-in-mexico.pdf>. See also, George Grayson, "Threat Posed By Mounting Vigilantism In Mexico," Strategic Studies Institute, September 2011; and Íñigo Guevara y Moyano, "Gendarmes, Rurales y Autodefensas," *El Excelsior*, March 16, 2014.

⁶ One notorious incidence of violence occurred in Michoacán's capital, Morelia, on September 15, 2008, when a grenade was thrown into a crowd celebrating Mexico's Independence Day. La Familia Michoacana was widely accused of the crime. It denied responsibility and accused the Zetas, which were later officially blamed for the incident.

⁷ Francisco Gómez, "Piratería, el otro frente del narco," *El Universal*, March 1, 2009.

⁸ Author's interviews in Michoacán, spring 2011. For a similar system of counterculture and of criminal groups providing not just employment, but also acquiring political capital and legitimacy and protection from local communities, see José Arturo Yañez Romero's study of the Iztapalapa borough of Mexico City, where pirated and stolen goods are distributed – "Modelo para el Estudio de la Inseguridad, El Caso de Iztapalapa, Center for U.S.-Mexican Studies, University of California-San Diego, May 2005. For a similar study of the fluid legal, informal, and illegal markets in Guadalajara's San Juan de Dios neighborhood, see José Carlos Aguiar, "Nuevos objetos en la agenda de seguridad pública: La 'lucha contra la piratería' en el Mercado de San Juan de Dios, Guadalajara," in José Carlos Aguiar and María Eugenia Suárez de Garay, eds. *Policía, seguridad y transición política: Acercamiento al estado del*

México contemporáneo (Amsterdam: Centre for Latin American Studies and Documentation, 2008).

⁹ Author's interviews in Michoacán, spring 2011.

¹⁰ Author's interviews in Michoacán, March 2011. Regarding the iron ore extortion, see Dave Graham, "Chinese Ore Trade Fuels Port Clash with Mexican Drug Cartel," *Reuters*, January 1, 2014, <http://www.reuters.com/article/2014/01/01/mexico-drugs-port-idUSL2N0JB02E20140101>.

¹¹ Cited in Eduardo Castillo, "Knights Templar Drug Cartel Counts Iron Ore as Main Income Source," *The Associated Press*, March 17, 2014, http://www.elpasotimes.com/latestnews/cj_25359614/knights-templar-drug-cartel-counts-iron-ore-main.

¹² Miguel García Tinoco, "Liberan a Militares Secuestrados en Michoacán," *El Excelsior*, March 1, 2013.

¹³ Marguerite Cawley and James Bargent, "Following Arrest, Mexico Vigilantes Take Soldiers Hostage," *InsightCrime*, March 13, 2013, <http://www.insightcrime.org/news-briefs/vigilante-self-defense-groups-mexico>.

¹⁴ James MacAuley, "Self-Defense Group's Refusal to Disarm Increases Risk of Conflict with Military in Mexico's Guerrero State," *IHS Global Insight*, January 29, 2014.

¹⁵ Heinle, Molzahn, and Shirk (April 2015): 17-8.

¹⁶ Dudley Althaus, "Michoacán, Guerrero, and Mexico's Mixed Responses to Vigilantes," *InSight Crime*, February 13, 2014, <http://www.insightcrime.org/news-analysis/michoacan-guerrero-and-mexicos-mixed-response-to-the-vigilantes>.

¹⁷ Laurence Allan, "'Community Police' Disarm Police Officers in Violence-Plagued Mexican State," *HIS Global Insight*, May 10, 2013.

¹⁸ Richard Fausset, "Mexico Under Siege: Guerrero State Sliding into Chaos," *Los Angeles Times*, February 16, 2014.

¹⁹ Georgina Olson, "Combatiéremos defensa por propia mano: Enrique Peña Nieto," *Excelsior*, April 10, 2013.

²⁰ Some scholars also embraced the formation of the militias – see, for example, Patricio Asfura-Heim and Ralph H. Espach, "The Rise of Mexico's Self-Defense Forces," *Foreign Affairs*, July/August 2013, <http://www.laleadership.org/userfiles/30/Classes/806/Mexicos%20Vigilante%20Justice%20FA%20July-Aug%202013.pdf>.

²¹ Fausset, "Mexico Under Siege: Guerrero State Sliding into Chaos."

²² "Mexico to Draw Line on Vigilantes," Associated Press, March 14, 2014.

²³ Fausset.

²⁴ For how many of the self-defense forces – *rondas campesinas* – created to combat the Shining Path ended up as important local drug trafficking entities, having often been formed out of the *cocaleros* to start with, see Vanda Felbab-Brown, *Shooting Up*, pp: 54-67.

²⁵ "Mexico to Draw Line on Vigilantes."

²⁶ "Mexico Arrests 110 Posing as Vigilantes," *Agence France-Presse*, April 22, 2014, and "Mexico Arrests 46 Criminals Posing as Vigilantes," *Associated Press*, April 22, 2014.

²⁷ "Vigilantes Say Mexico Government Prosecuting Them," *Associated Press*, March 16, 2014.

²⁸ Laura Castellanos Enviada, "Acuerdan disolución de las autodefensas en Michoacán," *El Universal*, April 14, 2014; and Dalia Martínez, "Próximo, desarme de autodefensas: Castillo," *El Universal*, April 4, 2014.

²⁹ Tracy Wilkinson, "Death Toll Rises in Mexico's Roiling Michoacán State," *Los Angeles Times*, January 12, 2015.

³⁰ Assassinations of politicians are not rare in Mexico, and hardly linked solely to organized crime or militias. Since 2008, at least 24 political candidates have been slain in Mexico.

³¹ For a background on Guerrero and criminal violence there and its entanglements with the state's political system, see Chris Kyle, "Violence and Insecurity in Guerrero," Woodrow Wilson Center, January 2015, <http://www.wilsoncenter.org/sites/default/files/Violence%20and%20Insecurity%20in%20Guerrero.pdf>.

³² For details, see, Deborah Bonello, "Five Days of Terror in a Mexican Town," *Los Angeles Times*, May 21, 2015; "13 People Missing in Southern Mexico after Vigilantes Withdrew From Violence-Wracked City," Associated Press, May 19, 2015. For violence in Guerrero, see also Daniela Pastrana, "Drug Violence Leaves a String of Ghost Towns in Mexico," *InterPress Services*, February 7, 2015.

³³ See, Felbab-Brown, "Dropping the Ball."



IMPUNITY

COUNTERING ILLICIT POWER IN
WAR AND TRANSITION

MICHELLE HUGHES
MICHAEL MIKLAUCIC

Available soon from CCO/NDU. Request copy by providing mailing address to Impunity@ndu.edu



COIN forces in the VRAEM on review by Peruvian MOD, April, 2012

The Evolving Transnational Crime-Terrorism Nexus in Peru and its Strategic Relevance for the U.S. and the Region

BY R. EVAN ELLIS¹

In September, 2014, the anti-drug command of the Peruvian National Police, DIRANDRO, seized 7.6 metric tons of cocaine at a factory near the city of Trujillo. A Peruvian family-clan, in coordination with Mexican narco-traffickers, was using the facility to insert the cocaine into blocks of coal, to be shipped from the Pacific Coast ports of Callao (Lima) and Paita to Spain and Belgium.²

Experts estimate that Peru now exports more than 200 tons of cocaine per year,³ and by late 2014, the country had replaced Colombia as the world's number one producer of coca leaves, used to make the drug.⁴ With its strategic geographic location both on the Pacific coast, and in the middle of South America, Peru is today becoming a narco-trafficking hub for four continents, supplying not only the U.S. and Canada, but also Europe, Russia, and rapidly expanding markets in Brazil, Chile, and Asia. In the multiple narcotics supply chains that originate in Peru, local groups are linked to powerful transnational criminal organizations including the *Urabeños* in Colombia, the Sinaloa Cartel in Mexico, and most recently, the First Capital Command (PCC) in Brazil. Further complicating matters, the narco-supply chains are but one part of an increasingly large and complex illicit economy, including illegal mining, logging, contraband merchandise, and human trafficking, mutually re-enforcing, and fed by the relatively weak bond between the state and local communities.

In this illicit economy, the residual elements of the terrorist group Sendero Luminoso, now concentrated principally in the region known as the VRAEM (defined by the Apurimac, Ene, and Mantaro river valleys) play a relatively minor role, principally taxing narco-trafficking and other criminal activities in the limited areas under their influence. Yet the marginal role of Sendero Luminoso as one among many players does not make the collective challenge of the growing illicit economy any less severe.

Dr. R. Evan Ellis is Research Professor at the Strategic Studies Institute of the U.S. Army War College.

The combination of narco-trafficking and other criminal activities represents not only a significant challenge for Peru's neighbors and the region, but also a significant distortion of the national economy, which already includes a large informal sector, consisting of people who work in businesses from selling food to merchandise, generally on a cash basis, without being registered with, or paying taxes to the state. The rapid growth of that economy during the past decade has been driven principally by exports from extractive industries such as mining and petroleum, complemented by traditional agriculture and fishing sectors. Yet slowing growth in the People's Republic of China has driven down prices for both Peru's mining and petroleum exports. These prices, in combination with social unrest in the mining sector, have also delayed new investment

in extractive industry projects. The combination of these factors has caused the nation's growth, once among the highest in the region, to fall to 2.4 percent for 2015.⁵

What is at Stake

Terrorism, narco-trafficking, and the transnationally connected criminal economy in Peru form a destructive and reinforcing dynamic. Both the terrorist group Sendero Luminoso and other criminal groups are sustained by the revenue from narco-trafficking and other illicit activities. The intimidation by both Sendero Luminoso and local criminal elements, complemented by the dependence of local residents on the illicit economy limits cooperation with legitimate authorities and the ability of the state to combat the threat. The same violence and pressures also block development



Geraint Howland

Lima, Peru 2013. Though the country is rich in culture and natural resources, Peru is beset by profound corruption and poverty.

projects such as highways, that could transform economically marginal regions, locking local populations into dependence on the illicit economy and alienation from the state. In the context of limited and ineffective state presence and weak government bonds with the local population, the expansion of illicit activities in affected zones means even more revenues for criminal organizations to corrupt law enforcement, win over local populations, and conduct operations of expanding scale with impunity, with implications not only for Peru, but for the region more broadly.

The ability of Peru's government to arrest this destructive dynamic will play a key role not only in the future of the nation itself, but also of the Americas, and the increasingly important group of nations in both Asia and Latin America defined by their proximity to the Pacific Ocean. The strategic importance of Peru and its ability to successfully address the challenges of terrorism, narcotrafficking, and the transnational criminal economy can be understood by an examination that moves from the domestic to the regional to the international.

Peru is a culturally rich country endowed with a wealth of natural resources, from petroleum and minerals to agricultural potential, yet beset by profound inequality, corruption, and poverty. It is a nation with a diverse ethnic mix, reflecting a historic legacy as a center of the Inca Empire, Spanish colonial government, and migration from Asia. Peru not only has both significant economic weight and potential, but the choices that it faces, as it weathers the current narcoterrorism-criminal challenge, mirror those facing all of Latin America, and by extension, the Pacific community: the relationship between the state, the private sector, and the global economy in the pursuit of prosperity and development, as well as the

incorporation of ethnic diversity as a component of national identity. Peru currently reflects not only a delicate balance between state-led and free-market-led orientations to development, but also a balance between populist and clientelistic, versus rule-of-law based approaches to addressing social and ethnic inequality.

Moreover, more than any nation in the Americas, Peru currently maintains a balance in its economic, political, and military relationships with the United States, China, and Russia. While its current government maintains strong political and security relationships with the United States and a pro-trade, free market economic orientation, its military primarily uses and buys Russian equipment, and sends significant numbers of personnel to Russia for professional military education and training. At the same time, the People's Republic of China has become Peru's principal trade partner and the most important investor in the mining sector, key to the Peruvian economy.

Within the region, the course that Peru follows on these political and economic matters could lead to the rise of a populist socialist leader there, similar to what occurred in Venezuela in 1998, with significant consequences for Peru's neighbors and the stability of the region. In Venezuela, the late populist leader Hugo Chavez captured power in democratic elections by appealing to the economically marginalized, yet once in office, progressively consolidated political and economic power in his own hands, significantly curtailed cooperation with international law enforcement, allowing the country to become a haven for terrorist groups, organized criminal activity, and extra-hemispheric actors such as Iran and Russia, pursuing activities in the region

opposed to U.S. interests. If deteriorating conditions in Peru lead to a Venezuela-style populist revolution in that country as well, the consequences would include not only significant economic hardship and the loss of political freedom for Peruvians, but the emergence of a hub of criminality and violence at the heart of South America and its relationship with Asia.

Similarly, the direction taken by Peru could influence whether the region seeks multilateral governance mechanisms which exclude the U.S. and Canada such as the Union of South American Nations (UNASUR) and the Community of Latin American and Caribbean States (CELAC). Both of these multilateral organizations were established in recent years as *de facto* alternatives to the Organization of American States (OAS) to address matters of interest to the region in a venue that explicitly excludes the United States and Canada. Both venues have also been notably silent on deviations from democratic processes by member nations, while CELAC has actively pursued engagement with extraregional rivals of the United States including China and Russia. The evolution of these organizations as the principal multilateral forums for the region would both undermine representative democracy in the hemisphere, and deal a blow to the strategic position of the United States globally.

Looking across the Pacific, the choices made by Peru regarding whether to pursue a model for engaging with Asia that emphasizes transparency, efficient markets, and rule of law, vice the state-to-state model of engagement adopted by the Bolivarian Alliance of the Peoples of the Americas (ALBA) will influence the type of regime that prevails in the “Community of the Pacific.” These alternatives are reflected in the respective trade pacts the

Trans-Pacific Partnership, vice the China-proposed alternative “Free Trade Area of the Asia-Pacific.” The latter appears to demand far fewer provisions regarding dispute resolution, protection of investments and intellectual property important to sustain the type of international regime in which developed nations can collaborate without fear that free trade will rob them of the fruits of the technologies and capabilities that they have invested to develop.

The Challenge

The security challenge that currently confronts Peru is a complex, interdependent, reinforcing mixture of terrorism, narco-trafficking and other illicit activities. These both feed off of, and help to sustain, poverty, inequality, and corruption, in the context of an economy characterized by a large informal sector in which the generation of profits, the identity of clients, and the payment of workers are not registered with the state.⁶ While Peru’s informal sector is not atypical of Latin American and Caribbean states, it particularly complicates combatting illicit activities, since it serves as a basis for both the recruitment of manpower by criminal organizations, and the concealment of their earnings.

Sendero Luminoso.

The relative emphasis on narco-trafficking versus terrorism in this challenge has shifted over the past four decades with the rise, defeat, and re-emergence of Sendero Luminoso as a terrorist organization, and the emergence of Europe, Brazil, and Asia as important consumers in the global narcotics trade.

Sendero Luminoso was formed in the 1960s and 1970s in Ayacucho by Abimael Guzman as a dissident faction of the Peruvian Communist Party, espousing a Maoist

ideology. The group initiated its armed struggle against the Peruvian State in the town of Chuschi, Ayacucho on May 17th 1980, by burning ballot boxes to obstruct voting in the election marking the nation's return to democratic governance following a period of military rule. During the height of Sendero Luminoso in the 1990s, the organization is estimated to have had some 10,000 members. Per the estimate of Peru's post-conflict "Truth and Reconciliation Commission," the armed struggle that it waged in the Andean highlands against the Peruvian state cost an estimated 69,000 lives.⁷ During the presidency of Alberto Fujimori, the group was substantially reduced in power by the Peruvian security forces, principally through the application of traditional counterinsurgency tactics, culminating with the imprisonment in 1992 of its leader Abimael Guzman.

Sendero's 1993 negotiation of a "peace accord" with the Peruvian state led to a split within the remnants of the group between those led by Forindo Eleuterio Flores Hala ("Comrade Artemio"), who followed the "Guzman" line of thinking, and whose faction operated in the Upper Huallaga Valley; versus the Quispe Palomino "clan," which principally operated in the "VRAEM," and which rejected the Guzman truce and the specifics of his ideology.

The re-emergence of Sendero as an active terrorist threat in Peru was marked by the group's 2003 attack against an oil installation in Ayacucho operated by the Argentine firm Techint, including the taking of 71 hostages.⁸ Although the attack led the Peruvian government to declare a state of emergency in the region, the level of violence remained relatively limited until Sendero ambushed a police patrol in December 2005, in the Department of Huanuco, killing eight officials.⁹

Although the Upper Huallaga group first recognized and exploited the potential of taxing the cocaine business as a source of revenue, it was the Quispe Palomino clan in the VRAEM which, in the end, became most immersed in, and dependent on, the cocaine business. During this time, the two factions of Sendero not only rejected each other in their discourse, but in 2009, Senderistas from the Quispe Palomino clan traveled to the Upper Huallaga valley in an apparent attempt to infiltrate and undermine the Upper Huallaga group, and by so doing, appropriate the international recognition of and support for the entire Sendero Luminoso movement for itself.¹⁰

The Quispe Palomino faction also sought to expand its operations beyond Vizcatán, where they were concentrated, including sending an exploratory force into the eastern part of the province of La Convención, in an apparent attempt to bolster their ability to extort money from oil companies operating in the strategically important Camisea gasfields¹¹ and pipeline.¹² The group's presence in the province was dramatically highlighted by its kidnapping in April 2013 in Cusco of 36 workers of the petroleum service company Skanska, coupled with a badly-executed rescue attempt by the government, both of which received national attention.¹³ In addition to extorting companies involved in the local gas industry, Sendero's move into La Convención also appeared designed to position it to control the area and to exploit its value as a potential narco-trafficking route connecting the region to the province of Madre de Dios.

With respect to Sendero's expansion plan more broadly, former head of the special military command for the VRAEM, Leonardo Longa, argues that the attempts at territorial expansion of the group both toward the

northeast and southeast were guided by opportunities related to narcotrafficking and other sources of revenue in the illicit economy in the interior of the country, such as illegal mining and logging. He argues that Sendero sought to extend its influence 1) toward the northeast, through Pucallpa, to Colombia, and 2) toward the southeast, through Cuzco and Puno, to Bolivia.

The Peruvian campaign against Sendero's resurgence arguably began in earnest in 2008, with the establishment of an integrated military command in the VRAEM, and a major offensive against the group in Vizcatán, Operation Excellence 777, leading to high casualties among government forces without producing enduring results against Sendero.¹⁵ In 2012, the Peruvian government extended the geographical zone of focus to include the Mantaro river valley, an important trafficking route for cocaine and precursor chemicals, and renamed the region the "VRAEM."¹⁶ The police were placed under a special military command in the zone. The 4th Division of the Army, as well as the Frente Policial VRAEM, were assigned to the command, both headquartered in Pichari, located in the center of the zone. Over the course of recent years, the government has established some 60 temporary and permanent bases at strategically selected locations, and has continued to adapt to evolving circumstances, including the deployment of the 33rd Counter-Terrorist Brigade to the province of La Convención to block advances by Sendero Luminoso in the area.

Despite the effort in the VRAEM, ironically the government's most significant initial victories occurred in the Upper Huallaga Valley, where the police command for the zone was not subordinated to the military, and

where the government simultaneously pursued a significant forced eradication program for coca. In February 2012, the government captured Artemio, the principal leader of the Huallaga faction,¹⁷ then leveraging the victory, proceeded to dismantle the Sendero military organization in the area.

As the government consolidated its position in the Upper Huallaga valley and shifted attention to the VRAEM, it also began to achieve strategic victories there as well, including the killing of the organization's principal sharpshooter, Victor Hugo Castro Ramírez ("Comrade William") in September 2012 in Huanta (Ayacucho),¹⁸ followed in August 2013 by Operation "Lobo," in which it killed VRAEM-based leaders Alexandro Broda Casafranca ("Comrade Alipio"), and Martin Quispe Palomino ("Comrade Gabriel").¹⁹ By 2014, the Sendero organization in the Upper Huallaga Valley had largely been eliminated, and its faction in the VRAEM had been reduced to an estimated 80 core combatants, with 300-500 members in total, under the direction of Víctor Quispe Palomino ("Comrade José") and his brother Jorge ("Comrade Raúl"). While the members' precise whereabouts were not known, the group was generally believed to have taken refuge in Vizcatán, whose rough topography, almost constantly obscured by clouds, makes it difficult for the government both to survey and to operate in the area.²⁰

In the political arena, in parallel with the resurgence, then military setbacks of Sendero Luminoso, formerly jailed members of Sendero and lawyers defending the group established a front organization for it in 2008, MOVADef.²¹ The organization, led by Alfredo Crespo and Manuel Fajardo, aligned with the remnants of those following "Guzman thinking" in the Upper Huallaga Valley, while

publicly rejecting the Quispe Palomino clan as mere narcotraffickers who had forsaken the group's ideology.²² In November 2011, MOVAREF was blocked in its attempt to register as a political party, yet continued to organize and proselytize in Peruvian universities where Sendero had previously had some following among students, including Universidad Nacional Mayor de San Marcos and La Cantuta in Lima, Universidad Nacional de San Cristóbal de Huamanga in Ayacucho, and Universidad Nacional Jorge Basadre Grohmann in Tacna.

Following the modus operandi of Sendero from the 1960s through the 1990s, MOVAREF also continued to build a presence within the national teachers' union, SUTEP, paralleling the approach that its founder Guzman had used in the 1960s and 1970s, using sympathetic educators to help disseminate the

ideology of the group in the remote villages of the region. To some degree, however, the ability of MOVAREF to regain a foothold in SUTEP in the current era has been limited by a new merit-based teacher promotion system established under the second presidential administration of Alan Garcia (2006-2011), since the new system has made achievement a viable alternative to organized protest for teachers to increase their salaries.²³

Similarly, the following of MOVAREF within Peruvian universities to date has been limited, due to the less isolated character of contemporary university students, even in the countryside. Nonetheless, Peruvian experts interviewed for the present research project worry that the lack of awareness among the new generation of Peruvian youth of the abuses committed by Sendero during the 1980s and 1990s create the opportunity for



Galeria del Ministerio de Defensa del Perú

COIN soldier in the VRAEM, April, 2012

MOVADEF to resurrect the organization as a mere movement for social justice.

The Growing Criminal Economy

While the military successes of the Peruvian government against Sendero Luminoso in the VRAEM and Upper Huallaga Valley are laudable, as suggested previously, Sendero is only one element of a far larger problem which threatens both the long-term health and stability of the country, and the region more broadly: an extensive and expanding, internationally-connected criminal economy which is fueled by, and in turn, deepens, the profound malaise in the Peruvian government's relationship with the population in the interior of the country.

At the core of the challenge, the Peruvian state has never had a particularly strong presence in the interior of the country, or strongly incorporated the local population (particularly indigenous peoples) into the national system of governance. Nor has it effectively connected the region to the rest of the country and the broader global economy through transportation and communication infrastructures. Largely disconnected from an absent state, the informal economy has flourished,²⁴ including illicit narcotics production, illegal logging, human trafficking, and increasingly, the lucrative business of illegal mining.²⁵

From the perspective of the illicit drug business, Sendero is one small piece in a larger, internationally-connected business connecting farmers and family clans who organize the production and transportation of cocaine and intermediate products within Peru, to the far larger and more powerful players of the global criminal economy, including transnational criminal organizations (TCOs) such as the Sinaloa cartel,²⁶ Colombian criminal

bands (BACRIM), and increasingly Brazilian groups such as Primer Comando Capital (PCC).

It is the "family clans" who comprise the narcotics infrastructure within Peru,²⁷ buying the coca leaf from local farmers, smuggling precursor chemicals to production sites, producing intermediate products and cocaine itself, and arranging the transportation of those products out of the region, via persons on foot ("mochileros"), in hidden compartments of vehicles, via river, and with light aircraft from clandestine airstrips "rented" from local landowners.²⁸ In this process, the Mexican, Colombian, and Brazilian organizations reportedly take delivery of the product only at the final collection points before it is to leave the country, including the "narco airstrips" in the VRAEM, or the ports on the north Pacific coast, such as Callao, Paita, Chimbote, and Piura. With the financing of the external organizations who are their clients, the family clans pay "protection money" to Sendero, but it is they, and not Sendero, who link Peru's illicit economy to the TCOs.

The strategic landscape of Peru's drug trade is in continuous evolution. As state organizations such as the national police counter-drug organization (DIRANDRO) and the counter-narcotics organization (DEVIDA) seek to better control precursor chemicals and smuggling routes, the narco-clans are adapting their tactics. Some are shifting from producing finished cocaine in the VRAEM, to exporting intermediate products to Bolivia to complete the production process there, where controls are less strict and precursor chemicals are easier and cheaper to obtain. Some clans have transported intermediate products to the suburbs of Lima for processing there, believing it cheaper and easier than smuggling precursor

chemicals into areas like the VRAEM and Upper Huallaga valley. Similarly areas used for collection and transportation are evolving with government enforcement efforts, with Pichis Palcazu, north of the VRAEM, recently becoming a more important hub. In addition, some coca growing and production activities have reportedly returned to the Upper Huallaga valley, despite the defeat of Sendero's main organization, and an extensive forced eradication campaign there.²⁹

In recent years, light aircraft, flying from clandestine airstrips, have played an increasingly important role in exporting cocaine and intermediate products from the country. An estimated six to ten such "narco flights" per day now leave the VRAEM for neighboring Bolivia and Brazil. Peruvian government efforts to destroy the airstrips have proven costly, risky, and ineffective,³⁰ leading the government to declare a "no fly zone" over the VRAEM in February 2015,³¹ and to consider resuming aerial interdiction of suspected narco flights, a practice that it engaged in between 1995 and 2001.³²

The role of Sendero Luminoso in the narcotics trade, as noted previously, centers on controlling and taxing the cocaine business and other activities in the areas under its influence.³³ Yet even within the VRAEM, where Sendero continues to have a military presence, its reach is limited. Much of the coca growing and drug production activity that occurs south of the police and military base at Pichari, reportedly does not pay a tax to Sendero. Indeed, in some cases, production and movement of coca paste and cocaine in that area are said to be guarded by members of the same communal defense organizations that the government has built up to fight Sendero.

According to Peruvian sources interviewed off-the-record, such organizations, which in some cases have received arms and funding from the government to protect their communities against Sendero, use the same arms when their members "moonlight" to escort drug shipments, while their teenage and young adult children serve as "mochileros" to transport drugs overland.

Yet narcotrafficking is not the only source of revenue for Sendero. The group reportedly also taxes illegal logging, and to a lesser extent, informal mining in a small part of Huancavelica. Sendero also reportedly is engaged in extorting petroleum operators in the Department of La Convención, to which, as noted previously, it continues to project forces.³⁴

With respect to the broader illicit economy, criminally-tied money flows through the country, distorting all aspects of the economy and political system, including fueling widespread corruption. Illicit money is increasingly moving beyond the formal financial system to include use of businesses, real estate, and associated notary public transactions to launder money.³⁵ Experts interviewed for this study suggested that the nation's cooperative credit organizations,³⁶ expanding network of private universities, and part of the expansion of middle and upper-class suburbs in the previously poor neighborhoods north of Lima (the "trapiche") are, to some extent, fueled by the proceeds from criminal activities. With respect to growing corruption and criminal ties at the political level, an estimated 700 candidates in Peru's October 2014 election, and four of the 25 regional (state-level) governors who won, are under suspicion for corruption.³⁷

Obstacles to the Government Response

As suggested previously, Peru's government has made progress in combatting Sendero, and to a lesser extent, the illegal economy, yet that progress has been limited by several factors. The principal obstacle to the effectiveness of the Peruvian government response is arguably corruption. At the unit level, in the VRAEM, although military officers are typically limited to spending two years in the zone, it is common for policemen to be recruited locally, trained in regional centers, and to spend their entire careers there. Moreover, by contrast to military bases which are closed to the local population and fortified, police stations must serve and be open to the community. The combination of protracted living in, and developing ties in the zone, daily exposure of the police facility to potential threats, and immersion in an economy and system dominated by illicit money, facilitates corruption.

With respect to the military, the armed forces deployed in the VRAEM are arguably less effective than their ample numbers and the strategic positioning of their bases might suggest. The deployed forces there are relatively isolated from the local populations with which they could build relations of influence and gather intelligence to support the fight against Sendero. The problem, according to multiple experts interviewed in Peru for this study, is a "mutual lack of confidence," with the Armed Forces believing that most local townspeople are collaborating with criminal groups (and under the control of Sendero), while the local community views the Armed Forces as an external force whose presence undermines, rather than contributes to, its livelihood. Some suggested that the military itself is not oriented to the type of civil affairs

or psychological operations work that could help build confidence with local communities, reinforcing a disconnect between its presence in the zone and the development-oriented activities of other Peruvian government organizations there.

Although the Armed Forces support actions by the police in the zone, multiple experts interviewed concurred that those forces often do not exercise significant initiative in such operations, preferring to avoid contact with potential enemies, rather than taking actions that could produce casualties potentially giving rise to a legal investigation. The Armed Forces have conditional legal authority to operate domestically in conjunction with the police under Legislative Decree 1095,³⁸ yet correctly or not, many interviewed for this study expressed concern that the military is inadequately protected from criminal prosecution for actions stemming from the exercise of their military duties. Similarly, in a recently published book on the struggle against Sendero, former head of the Special Command for the VRAEM, General Leonardo Longa, urges a political commitment by the state, and an adequate legal framework as key elements of his proposed national strategy to defeat narcoterrorism.³⁹

In addition to such concerns, operations such as conducting patrols have been limited by the operational cost of the equipment involved, including maintenance and spare parts for the riverine hovercraft and helicopters operating in the zone.⁴⁰

Some of the greatest public successes achieved by the government against Sendero, including the killing of William, Alipio, and Gabriel, have been through an elite group of military and police units focused on high-value targets, directed by Vice-Minister of the

Interior (later Vice-Minister of Defense) Ivan Vega. Yet this approach also has its detractors, including those who suggest that the civilian Vice-Minister is too senior to be personally directing military operations in the field, and that reliance on the special organization is not healthy for either the military or police as institutions.

Important parts of the struggle have also, arguably, become too influenced by politics. A coca eradication program by Peru's counter-narcotics organization DEVIDA (principally in the Upper Huallaga Valley) was largely abandoned for a less successful crop substitution program,⁴¹ following the May 2014 ouster of the pro-eradication head of DEVIDA, Carmen Masias.⁴² Peru's proposed resumption of aerial interdiction against suspected narco-flights has

also been influenced by politics. The law itself⁴³ was sponsored Peruvian congressman and retired Admiral Carlos Tubino, affiliated with the (opposition) party of former President Alberto Fujimori. Although the proposal was approved on March 9, 2015 by the Defense Committee of the Peruvian Congress,⁴⁴ the Humala government has avoided calling it for a vote before the full Congress, reportedly to avoid conflict with the United States, for whom resumption of the flights is a sensitive issue. Legal implementation will require several months, as will the establishment of procedures and the training of pilots and other personnel. The acquisition of radars to provide adequate coverage in the complex terrain of the VRAEM⁴⁵ will similarly



Håkan Svensson (Xauval)

The Madre de Dios region, one of the many remote areas of Peru, is host to a variety of illicit activities including cocaine production, and illegal mining and timber operations.

require both time and funds which have not yet been publicly allocated.⁴⁶

Ironically, Peru's fight against narcotrafficking has proven more difficult than its campaign against Sendero. Even if the government succeeds in reducing narcotrafficking in the Upper Huallaga Valley and the VRAEM, the problem is already migrating to other areas. In recent years, narcotrafficking activities near Peru's border with Brazil and Colombia have increased, reflecting the growth of coca and production of cocaine on the Colombian side of the border, in Putumayo, and prompting the Peruvian government to deploy an additional infantry brigade to the region. Possible displacement of narcotrafficking activities into the northeast (Loreto), the east (Ucayali), and the southeast (Puno), are also a concern, even though the soil and climatic conditions in these regions yield coca with a lower alkaloid content, requiring more hectares of coca to produce the same amount of cocaine.

Nor would success against cocaine production in the region alone bring the illegal economy under control. To some degree, other illicit activities such as informal mining and illegal timber operations are becoming even more important sources of revenue than cocaine. This is particularly the case in Madre de Dios, rich in both mineral resources and timber, and long isolated from the central government in Lima.

While economic and social development have been important components of the government's effort to restore effective state presence in areas such as the VRAEM, the design and implementation of development strategies has been problematic. Although the government has initiated (and sometimes completed), infrastructure projects such as roads and bridges to connect the population to

markets for their products, important works like the highway from Quinua (Ayacucho) to San Francisco have been delayed, and significant amounts of project budgets are reportedly consumed by corruption.

Getting resources for development projects is further complicated by difficulties in coordinating between different levels of government (local versus regional versus national), and between national government agencies. The VRAEM is comprised of the relatively unpopulated fringe areas of five of Peru's 25 regions (Junin, Huancavelica, Ayacucho, Apurimac, and Cusco). The regional governments often prefer to invest resources in more populated urban centers outside the VRAEM, where their constituents are, rather than relatively isolated VRAEM itself. Further complicating matters, regional and local elections in October 2014 brought new leaders to power in each of the regions involved. As these leaders assumed power in January 2015,⁴⁷ the Humala administration had to begin, almost from scratch, the process of coordination with them.

At the national political level, a cabinet-level committee called the CODEVRAEM, has responsibility for coordinating the efforts of individual ministries to achieve development and other national strategic objectives in the VRAEM. While its current head, Luis Rojas Merino, a retired colonel, appointed in February 2012, is reportedly a man of much experience who knows the VRAEM well, his organization lacks staff, funding, and statutory authority to effectively shape the priorities of Peru's ministries to implement a coherent national plan.

Lessons Learned

The dynamics of the expanding criminal economy in Peru, including the interdependent,

mutually reinforcing problems of terrorism, narcotrafficking and international organized crime offer lessons that can benefit the U.S. and other countries facing similar challenges of terrorism and transnational organized crime. As noted above, although the fight against Sendero Luminoso continues to be a matter of priority for the Peruvian armed forces, the group in its currently reduced form is but one of many enablers of a criminal economy which presents growing risks to the Peruvian state and the region more broadly.

Lessons suggested by the foregoing analysis include the following:

- First, the inability to permanently eliminate Sendero Luminoso in 35 years of armed struggle shows the limits of military assets and technology in eliminating an opponent, (even of limited size), who has taken refuge in difficult terrain with which he is familiar, nurtured by an illicit revenue stream, and able to blend into the local population. If political leaders promise too much, adversaries can win symbolic victories simply by surviving.
- Second, the military conflict cannot be won, and a healthy order established, without severely limiting the illicit economy. Whether narcotrafficking, illegal mining, or human smuggling, such activities are the fuel which empowers terrorists, insurgents, and criminals to operate, intimidate, corrupt institutions, and ultimately, to create alternative vehicles of governance.
- Third, within a substantial illicit economy, controlling corruption is fundamental. Corruption negates both the government's plan, and the ability of international partners to help. Corruption in institutions such as the police and military not only impairs operations such as drug interdiction, but

also sows doubts that undermine intelligence sharing and coordination across the government. Moreover, among domestic constituencies and foreign partners, corruption transforms confusion and lack of information (which always exist), into a presumption against the state.

- Finally, the government's relationship with the population is a center of gravity. The population is not only a key source of intelligence, but its cooperation is fundamental to public order, and its participation in civic activities is the key to holding rival systems of authority at bay. It is not possible to prevail against terrorism or the criminal economy when the state is a "stranger in its own territory."⁴⁸

Conclusion

Peru's success in managing the challenges of Sendero Luminoso, cocaine production, and other parts of the illegal economy will be key to shaping the future dynamics not only of organized crime and terrorism, but also of governance, and political choices in the region regarding suitable paths to development. It is difficult to identify another nation in the region whose characteristics make it simultaneously as impactful, and as potentially fragile, as Peru at the present time. From the perspective of the global criminal economy, Peru is the geographic nexus for narcotrafficking, illegal mining, and other criminal enterprises tying South America to traditional drug markets in the U.S. and Canada, emerging illicit markets in Brazil, Europe, and Russia, and the potentially even more significant markets for drugs, mining products, and other goods in Asia.

With high levels of ethnic diversity and economic inequality, the combination of criminality, social unrest, and terrorism manifested

in Peru in recent years suggests that the nation's socioeconomic fabric is fraying. The nation is a timebomb at the center of one continent, and an important nexus for three others with respect to international criminal, commercial, and financial flows. A significant deterioration of the will or capabilities of the Peruvian state to fight organized crime would not only ripple throughout the criminal economy of South America, but would have significant impacts on North America, Europe, and Asia as well.

Beyond the illicit economy, however, Peru is also a key player in mining and trans-pacific trade, and its destabilization would have significant repercussions for the global economy. As noted previously, the nation is also at the center of the divide within Latin America regarding how to engage Asia, the question of what kind of relationship the region will maintain with Russia, and the struggle over whether multilateralism in the hemisphere will include, or exclude the U.S. and Canada. As goes Peru, may tilt the hemisphere.

While detailed recommendations for addressing these challenges are beyond the scope of this article, Peru deserves strategic priority within the U.S. administration and relevant bureaucracies such as the State Department, Defense Department, Drug Enforcement Administration, and others, not only as a partner that needs U.S. support, but as one in which such support can make a critical difference. U.S. support should include, but not be limited to, increased intelligence, technology, and mobility support for operations against criminal groups operating in the country, complemented by strengthening of law enforcement and judicial institutions, including capabilities to help purge corrupt officials and provide ongoing monitoring to

deter future corruption, particularly at the local level. In this fight, extradition to the U.S. is a tool which has proven highly effective elsewhere, and should be embraced in the present context where applicable. The U.S. should also resolve its own legal and political impediments to helping Peru establish an effective air interdiction capability which minimizes the risk to innocent lives, while not neglecting overland, riverine, and maritime interdiction capabilities as well.

As a center of gravity in the struggle, the United States should work with Peruvian security forces to establish meaningful and positive state presence in the remote interior areas of the country most vulnerable to illicit activity. It is the prerogative of the Peruvian military not to become more directly involved in operations against organized crime, but the U.S. should make it clear that, while continuing to support the Peruvian struggle against terrorism, the lion's share of U.S. resources will be dedicated to those security organizations focused on eliminating the space in which the criminal economy can prosper.

The ability of the United States to help Peru prosper as an ethnically pluralistic democracy committed to free markets and the rule of law will stand as an example, either positive or negative, for the rest of the region, as it wrestles with its own challenges of inequality, ethnic pluralism, and engagement with Asia and the rest of the world economy. The United States has a strong vested interest in working with Peru to ensure that it succeeds.

PRISM

Notes

¹ Dr. R. Evan Ellis is Research Professor with the Strategic Studies Institute of the U.S. Army War College. Dr. Ellis would like to thank those who dedicated time to speak with him in Lima, Peru about the issues discussed in this article during his recent research trip to the country, as well as his research assistants, Allen Church and Isaac Schlotterbeck. The views expressed in this article are strictly his own.

² "Urresti presentó 7.6 toneladas de cocaína incautadas en Trujillo," *Peru21*, September 1, 2014. <http://peru21.pe/actualidad/droga-cocaina-dirandro-daniel-urresti-policia-nacional-trujillo-2197279>.

³ Loren Riesenfeld, "Peru Shoots Down Narco Plane Heading to Bolivia," *Insight Crime*, March 2, 2015. <http://www.insightcrime.org/news-briefs/peru-shoots-down-narco-plane-heading-to-bolivia>.

⁴ United Nations Office of Drug Control, "Perú: Monitoreo de Cultivos de Coca 2012," September 2013. http://www.unodc.org/documents/crop-monitoring/Peru/Peru_Monitoreo_de_Coca_2012_web.pdf.

⁵ Andrea Jaramillo and John Quigley, "Velarde Opens Door to Peru Rate Cut as GDP Rebound Falts," *Bloomberg*, January 29, 2015. <http://www.bloomberg.com/news/articles/2015-01-29/peru-to-have-room-to-cut-rate-as-inflation-slows-velarde-says>.

⁶ For a good exposition of the interdependent nature of the terrorism, narco trafficking, informality, and underdevelopment challenges in Peru, see Leonardo José Longa López, *Narcoterrorismo en el Perú*, Lima: Impresión Creativos Perú, 2014.

⁷ Truth and Reconciliation Commission, *Final Report*, August 28, 2003. <http://www.cverdad.org.pe/ingles/ifinal/index.php>.

⁸ Abraham Lima, "PERU: Sendero Luminoso Guerrillas Stage a Comeback," *Inter Press Service*, July 3, 2003. <http://www.ipsnews.net/2003/07/peru-sendero-luminoso-guerrillas-stage-a-comeback/>.

⁹ "Estado de sitio en Per por el ataque de Sendero Luminoso," *Perú Noticias*, December 22, 2005. <http://perunoticias.net/22-12-2005/estado-sitio-en-por-ataque-sendero-luminoso>.

¹⁰ Longa, 31. See also Gustavo Gorriti, "La estrategia del sueño," *IDL Reporteros*, June 14, 2012. <https://idl-reporteros.pe/columna-de-reporteros-83/>.

¹¹ In October 2012, *Sendero Luminoso* destroyed three helicopters in Cusco belonging to Camisea oilfield contractors Helisur and Los Andes, allegedly for not having paid protection money to the organization. See "Helicopters face high risk of attack

in Peru's VRAEM region," *IHS Jane's Intelligence Weekly*, October 29, 2014. <http://www.janes.com/article/45176/helicopters-face-high-risk-of-attack-in-peru-s-vraem-region>.

¹² For a discussion of the document in which *Sendero Luminoso* calls for attacks on the Camisea gas pipeline, see "El nuevo manual de Sendero: regreso a los ochenta en el Vraem," *Panorama*, October 26, 2014. <http://panamericana.pe/panorama/nacionales/168150-nuevo-manual-sendero-regreso-ochenta-vraem>.

¹³ "Gustavo Gorriti: El drama de Kepashiato muestra la compleja y vulnerable situación del VRAE," *La Republica*, April 13, 2012. <http://www.larepublica.pe/13-04-2012/gustavo-gorriti-el-drama-de-kepashiato-muestra-la-compleja-y-vulnerable-situacion-del-vrae>.

¹⁴ Longa, 51.

¹⁵ Esteban Valle Riestra and Gustavo Gorriti, "Métricas de Guerra," *IDL Reporteros*, January 20, 2015. <https://idl-reporteros.pe/metricas-de-guerra/>.

¹⁶ "Peru Plans to Step Up Security, Inclusion In Coca Growing Region," *Peruvian Times*, June 29, 2012. <http://www.peruviantimes.com/29/peru-plans-to-step-up-security-inclusion-in-coca-growing-region/16136/>.

¹⁷ "Artemio' capturado," *IDL Reporteros*, February 12, 2012. <https://idl-reporteros.pe/artemio-capturado/>.

¹⁸ "Cómo murió 'William'," *IDL Reporteros*, September 6, 2012. <https://idl-reporteros.pe/como-murio-william/>.

¹⁹ "Tras muerte de 'Alipio' y 'Gabriel': ¿Qué otros cabecillas tiene Sendero?" *El Comercio*, August 12, 2013. <http://elcomercio.pe/peru/lima/muerte-alipio-y-gabriel-que-otros-cabecillas-tiene-sendero-noticia-1616591>.

²⁰ Reportedly the Peruvian military has suffered significant casualties on virtually every occasion in which it has launched operations in the zone, such as those by its high mountain battalions.

²¹ "Movadef es la fachada electoral de Sendero Luminoso', advirtió el JNE," *Peru21*, January 28, 2015. <http://peru21.pe/politica/modavef-fachada-electoral-sendero-luminoso-advirtio-jne-2210536>.

²² John C.K. Daily, "Peru's Shining Path in Decline as Its MOVADef Political Arm Broadens Appeal," *The Jamestown Foundation*, May 15, 2014. http://www.jamestown.org/programs/tm/single/?tx_ttnews%5Btt_news%5D=42368&tx_ttnews%5BbackPid%5D=26&cHash=84d5655d2aa215d28a3c516242fd5e7a#_VR1pFU1021s.

²³ The Peruvian police and armed forces are currently working to counter such perceptions through both national-level propaganda and their

own outreach campaign in the nation's universities and secondary schools.

²⁴ By one estimate, 90% of the economy of the VRAEM is "illegal and informal." Longa, 38.

²⁵ A leading example is the extraction of gold in the Madre de Dios region. See "La minería ilegal en Madre de Dios tiene los días contados, asegura Daniel Urresti," *La Republica*, April 16, 2014. <http://www.larepublica.pe/16-04-2014/la-mineria-ilegal-en-madre-de-dios-tiene-los-dias-contados-asegura-daniel-urresti>.

²⁶ As of the end of 2014, approximately 200 Mexicans were imprisoned in Peruvian jails, mostly on narco-trafficking charges, the highest number for any nationality. Ana Lescano and Héctor Jara, "Droga a la mexicana," *Correo Semanal*, October 10, 2014. <http://correosemanal.pe/del-impreso/droga-a-la-mexicana/>.

²⁷ It is estimated that Peru's drug trade is organized by approximately 40 "family clans." See Kyra Gurney, "Peru Dismantles Major Precursor Chemical Trafficking Group," *Insight Crime*, November 4, 2014. <http://www.insightcrime.org/news-briefs/peru-dismantles-major-precursor-chemical-trafficking-group>.

²⁸ While *Sendero Luminoso* reportedly accepts payment from farmers in coca leaves, and has operated a small number of its own sites for transforming the coca leaf into intermediate products, there is little evidence to suggest that members of the group are directly engaged in either growing coca or producing cocaine on a significant scale.

²⁹ See, for example, Esteban Valle Riestra and Nancy Vidal, "Ahorita nos erradican, mañana ¿qué comemos?" *IDL Reporteros*, February 2, 2013. <https://idl-reporteros.pe/%e2%80%9cahorita-nos-erradican-manana-%c2%bfque-comemos%e2%80%9d/>.

³⁰ The Peruvian government estimated that a quarter of the airstrips destroyed by the government in 2014 had been rebuilt--a process requiring less than 24 hours. See David Gagne, "24-Hour Turnaround to Rebuild Peru's Narco-Airstrips," *Insight Crime*, October 14, 2014. <http://www.insightcrime.org/news-briefs/6112-peru-vraem-narco-airstrips-rebuilt>. See also "Interdicción de 'narcovuelos' en el VRAE" *IDL Reporteros*, December 17, 2013, <https://idl-reporteros.pe/interdicion-de-%e2%80%98narcovuelos%e2%80%99-en-el-vrae/>.

³¹ "Peru declares no-fly zone in its most lawless coca-growing region," *Reuters*, February 4, 2015. <http://www.reuters.com/article/2015/02/04/us-peru-drugs-idUSKBN0L82MU20150204>.

³² Peru ceased the program in 2001 following the accidental downing of a plane carrying U.S. Baptist missionaries over the jungle near Iquitos,

causing the death of a mother and her seven-month old child.

³³ Indeed, its attempt to move from its stronghold in Vizcatán to establish a presence in the province of Concepcion in 2012 was motivated, in part, by interest in dominating a new overland smuggling route from the VRAEM through Madre de Dios.

³⁴ See, for example, "VRAEM: Ataque terrorista a base temporal deja un militar herido," *Peru.com*. November 18, 2014. <http://peru.com/actualidad/nacionales/vraem-ataque-terrorista-base-temporal-deja-militar-herido-noticia-301927>.

³⁵ In many cases, the properties and businesses used to launder the illicitly-gotten gains are located in the same zone as the operations of the family clans, which in combination with government infrastructure and business promotion programs, has helped to create a net urbanization of the VRAEM in recent years.

³⁶ In Pichari, a city of approximately 3,000 persons, for example, 27 credit cooperatives exist. Moreover, so long as such organizations do not take or lend money to persons outside of their own organization, they are not subject to the nation's mainstream banking regulations and associated oversight.

³⁷ Marguerite Cawley, "Peru Elects Suspected Drug Traffickers as Governors," *Insight Crime*, October 8, 2014. <http://www.insightcrime.org/news-briefs/6088-peru-elects-suspected-drug-trafficker-governors>. In addition, the head of the region of Cajamarca, Gregorio Santos, was actually re-elected in that contest, while in prison. Such corruption is believed to be principally driven by the familial clans, funded in part by outside criminal organizations, rather than involving *Sendero Luminoso*.

³⁸ Ana Lescano and Carlos Navea, "Fuerzas Armadas inician lucha contra inseguridad ciudadana," *Correo Semanal*, November 23, 2014. <http://correosemanal.pe/actualidad/fuerzas-armadas-inician-lucha-contra-inseguridad-ciudadana/>.

³⁹ See Longa, 62-68.

⁴⁰ Recently, however, the Peruvian government has acquired 24 new Russian transport helicopters, primarily destined to replace the aging helicopter fleet currently operating in the region.

⁴¹ David Gagne, "Peru's Coca Substitution Program Stalls Before it Starts," *Insight Crime*, March 3, 2015. <http://www.insightcrime.org/news-briefs/peru-coca-substitution-program-not-working>.

⁴² Gustavo Gorriti, "Un cambio abrupto de estrategia antidrogas," *IDL Reporteros*, May 28, 2014. <https://idl-reporteros.pe/un-cambio-abrupto-de-estrategia-antidrogas/>.

⁴³ The legislation was proposed law 2891.

⁴⁴ The full name of the committee is the "Comisión de Defensa Nacional, Orden Interno, Desarrollo Alternativo y Lucha Contra las Drogas."

⁴⁵ "Perú anuncia compra de radares para controlar aviones narcos" *El Universo*, May 22, 2014. <http://www.eluniverso.com/noticias/2014/05/22/nota/2997681/peru-anuncia-compra-radares-controlar-aviones-narcos?source=mod-ult-not>.

⁴⁶ See Gustavo Gorriti, "De la paciencia a la negligencia," *IDL Reporteros*, June 26, 2014. <https://idl-reporteros.pe/de-la-paciencia-a-la-negligencia/>.

⁴⁷ "Nuevas autoridades regionales y municipales asumieron hoy sus cargos" *Andina*, January 1, 2015. <http://www.andina.com.pe/agencia/noticia-nuevas-autoridades-regionales-y-municipales-asumieron-hoy-sus-cargos-537695.aspx>.

⁴⁸ From a conversation with a colleague in Lima, Peru, March 2015.

An Interview with

General John Kelly



At a recent meeting of the Organization of the American States, Secretary of State Kerry stated, "The era of the Monroe Doctrine is over." What's the replacement?

Gen. Kelly: The first thing is that the Latin Americans have put the Monroe Doctrine so far behind them they think it's unusual when we bring it up. The replacement is partnership. In the two years I have been in this job, the buzzwords or buzzphrase that I use that gets a very positive reception is not only "partners," but "equal partners." Our partnership with these countries is not just in the military realm, I have very close relationships with

many of the Ministers of Defense, but with the Presidents as well. We don't lecture them, we don't tell them what to do; by example they see what equal partnership is all about. So I would say that it's partnership that has replaced the previous doctrine.

Are our declining resources directed towards South America reducing our influence there and making the partnership less important to them than it is to us?

Gen. Kelly: I wouldn't say it's declining; we haven't paid much security attention to the region for 15 years. So we're at a normal steady state; almost no resources, with the exception of Colombia – and that's a minimal investment really – but almost no real resources for 15 years. They want to partner with us, they like the partnership, they want to be our friends for the most part. There are some countries that are not interested in a U.S. partnership and that is their loss. But others are confused because we don't really seem to care about them very much, while the Chinese are heavily investing in the region, albeit primarily economically. Our trade is very robust with this part of the world, and so is the Chinese. The Chinese tend to "invest and take:" the Latin Americans resent that to some extent. The Chinese will come in and invest in a copper mine and mine it dry. There's trade and there's mutual benefit, but they wish the Chinese were a little bit

This interview was conducted by Mr. Michael Miklaucic, the editor of PRISM, and took place October 31, 2014.

more interested in long-term investment as opposed to “invest and take.”

So the Chinese offer investment without partnership?

Gen. Kelly: Correct. That doesn’t make them unwelcome, believe me. The Russians are more interested in selling military equipment, which everyone in this part of the world acknowledges is really substandard compared to the U.S. equipment. They’re also very interested in promoting the perception of the U.S. as a pushy hegemon and a nation in decline. One of the interesting things about the Chinese is that they have now started to engage more and more with the regional militaries. While some people in Washington say, “We’re just as engaged as we always were,” there are certainly others in the part of the world that I talk to that see us as not very committed.

Are we sending the right messages in this hemisphere? For example in the Quadrennial Defense Review, there is very little acknowledgment of security concerns in this hemisphere.

Gen. Kelly: The message is very bad, and as I’ve said, they want to be our equal partners. They don’t require much commitment, but they need some love. But decisions are made in Washington that I wouldn’t even suggest to criticize; I just do the best I can to try to make people understand. It’s interesting many of these countries look at SOUTHCOM in Miami as their close friend because we engage with them a lot and more than Washington does.

What do you see as the most threatening possibilities that we face in the Western Hemisphere?

Gen. Kelly: The least likely, but most concerning to me is the threat to the U.S. coming through the illicit networks in this part of the world, that are so firmly established. For two years now I’ve been asked in hearings about what gets into the United States through this illicit network. These are international criminal networks – everything gets in. Hundreds and hundreds of tons of illicit narcotics. Relatively small amounts are taken out of the flow by our border controls. Tens of thousands of sex workers, in many cases adolescents, come into the United States every year through these networks to serve the sex industry. I spoke at a human rights conference at the University of South Florida, in Tampa. The audience was shocked when I talked about sex workers, but they were even more shocked to learn of the thousands of forced laborers that are brought in and are working in Florida in the agricultural industry. Anything can travel on this network; I’ve been asked two years in a row now, “Could someone come in with a weapon of mass destruction, biological weapon travel on this network?” Of course! Last year, this network carried 68,000 children into the United States. We are dealing with a very efficient network, which worries me. It is unlikely that a dirty bomb, right now, could travel into the U.S. through this network because Special Operations Command, the CIA, the FBI and others are deployed around the world preventing these things from happening. Over time, however, we need to be wary of the fact that this is an incredibly efficient network, it has starting points around the world and comes here, everything travels on it,

and all you have to do is be able to pay the fare.

The other issue in this part of the world is an increasing tendency in some countries away from democracy. It's fascinating that there are strong democratic institutions in many countries, such as Brazil and Chile, while others are going in the other direction, moving away from human rights, moving away from a free press, moving away from gender rights, and certainly moving away from democracy.

On that specific point, how would you assess the threat to the U.S. posed by the emergence of what seems to be an alignment of anti-American states that some refer to as the Bolivarian Alliance?

Gen. Kelly: My view is that if they are all functioning democracies – as we understand it with a functioning free press, with functioning human rights protections, with militaries subordinate to civilian control – they have every right to go in any direction they want and choose their alliances. I certainly would like to be their partners, but if they so choose to go in another direction that's their business. However, I fear that many of these countries' political elites are turning their backs on democracy and adjusting constitutions so they can do what they're not supposed to do. My concern is not for our security interests necessarily, but for the interests of the people who live in those countries—all of whom have shown a strong interest in democracy. Another threat comes from the massive corruption in many of these countries that you've mentioned. They're stealing the people blind, taking their democracy away, taking their free press away, and taking their human rights away; it's very disturbing.

Do you see any possibility of some of these states actually failing? We talk about failed states and we are often thinking about Africa or Central Asia or places like that; is there any possibility of state failure in the Western Hemisphere?

Gen. Kelly: Any country that is curtailing democracy, free press, and other civil liberties, in my mind, is by definition failing, and is on a road to destruction or total failure. However, there are other states, and I applaud places like Honduras, El Salvador, and Guatemala, that are suffering terribly from the effects of drug trafficking networks fueled by drug demand from the United States. They are imperfect democracies, but they are also trying to address some of the long-standing obstacles to economic and political progress. Virtually all of the cocaine that comes to the United States originates in Latin America. The countries I just mentioned in Central America are doing their best to stem the flow. Virtually all the heroin consumed in the United States is now grown and produced in Mexico or Colombia. Roughly 87 percent now of the methamphetamines consumed in the United States are produced in Central America or Mexico. All of this drug production feeds the American drug habit, and the massive, illicit drug revenues are then are used by criminal networks to buy off or murder police and judges, and allow for million dollar bounties to be put on a number of national leaders in Central America. These small countries are suffering terribly because of U.S. drug consumption. The risk of failure is not the result of anti-democratic behavior, on the contrary, these countries are committed to addressing past human rights violations; but they might fail because of the massive

amounts of crime and violence generated, to a large degree, by U.S. drug consumption.

What can they do to counter that and how can we help them?

Gen. Kelly: We have to build partnerships with these countries, and continue helping them consolidate their democratic gains. Many of them have very bad human rights records from 20-25 years ago. Nearly every time I travel to a country, I meet with local human rights groups; in virtually every country I visit, they give the military the highest marks. As a rule, after the Catholic Church, the military is the most admired, respected institution in the country. The police are often at the bottom of the pile. In most cases, these countries have no options but to use their military on the streets; it's worth noting that generally, the people like to see the military on the streets because the police are so ineffective or corrupt. In the United States we have a tradition of not using the military on the streets, though we've done it in the past. I've done it twice in my career. We've done it when we think we need it, when we're *in extremis*. I experienced it in Washington, D.C. in 1971 as a young enlisted Marine, and in Los Angeles when I was a battalion commander in the 1990s, during the Rodney King Riots.

But the United States in general doesn't like to use the military on the streets and since we don't like it, we tend to criticize others for doing it. To answer your question, we need to help them improve their police. We spend a lot of money and have a lot of good programs, but they don't touch, they don't reinforce each other; consequently, an awful lot of money is spent without the intended results. Over the past ten years, we've spent money trying to

improve the police forces of nearly every country in the region. Ask yourself, "do we have programs, in the sense of what they're trying to accomplish?" The answer is "yes." But you have to ask yourself, "have the police gotten better, are they the same, or are they worse?" And in every case you have to say "They're worse." In my culture you don't wait 10 years to say "Boy, it hasn't worked out very well." You step back from that, and if you're not reaching your metrics for success, then you change or adjust your program. There are a lot of programs out there, but none of them really reinforce or touch each other.

Is that a result of lack of coordination among agencies providing that support or is it lack of coordination among the host country nationals?

Gen. Kelly: It's a lack of coordination among the agencies, as well as within the agencies. One of the presidents of a Central American country vented his frustration to me one day saying "You know, I just read that America 'has put X millions of dollars into my country in 10 years,' and all of that money is wasted because the economy is worse than it ever was, the security is down, the violence is up, I'm being blamed for wasting that money, my country is being blamed for wasting the money; but they never asked us what programs we thought should be funded, nor did they ever give me the money to spend." At the end of 10 years of spending on programs, the police are worse, the economy is worse, their legal/justice system doesn't function well, leading some people to say "well, this country wasted the money." I was in a human rights roundtable in El Salvador five weeks ago where I was told "we appreciate all the things you

Americans do for us, but they're all 'make you feel good projects; you don't ask us what we think we need.' We were talking at the time about children at risk. We have a children at risk program that we've been funding for 10 years; by its nature it is a good program. The goal is to not have kids joining the gangs, which is a horrific problem in all of the countries in Central America, but particularly El Salvador. Still, this program ended when the kids were 12, 13, 14 years old. Unfortunately, that's the point at which kids go into the gangs; they don't go into the gangs at 5, 6, 10, 11, 12 years old. You have this great at risk program that isn't effective because the age-group that you're focusing on with this particular program doesn't go into gangs; but as soon as they hit 13 or 14, they're at risk of joining gangs.

And that's when the program ends?

Gen. Kelly: And that's when the program ends. The point was that there ought to be another program to get the kids into vocational school so they learn how to be electricians, or brick masons, or beauticians. You have to have programs that reinforce each other and "touch," as I say. We have this great program, which makes us feel good because it addresses children at risk, but it's really a waste of time because kids that age don't go into gangs.

One of the flagship programs that we have in Central America is the CARSI (Central America Regional Security Initiative) Program, but there's growing frustration with its results. How would you assess the CARSI Program at this point?

Gen. Kelly: How long have we had the CARSI Program? Six years? And what was it supposed to accomplish? Reduce violence? With regards to all of the things CARSI was designed to do, as I understand CARSI, things are not only worse, but they're geometrically worse. I think you go back to evaluating every program every step along the way; and within the program everything has got to touch. With a program like CARSI you have to ask yourself, not six years later, but six months after you put it in place, "what are the indicators of success or failure?" If CARSI was supposed to get at violence and rule of law and safe streets and citizen security, ask yourself, "has that gotten any better in Central America?" And the answer is that things are geometrically worse. In my opinion, CARSI has to be adjusted, which is what the U.S. is doing with the new Strategy for Central America. The administration has asked for a billion dollars to promote better governance and promote economic development. Without progress in these areas, it will be impossible to make sustained progress on the security front.

One of the successes in your region, Colombia, is now considered widely a great success, but here's another side to it. A European politician asked me "Why is it you Americans consider Colombia such a great success when there's still the same amount of cocaine coming into the United States, you still have very profound Colombian involvement in narcotics trafficking... What's the big success?" How should I have answered that question?

Gen. Kelly: You start with, "cocaine is our problem." If Americans didn't want to do a little blow on weekends, then Colombia

wouldn't be suffering and Central America wouldn't be suffering the way they are. Cocaine is our problem. But if you look at everything in Colombia from rule of law, to freedom of the press, professionalization of the military, human-rights protections, and civilian oversight of the military, then Colombia is a success. If you want to focus on cocaine, then you need to acknowledge that in 2014 Colombians affected -68,000 hectares of coca before it was harvested: that is cocaine not produced. That same year they intercepted 166 tons of finished cocaine before it left Colombia: that is cocaine that didn't get to America. The Colombian military destroyed 2600 jungle labs that turn coca into cocaine: that's cocaine that was never produced. The FARC, whom they've been fighting for 50 years, have an acceptance level inside Colombia near two percent, and they've been pushed to the outer parts of Colombia. I travel in Colombia quite a bit, and I visited one of the reintegration sites that the Colombian government runs. It was full of young people, all of whom have been in the FARC. The FARC would claim they are recruits into the FARC, but they weren't; they were kidnapped from the villages into the FARC when they were young – 11, 12, or 13 years old. Now, they're being reintegrated back into society and doing a great job. We spent the day there listening to their stories. Some had just come out of the jungle. I would answer the European politician by saying "cocaine is our problem. If we weren't consuming it, the Colombians wouldn't be producing it." The Colombians used to be the number one producer of cocaine in the world; now it's the number three, behind Peru (number one), and Bolivia (number two). That's how I would answer the question. The country is strong, it's

democratic, it has a free press, it is dealing with some of the past human rights problems, the military has been transformed, and the tax system has been transformed. They want to be our best partners in the region, they're thinking beyond FARC now, and we're working with them to envision what their military should look like after the FARC. Not a small, but a modest military. Because of what they've been through they want to share those experiences and help other people. With the Colombia Action Plan, they're in a number of Latin American and Caribbean countries teaching that everything begins and ends with human rights. That is one demand I always put down; it's what we do here in SOUTHCOM: every conversation begins and ends with human rights, so the Colombians carry that with them. They're also teaching others how to how to conduct counter drug operations, legally and effectively. They're in a lot of places, they play by the same rules as if they were U.S. forces, and they're doing a great job. That is the success of Colombia.

Sounds like a paradigm for the partnership approach that you were describing as the replacement for the Monroe Doctrine. Going back to the question of illicit networks, there has been discussion about the convergence of different kinds of illicit networks: terrorists, insurgents, and traffickers of various kinds. Do you see any evidence of that in your area of responsibility?

Gen. Kelly: I do though much of it is classified. There are two ways to look at it. When the narcotics traffickers touch worldwide terrorism, to me that's a convergence or a nexus. We know that there are international terrorist organizations making vast amounts of money

laundering drug proceeds that come out of the United States. The traffickers and cartels' problem is not getting drugs into the United States, their biggest problem is laundering the \$85 billion or so that comes from global cocaine sales every year. That's their problem: laundering money. There are terrorist organizations and other organizations that have close ties to terrorist organizations that do a lot of the money laundering. This isn't just in the Tri-Border region where Paraguay meets Argentina and Brazil. A fair number of Middle Easterners that live there have direct links to banks overseas and there's a lot of money laundering that goes on there. In fact, the President of Paraguay is most interested in help to addressing money laundering. Since that's the work of the FBI and Treasury, we alerted them; the President of Paraguay wants to get his arms around money laundering because he knows that it's not only detrimental to his country, but that it goes into the coffers of terrorist organizations. That's a convergence or a nexus. There are people that push back on that and say "when you tell me that the Sinaloa Cartel is funding the transportation costs of five guys from ISIS to get into the region then smuggle them up into the United States, hand them a dirty bomb, and let them set off the dirty bomb in an American city, detonate the bomb and then run for it, I'll believe there's a connection." But my belief is if they're "touching," this is convergence. Some people will say, the cartels will never allow that to happen because so much pressure would be brought to bear if they allowed a terrorist organization to get in. And maybe that's true. But many of these network people don't check IDs, they don't check passports, and they don't check what's in your bag. They're paid to move products, not ask questions. It's very easy to move along this

network. I was in Costa Rica at a conference when a member of the country team saw four, five, or six black gentlemen that were speaking English, but were obviously not Costa Rican, on their way through to the border position in Nicaragua. A member of the American Embassy went over and asked "Who are you guys?" They responded, "We're from Liberia. We were there a week ago and we're on our way to New York City." I'm sure they were great guys going up to start a new life for themselves. But remember, they were in Liberia a week ago, where Ebola is a big problem, so it's still only two weeks... There's a lot of potential for things to move along these networks. I shouldn't have to work hard to convince someone that there is an attack being planned by a terrorist organization and supported logistically and philosophically by the cartels. I'm paid to worry about things like that. In Martinique a few months ago, I was talking to the French regional coordinator of the French version of the Drug Enforcement Agency (DEA). They see a huge amount of cocaine going to the west coast and they know that the al-Qaeda affiliates make a great deal of money letting that cocaine flow up through Mali, and the Maghreb and into western Europe. Is that a convergence or nexus of terrorism and drugs? I would argue it is, and the French certainly see it that way

Is there anything that you in your position can do to counter that phenomenon, the phenomenon of the convergence and the connectivity between Latin American and Africa and Europe?

Gen. Kelly: I think the first step is to be vocal about it and we've done that. I, Chuck

Jacoby, of Northern Command, and Bill McRaven from SOCOM have been very vocal about this and people have begun to recognize it as a threat. And again, I'm not suggesting that there are now conspiracies to move terrorists along the cartel networks into the United States, but the potential is there. If you're looking for terrorism and narcoterrorism or drug trafficking touching we see it right now in money laundering that is funding a great deal of international terrorism.

Finally, what do you think the future holds for U.S. defense cooperation with the region?

Gen Kelly: While our focus right now is on Central America, we can't lose sight of the opportunities and challenges in the region as a whole. Many countries are understandably concerned about the second and third order effects that will inevitably come with improvements in security in places like Honduras and Guatemala. We need to make sure that the successes we have in the Northern Triangle don't come at the expense of the rest of Central America...or the Caribbean and South America.

There are tremendous opportunities to partner on issues like cyber security, disaster response, mass migration, and of course on persistent challenges like violent extremism and illicit trafficking. In the majority of these missions, the U.S. military will be working side by side with our interagency partners, especially the courageous men and women of DHS, DEA, the FBI, the Treasury Department, and the CIA.

I also believe our cooperation won't just be in Latin America, but beyond... Brazil, along with Colombia, El Salvador, Uruguay,

and others are doing outstanding work in supporting international peacekeeping and stabilization missions around the world. For one terrific example: Colombia is exporting its security expertise, providing training in Central America and Mexico, and its navy is exploring the possibility of supporting anti-piracy efforts off the coast of Africa.

Finally, I think it's worth noting that if we want to maintain our partnerships in this hemisphere, we must remain engaged with this hemisphere. We're managing to keep the "pilot light" of regional engagement on—but just barely, and sequestration will completely extinguish that light. Why should we make such an effort to remain engaged, especially given the growing list of global challenges facing the United States? For the simple reason that a strong, secure, and prosperous Latin America is in all our interests. After all, the United States and our partners worked hard to ensure the Western Hemisphere is a beacon of freedom, democracy, and peace. In the face of the corrosive spread of criminal networks and other challenges, we must all work even harder to ensure it remains that way. This, in my view, is what the future of U.S. defense cooperation is all about. **PRISM**

The People's Liberation Army and Contingency Planning in China



How will China use its increasing military capabilities in the future? China faces a complicated security environment with a wide range of internal and external threats. Rapidly expanding international interests are creating demands for the People's Liberation Army (PLA) to conduct new missions ranging from protecting Chinese shipping from Somali pirates to evacuating citizens from Libya. The most recent Chinese defense white paper states that the armed forces must "make serious preparations to cope with the most complex and difficult scenarios . . . so as to ensure proper responses . . . at any time and under any circumstances."

Based on a conference co-sponsored by Taiwan's Council of Advanced Policy Studies, RAND, Carnegie Endowment for International Peace, and National Defense University, *The People's Liberation Army and Contingency Planning in China* brings together leading experts from the United States and Taiwan to examine how the PLA prepares for a range of domestic, border, and maritime contingencies.

Book available from NDU Press at: <http://ndupress.ndu.edu>

Have you checked out CCO online lately?



With 10,000 unique visitors each month, the CCO Web site is a great place to find information on new and upcoming articles, books, and other publications.

You can also find us on:



Visit us online at: cco.ndu.edu

Center for Complex Operations (CCO)

Enhancing the U.S. Government's Ability to Prepare for Complex Operations

CCO, a center within the Institute for National Strategic Studies at National Defense University, links U.S. Government education and training institutions, including related centers of excellence, lessons learned programs, and academia, to foster unity of effort in reconstruction and stability operations, counterinsurgency, and irregular warfare—collectively called “complex operations.” The Department of Defense, with support from the State Department and U.S. Agency for International Development, established CCO as an innovative interagency partnership.

CCO Was Established to:

- Serve as an information clearinghouse and knowledge manager for complex operations training and education, acting as a central repository for information on areas such as training and curricula, training and education provider institutions, complex operations events, and subject matter experts
- Develop a complex operations training and education community of practice to catalyze innovation and development of new knowledge, connect members for networking, share existing knowledge, and cultivate foundations of trust and habits of collaboration across the community
- Serve as a feedback and information conduit to the Office of the Secretary of Defense and broader U.S. Government policy leadership to support guidance and problem-solving across the community of practice
- Enable more effective networking, coordination, and synchronization to support the preparation of Department of Defense and other U.S. Government personnel for complex operations
- Support lessons learned processes and best practices compilation in the area of complex operations
- Identify education and training gaps in the Department of Defense and other Federal departments and agencies and facilitate efforts to fill those gaps.

**Visit the CCO Web site at: <http://ccoportal.org>
Subscriptions for individuals: <http://bookstore.gpo.gov>**



CCO
CENTER FOR
COMPLEX OPERATIONS
DIPLOMACY • DEFENSE • DEVELOPMENT